



**EUROPEAN COUNCIL
THE PRESIDENT**

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**Remarks by
Herman VAN ROMPUY,
President of the European Council,
following his meeting with
Federal Chancellor Angela MERKEL**

This is my second visit to Berlin as President of the European Council. Since our first meeting mid January, the European Union has experienced an unprecedented economic and financial crisis.

These last few months we have been working to find solutions. In the current situation I am convinced that there is no alternative to the measures we have taken. They are in the interest of the eurozone and of each of the members of the eurozone.

Ich weiß, dass die Diskussionen hier in Deutschland zu all diesen Fragen sehr intensiv waren, und ich möchte deshalb der Bundeskanzlerin sehr herzlich dafür danken, dass sie den Weg für die gefundene Lösung gebahnt hat.

Today, we focussed on the lessons we should learn from this crisis. Both in terms of economic policy and in terms of better governance within the European Union.

We first and foremost have to strengthen economic growth and competitiveness in order to bring the European economy back on track. The European Council has mandated me to chair a Task Force on Economic Governance.

I will give a first progress report on the first two meetings of the Task Force to the European Council next week and will provide a final report including recommendations in October.

We discussed the main conclusions of the Task Force up to now and I understand that the Chancellor shares the principal directions to strengthen budgetary discipline through the Stability Pact and to reduce the divergences in competitiveness between the Member States.

Regarding the Stability and Growth Pact let me mention four issues:

P R E S S

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We will strengthen preventive action to avoid countries accumulating excessive deficits. We will be tougher in correcting deficits with more rules-based and semi-automatic sanctions.

We will take more account of the public debt level. We want independence of national statistical offices for data provision, free from political influence

We have to tackle imbalances in competitiveness. In this context we need to improve the surveillance of competitiveness of individual Member States. Our objective should be to adopt indicators for all 27 and a specific monitoring instrument for Euro-Members. We need to detect potential bubbles - for instance in the housing market - earlier on and to react appropriately.

Finally, we have intensively discussed how to improve economic governance. Let me first state that we should not over-emphasize this debate. As a Belgian you can expect me to have a very pragmatic approach on this matter. 'Economic governance' is not a separate chapter; it is linked to the discussions on the Stability and Growth Pact or competitiveness. We need more specific governance in those areas from the Commission and the Council.

However, the latest crisis has shown once again the clear need for more global coordination, between the different players.

In recent months, I convened two separate meetings of the Eurozone Heads of State or Government, to deal with specific questions related to the Euro-area. - Why? Euro-area Member States share the same currency which in some cases implies a higher level of economic coordination. However, the non-euro countries are economically and financially closely linked to the Eurozone. Most of these countries are obliged to join the euro once they fulfil the criteria.

This is why I took great care to maintain the coherence with the Union of 27 when I convened the Eurozone Summit of March in the margins of the European Council and in May. I think we can continue this pragmatic way of working. We do not need new institutions to meet our goals. We need more effectiveness.

In short, we need more orthodox and convergent budgetary and economic policies and the instruments on the European level to give the necessary orientations and guidance. We will discuss all this in the European Council next week. In this period of crisis, we need unity and coherence.