



**EUROPEAN COUNCIL
THE PRESIDENT**

**Brussels, 16 December 2010
PCE 314/10**

**Press remarks by
Herman VAN ROMPUY
President of the European Council
following the first session of the European Council**

Tonight, we have done three important things.

Firstly, we decided on the limited Treaty amendment required for Member States to establish a permanent mechanism to safeguard the financial stability of the Eurozone as a whole.

Secondly, we have confirmed the general features of that permanent mechanism.

Thirdly, we have outlined the follow-up of the overall economic strategy which the European Council has been pursuing since the start of the year.

First, regarding the Treaty amendment required for a permanent crisis mechanism. Since our October meeting, I consulted the members of the European Council about it. Tonight we agreed on a draft decision. This includes the text of the Treaty amendment itself. It consists of two sentences, to be added to article 136 of the Treaty:

"The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality." We agreed on this text after one hour and a half of discussion.

This amendment will not increase the competence of the Union and only affect the members of the Eurozone themselves. That's why everybody agreed to use a simplified revision procedure.

After an opinion of the European Parliament, the European Commission and the Central Bank, the European Council will turn the draft decision of today into a full decision, by March 2011 at the latest. Then the amendment will have to be approved in each member state.

The aim is for the amendment to enter into force on 1 January 2013 at the latest, so that the permanent mechanism itself can be in place in June 2013.

P R E S S

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Second, concerning the features of the stability mechanism. In October, the Commission was asked to undertake the preparatory work. In the meantime, that part of the work has been accelerated, resulting in a statement by the Eurogroup Finance Ministers on 28 November. We fully endorse as European Council that statement today.

Therefore the future European Stability Mechanism will be designed on the basis of the current mechanism, so IMF involvement is foreseen. As regards the role of the private sector, the EU will continue to adhere strictly to standard IMF and international practices. Decisions will thus be taken on a case by case basis and private sector involvement will not be a prior requirement for support under the future Stability Mechanism.

I come to the third point: we had a very good and in-depth exchange of views on recent economic developments and on how to deal with the challenges for all European economies, short term and long term. The president of the Central Bank was also present.

The dinner discussion has confirmed the sense of determination and unity amongst the member states and the institutions. Everybody around the table shared the basic analysis. I insist: all 27 agree, even if the analysis concerns specifically the 16 euro countries. We thus have a joint strategy to make our economies crisis proof and to enhance structural economic growth in Europe.

Let me mention the elements of this joint strategy. Three points concern work to be done by the national governments. Fiscal responsibility. Second, stimulating growth. Thirdly: the two countries with support programmes are forcefully implementing the necessary measures and we all welcome the efforts of those two governments, Greece and Ireland, and their populations.

Two other points concern work to be done by the member states and the institutions of the European Union together.

Firstly, the European Council requests the other institutions to make sure that all the decisions adopted in October regarding the Stability Pact and macro-economic surveillance will be in place by summer 2011. It is our common duty.

Secondly, we agree to conduct new stress tests in the banking sector to ensure full transparency in the broader context of the EU annual exercise.

Furthermore, we express full support of the action of the ECB. We support the ECB in its independent responsibility to ensure price stability, solidly anchored inflation expectations and thereby contribute to financial stability of the euro area. And we are committed to ensuring the financial independence of the central banks of the euro system

Our determination is clear. The heads of state and government of the Eurozone stand ready to do whatever is required to ensure the stability of the Eurozone as a whole.

The political will of all member states and institutions to do what needs to be done, is thus beyond doubt. In the course of this year, we have collectively ensured the stability of the euro. The strong political bonds between the members of the Union have been confirmed.

These decisions are about the determination of all those in the European Union to continue to shape our future together, today and tomorrow.