



**EUROPEAN COUNCIL
THE PRESIDENT**



Rome, 16 January 2012
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PRESSE 7
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**Press remarks by President of the European Council
Herman Van Rompuy following the meeting with
the President of the Italian Council of Ministers, Mario Monti**

I am particularly glad to be here in Rome today.

President Monti and I had a very useful meeting. We discussed the main issues on the European agenda, in particular in view of the upcoming informal European Council. President Monti also set out the many initiatives his government is carrying out.

Let me stress from the outset that with President Monti there is a very large convergence of views on where Europe should focus to overcome this financial crisis and return to a path of growth.

We are both convinced that financial stability is key, not only for the Eurozone, but for the EU as a whole. This essential goal will not be reached overnight, nor with a quick fix. We have had 13 Summits in the past 2 years, and we have adopted major reforms in our policy framework to deal with the challenges. To overcome this crisis, sustained committed effort will be required into the future.

Market players or rating agencies sometimes consider our response as incomplete or insufficient. Yet real progress has been made in reshaping the euro area, in order to build on its fundamentals, which are on average sound.

P R E S S

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In this respect I should commend the extraordinary work President Monti – and Italy - is carrying out. When he visited me in Brussels last November, he explained his ambitious plan of reforming Italy to reach fiscal consolidation and to promote economic growth.

I welcome the rapid realisation of this plan: an impressive financial package was adopted by the Parliament before the end of 2011; today, he described to me a new package of measures to promote growth, starting with a liberalisation of the economy, which he intends to adopt in the coming days before presenting it to the Parliament. Their adoption is crucial for market confidence.

I am convinced we will achieve financial stability through fiscal discipline in all our Member States, more economic coordination and stronger economic governance. But we also have to set our economies back on a path of sustainable growth.

For the short term, we discussed the fiscal compact treaty and the crisis mechanisms. There is a number of things I can assert today:

- we will agree on the new fiscal compact treaty at the end of this month and we will sign it early March;

- our crisis mechanisms are being strengthened. The European Stability Mechanism (ESM) will enter into force in July 2012, earlier than planned. We will also assess the adequacy of the EFSF/ESM's size without delay. We are working with our international partners to increase IMF resources, for which euro area members have already announced a contribution of 150 billion euros. Swift implementation of these commitments is crucial, since these instruments are about trust and confidence building towards the markets.

In the meantime, we should re-focus on growth and job creation. Growth friendly consolidation and job friendly growth are what we need! Growth should be enhanced by strengthening supply and by stimulating demand. We must urgently put in place an anti-recession strategy, mobilizing means and efforts at the Union level and - most importantly - at Member States level.

I must admit I found some inspiration in President Monti's report of May 2010 on "*A new strategy for the single market*". Professor Monti argued at that time that the full potential of the European Single Market had not yet been delivered. He identified the missing links preventing the market from acting as a powerful engine for growth and delivering full benefits to consumers. He called for a fresh look at how the market and the social dimensions of an integrated European economy can be mutually strengthened.

On the supply side, the Single Market is indeed our main asset. We should fully use its potential, across all sectors: products, services, energy, digital economy and therefore deliver on the Commission proposals by the end of this year.

Equally, we must avoid a credit crunch for our economies. Recent measures from the European Central Bank (ECB) on a long-term lending facility for the banks were essential in this context, but we also need to mobilise all EU financial resources in the most effective way to contribute to the proper financing of our economies, in particular the access of small and medium size enterprises to venture capital.

We also need to stimulate demand. Restoring confidence in the euro zone will strengthen consumer confidence, which is key to enhancing 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 competitive position. We need to push our trade and investment opportunities with our strategic partners. I will travel next month to Beijing and Delhi to promote trade and investment with these two countries.

But our foremost concern should be stimulating 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. Women are particularly affected. The young are Europe's future and we need to give them hope and a decent perspective of joining the labour market.

Our focus in the European January summit 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, and during the semester, we need to foster strong labour demand. Hiring people should be easier and more attractive. The EU can help Member States in their efforts to reform labour markets, and to overcome the "skills mismatch" in supply and demand, and the "geographic mismatch" by facilitating mobility.

Mr President, today marks your first 60 days in office and what you and Italy have already accomplished is impressive. I'm sure you will be able to present your "first 100 days" achievements with even more extraordinary results. The Italian agenda is the European agenda. There is no distinction or tension between what is pursued here in Rome and what we are pursuing in Brussels. Italy - a founding member of the Union - is acting in the right direction and making once more its contribution for a better and more prosperous Europe.

Grazie.
