



**EUROPEAN COUNCIL
THE PRESIDENT**



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**Remarks by President Herman Van Rompuy
following first session of the European Council**

We just concluded the first evening of our traditional Spring Council. This time each year, we meet to set the direction on how best to guide our national and European economic policies.

Tonight, in view of our bleak economic prospects, in view of growing social distress, we looked very carefully at the situation. We are all fully conscious of the debate, the mounting frustrations and even despair of people. We also know there are no easy answers.

The only way out of the crisis is to keep tackling its root causes. Around the table, there was a strong sense of agreement about this. Throughout the evening, the discussion was serene and focused. We reconfirmed our overall economic strategy. It has four strands:

First. Restoring financial stability, and maintaining it: this is vital for confidence of consumers and investors, a key condition for internal demand and growth;

Second. Ensuring sound public finances, structurally sound;

Third. Urgently fighting unemployment – especially for youth, for whom the situation is dramatic in some countries.

Four. And reforming for long-term growth and competitiveness; we need to prepare for the future.

These four strands are clear and consistent, and we need all four at the same time.

P R E S S

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There was broad consensus on this strategy. Listening to the debate around the table it is far away from a tendency to paint things in black and white.

Growth and jobs are not things governments can buy or summon. It is our overriding objective; a result, for which we have to keep striving. The question is finding a good balance, setting priorities, making the right choices. That's what our discussion was about.

We all agree we need to keep turning our commitments into actions and results. Implementation continues to be key. The good progress towards structurally balanced budgets must continue. For each individual country, it's about making choices that make sense in the long run:

- Pursuing well-designed structural reforms;
- Being ruthless on tax evasion. Shifting taxation away from labour;
- Expenditure cuts where it makes us fitter, not sacrificing vital areas like innovation or education;
- And launching fast-acting and targeted measures to boost growth and employment, in particular for the youth.

We did it for the European budget: slightly reduced, but more focused on growth and employment. National governments, too, can do this. And some are doing this.

Such smart and situation-specific choices are precisely what our common rules allow and what our joint decisions encourage. That's for instance why we also look behind the nominal fiscal targets, at structural efforts. Within the existing fiscal rules, the possibilities to deal with an economic downturn are there.

Our actions of the past years are paying off: especially in terms of improved financial stability and the gradual return of confidence. We all agree we must continue in this direction. But the results are taking time to translate into more economic activity and more jobs. So we must take short-term action also, to counter the social consequences of the crisis. Indeed, if declining spreads or an improved balance of payments are economically crucial, they are of little comfort to people who fear losing their job or struggle to find one. Unemployment, especially youth unemployment, was at the heart of our discussions tonight – more than ever.

The President of the European Commission reported on results from decisions we already took a year ago. In 2012, € 16 billion of unused EU structural funds were redirected towards countries most affected by youth unemployment. That money helped close to 800.000 young people and 55.000 small companies all over Europe.

As you'll remember from our last European Council on the Multiannual Financial Framework, we carved out € 6 billion euro and they were targeted towards fighting youth unemployment. By the way, this initiative is one of the reasons I hope an agreement will soon be reached between the Council and the Parliament on precisely the MFF.

In June, at the end of the Semester, we will look not only at national reform and jobs plans, but also at the results of the Growth Compact concluded last year. As a matter of fact, the President of the European Commission made a first report on the results of the Growth Compact already this evening

We looked at how the major capital injection into the European Investment Bank we agreed back then is already helping co-finance up to € 180 billion worth of projects in the 3 years between now and 2015.

We also discussed other avenues to support economic growth. Supporting SMEs – also by cutting red tape, and we will continue to look at where regulations can be simplified and cost reduced.

In the months ahead we will talk about a range of themes related precisely to long-term economic growth: we will discuss energy in May, innovation, digital agenda and other services in October, defence in December, industrial competitiveness and industrial policy this June as a first discussion and then again in the Spring next year, preparing for the review of the EU 2020 strategy.

These are all discussions we are having together with all 27 Member States. It shows we can do a lot together! Later tonight, right after this briefing, euro leaders will convene for a euro summit, but already all 27 colleagues reiterated in our conclusions their full support for the ongoing work on deepening our Economic and Monetary Union, with the work on the banking union as the most pressing priority.

Tonight, we also adopted the rules of procedure for the euro summits. Drawing on treaty provisions and existing practices, these rules so to speak "codify" the organisation of euro summits. They are an important step in the implementation of the Treaty on Stability, Coordination and Governance on the EMU.