



**EUROPEAN COUNCIL
THE PRESIDENT**

**Brussels, 4 February 2011
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**Remarks by
Herman VAN ROMPUY
President of the European Council
at the press conference following the meeting
of the European Council**

Welcome to all of you. Our meeting today has been important and intense. Depending on the subject, our feelings varied:

- on the situation in Egypt: concern;
- as regards our work on energy and innovation: optimism;
- and, finally, on strengthening our economic and monetary union: determination.

Today we discussed the dramatic events at Europe's Southern borders. We adopted a strong political declaration on Egypt and the region. All members of the European Council are deeply concerned by the situation in Egypt. The public squares where a fight for freedom is taking place are close to us all.

We condemn the violence and the intimidation. We call on the Egyptian authorities to meet the aspirations of the Egyptian people with reform, not repression. An orderly and expeditious transition should begin right NOW.

We are determined to give the Union's full support to a democratic transition, with free and fair elections and respect for human rights and pluralism. We are committed to a new partnership with those countries in the region which pursue political and economic reforms.

We have asked the High Representative to convey these messages on her forthcoming visit to Tunisia and Egypt. The European Union will develop a support package for the region and rapidly adapt the instruments to promote social and economic development in the region.

P R E S S

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The second topic discussed was energy and innovation. Rather than having general discussions about competitiveness, we decided for this meeting to focus on two key policies: energy and innovation.

Especially in times of economic and financial crisis, it is important to think and act in a long-term growth perspective. Many of the so-called short term problems arise because not enough attention is paid to the long term! There was very good collaboration in drafting the conclusions with the Commission, and the President of the Commission will say more about today's decisions on energy and innovation.

We also, of course, discussed the economic situation in Europe and in the Eurozone. The outlook has substantially improved, including in Eurozone countries which were recently in difficulty. Spreads are significantly lower than a few weeks ago, and business indicators show confidence and optimism. The decisions taken last year - by all of us together and by individual governments - are clearly paying off. However, we are aware that there is still a lot of homework to do. It is not a time for complacency; we will learn lessons from the crisis.

We have decided to use the momentum to adopt a comprehensive package in March. Let me recall the main elements of this package:

- for the banking sector: ambitious stress tests, with Member States having plans ready in case vulnerabilities appear;
- an agreement on stronger economic governance, following the Task Force report and the Commission proposals;
- concrete proposals on strengthening the temporary Stability Facility "so as to ensure the necessary effectiveness to provide adequate support";
- a final decision on the limited Treaty amendment required for the permanent stability mechanism and the definition of the operational features;
- the implementation of existing programmes in Greece and Ireland
- and the implementation in the Eurozone of measures to strengthen budgetary positions and growth prospects.

For all these points, we have decided on the direction to take and we have given a mandate plus deadlines to the different institutional actors. We will adopt the full package in March.

The Heads of State or Government of the 17 Eurozone countries also discussed how to achieve stronger economic convergence, by working closer together on national policies to increase competitiveness. That is new. Instead of only looking at the outcome (for instance the annual deficit), one could also look at the policies 'behind' the outcome.

I welcome the fact that Member States of the Eurozone feel a stronger need for economic coordination. The macro-economic surveillance which we decided in the Task Force Report already opens up new avenues.

Now our political commitment has to be translated into practical terms: what areas, which tools, what limits? To examine that, I have received a mandate to consult all Heads of State or Government of the Eurozone, between now and March, in close cooperation with the President of the Commission. We will also involve the leaders of the interested non-euro countries.

There is no doubt that increased economic coordination will strengthen our economic and monetary union.