



**EUROPEAN COUNCIL
THE PRESIDENT**

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**Remarks by
Herman VAN ROMPUY
President of the European Council
at the press conference before
the G8 meeting
Allstream Centre, Toronto**

Let me briefly indicate the main messages that we will deliver at our G8 partners tomorrow in Muskoka.

The main issue will be the global economy. Our key words are growth, confidence and medium term.

The global recovery is progressing better than previously anticipated, although at different speeds, and the growth outlook has improved.

The EU and the euro area have taken bold decisions in the last two months, reflecting our determination to ensure the stability of the euro area.

The euro is a currency with strong fundamentals (balance of payments almost in equilibrium and low inflation).

For the EU, securing strong and sustainable growth remains a priority.

We are working to have a coordinated and differentiated exit from the extraordinary fiscal stimulus provided over the past couple of years. As a consequence, the overall fiscal stance for the euro area remains neutral in 2010 and slightly restrictive in 2011. And we are accompanying this with a strong commitment to restoring fiscal sustainability over the medium term, as well as structural reforms in support of competitiveness, growth and employment. In this context, we recently approved our agenda for structural reforms, the so-called "2020 strategy"

In the EU, we are also giving the priority to growth-friendly budgetary consolidation strategies, mainly focused on expenditure restraint and on increasing the growth potential. The restoring of

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confidence in budgetary policies go hand in hand with effective growth strategies. This is also the way to restore confidence in the stability of the euro.

The reform of financial markets is also one of the central elements in our reform strategy. We are acting to ensure the soundness and stability of the European financial system. In this context, the results of the ongoing stress tests for the EU's biggest banks will be disclosed in July. Confidence in the banking sector is key.

The EU has agreed to introduce a system of levies and taxes on financial institutions to ensure fair burden sharing and to set incentives to contain systemic risk. We are in favour of an international approach on this issue to ensure a world-wide level playing field and will strongly advocate this position at the G8 and G20. We also want to explore and develop the introduction of a global financial transaction tax.

The second important issue will be the outreach session with our African partners. We will send a strong signal to them that the EU is serious about our development commitments. EU Africa partnership is a priority for us.

I will insist particularly on the EU's commitment to Peace and Security in Africa. We will continue to support African efforts with 3 concrete actions: capacity building, cooperation to fight security threats, in particular terrorism, and disarmament of small and light weapons.

During the G8 dinner we will discuss a third key item: global governance.

I have made this a priority post-Lisbon and have also scheduled the first ever European Council dedicated to this strategic issue for September. We need a collective reflection on the EU's relations with strategic partners, how to engage better and how to engage more on different levels (bilaterally, multilaterally, collectively).

In my view, our strategic partnerships have to be based on a balance of mutual advantages and commitments. Benefits from the networks of globalisation must be accompanied by a sense of responsible ownership and investment into their functioning. It cannot be that some countries are benefiting of the international trade, but at the same time rules on investment and intellectual property are manipulated.

Finally, we will have a morning session on Saturday devoted to international security issues.

I will inform our G8 partners about our deep concerns related to Iran's nuclear programme and about the guidance the European Council gave to the Foreign Ministers on additional measures against Iran.

We will also talk about the EU's position in the Middle East, in particular the situation in Gaza, and the situation in Afghanistan and Pakistan. We expect to take position on developments in the Korean peninsula.
