



**EUROPEAN COUNCIL
THE PRESIDENT**



Brussels, 9 January 2012
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**Press Remarks by President Van Rompuy following the
meeting with Prime Minister Helle Thorning-Schmidt**

I am very glad to be here in Denmark today.

I should like to convey my best wishes to all of you for the New Year.

The start of this new year is a special moment for Denmark and its people. Your Presidency will take place in very challenging times for Europe.

Prime Minister Thorning-Schmidt and myself had a very fruitful meeting today. We discussed the preparation of upcoming European Council meetings and the political priorities for the coming six months. The focus is on a responsible, dynamic, green and safe Europe. I believe that these goals reflect very well the challenges in front of us.

The economic, employment and financial situation in Europe remains, of course, on top of the agenda. Financial stability is a common concern, not only for the Eurozone countries but also for the Union as a whole. What will get us there is continued fiscal discipline in all Member States (and in particular ambitious consolidation measures in the countries under programme and under market pressure); economic coordination; and a stronger economic governance. Far-reaching decisions have been taken last year. We will implement these without delay. The new fiscal compact treaty will be signed by the beginning of March. We will finalise it politically in January. We will finish the work on the crisis mechanisms. The new European Financial Stability Facility (EFSF) tools will be fully operational by the end of this month, with the European Central Bank (ECB) as an agent. The European Stability Mechanism (ESM) Treaty will enter into force in July 2012, sooner than scheduled. The European Council will also assess the adequacy of the size of the ESM without delay.

P R E S S

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At the start of the year, let me also make a more general remark on how we will overcome the debt crisis. It will be hard and continuous work. All European leaders are aware that there is no quick fix. Fuelling expectations of a solve-it-all summit does not help either. The work will take further time and more meetings in the year ahead, and we are all ready for that task.

Moreover, financial stability is not an end itself. It is a necessary precondition for economic growth. And for job creation.

This brings me to the second key objective for the months ahead of us: restoring economic growth. We must avoid a recession. We need to mobilize all our energy for this at the level of the Union and most importantly at the level of the Member States. I convened an informal Summit on 30 January. At that meeting, we will discuss our anti-recession strategy. It needs to be broad and effective.

I would like to share some first ideas about this with you today. I see 3 principles of action.

First, avoid to the extent possible that budget-cuts affect drivers for growth. Fiscal consolidation is necessary but should not hamper structural economic growth. Growth-oriented investments should be preserved. Think of energy infrastructure, research and innovation, education and training.

Second guiding principle, enhance growth both by strengthening supply and by stimulating demand.

On the supply side, the Single Market is our main asset. We should fully use its potential, across all sectors: products, services, energy, digital economy. We must avoid a credit crunch for our economies. Recent ECB measures on a long-term lending facility for the banks are welcome in this context. We also need to mobilise all EU financial resources in the most effective way to contribute to the proper financing of our economies.

We also need to stimulate demand. Restoring confidence in the Euro zone will strengthen consumer confidence, which is key to enhance private consumption. New trade opportunities and new markets are to be exploited to stimulate foreign demand and export. Recent exchange rate developments for the euro will help. Our external policies and our good relations worldwide can help us here. That's why we are negotiating bilateral trade agreements with India, Latin America and hopefully Japan and Indonesia.

Third principle of action, stimulate employment. We need more, better and new jobs. Today, over 23 million people are unemployed in Europe. The economic slowdown risks increasing this number. Many of them are young. They need to be able to join the labour market. We should focus on all aspects of the labour market, supply and demand of jobs. Our focus should be on youth employment and lifelong learning. The recent 'Youth Opportunities' Commission initiative offers perspectives for skills, training and job placements. Also our "green jobs" potential should be fully developed. In parallel, we need strong labour demand. Hiring people should be easier and more attractive. Through flexible labour legislation, structural reforms or fiscal instruments.

Action on those dimensions will bring us on the path towards growth and jobs: Growth-friendly fiscal consolidation and job-friendly growth is what we need !

On 30 January, we will discuss these issues at the informal European Summit. The social dialogue will play its crucial role. I call on the social partners to cooperate with us. I will invite them in a couple of days.

A lot of the work can and should be done by the Member States individually. But certain things can only be achieved together and that is way the EU must play its important complementary role. I welcome that the Danish Presidency has announced to put its energy behind many of these actions: The Single Market Act and the important Energy Efficiency Directive are crucial pieces of legislation. The negotiations on the Union's upcoming central budget – the so-called Multiannual Financial Framework for 2014-2020 – will also be very important. This budget should support our transition towards more growth and employment.

So far for the economy. Today we also discussed our priorities with regard to Justice and Home Affairs. Further work will be done to deal with the cross border challenges of a globalized world. Important orientations were decided by the European Council in June last year on Schengen and the Danish Presidency will take the work further. The European Council will discuss this again in June 2012. With regard to foreign policy, Europe will continue to play its role in the world. We can make the difference, in promoting global governance and international cooperation. This was recently shown again at the Climate Conference in Durban. The EU is putting pressure on Iran by tough sanctions (oil embargo) to oblige the Iranians to negotiate their nuclear programme.

Prime Minister, I am glad to see that Denmark is enthusiastic and well prepared for this important Presidency. Your country has long-standing experience in exercising the role of the EU Presidency, which it does now already for the 7th time. I am confident that under your steer this Presidency will develop the approach that Europe needs in the challenging times we are living.

I am looking forward to our close cooperation.

And I wish you a very fruitful and successful Presidency !
