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THE PRESIDENT**



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**Speech by President of the European Council
Herman Van Rompuy
at the European Parliament**

Last week's meeting of the European Council was short but effective. It was an opportunity for leaders to devote some time to defining priorities for the Union in the field of energy. We also gave a new impulse to files that had been long blocked, notably on tax fraud and tax evasion. In other words: it was quite different from the crisis management meetings we have got used to! The fact that we can look to the future is good: much remains to be done, but we are on the right track.

Let me start on energy, how it effects our consumers, and our economies. Since the last summit devoted to energy, in February 2011, considerable progress has been made. Member States, for instance, made further steps towards completing our internal energy market. Together with the Council, you have adopted the Energy Efficiency Directive, which will help us to achieve our energy efficiency target of 20% by 2020.

At the same time, the world has changed since February 2011. As one of the leaders put it: "we are now in the middle of a global energy revolution". It suffices to look across the Atlantic to find ample proof of that. We are also faced with a race for resources, driving up energy prices. And soon Europe could be the only continent to still depend on imported energy.

Frankly, it is not a comfortable situation to be in. Not for our households, who feel the weight of high energy prices. That's why the interest and rights of consumers were so central in our exchanges. Nor for our industry, which finds it hard to compete with foreign firms who often pay twice as less for electricity. If we want to keep factories and jobs in Europe, sustainable and affordable energy is key.

P R E S S

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In the room, I felt a strong awareness that we, in Europe, have no major 'game changer' on the horizon. There was an equally strong consensus, reflected in the European Council conclusions, that we need a common approach – rather than 28 separate ones. A common approach consisting of four points:

- First, energy efficiency. The adoption of the Energy Efficiency Directive gave a real boost; the challenge now is implementation. After all, the cheapest, cleanest and safest energy is the one not consumed!
- Second, creating a true single European energy market. Leaders insisted on the need for urgent progress, ahead of the overall 2014 deadline, and the 2015 deadline on interconnections. Several members of the European Council stressed the need to better interconnect our energy infrastructure, and this is reflected in the conclusions.
- But for that – and it's the third priority – we need investments. No less than €1 trillion by 2020, in modern infrastructure and also in Research & Development. Our Connecting Europe Facility can certainly play an important role here. All the more reason to rapidly reach an agreement on the next Multiannual Financial Framework! But a large part of future investments will have to come from the private sector. However, to spend on, say, pipelines today, investors need a sense of where we want to be in ten or twenty years time. So a more predictable energy and climate policy is vital.

Planning ahead is vital, but also sensitive, as we see from the April vote in the European Parliament on the Commission's so-called 'back-loading amendment'. On the 2030 Framework itself, consultations are ongoing, based on a Green Paper by the Commission. The European Council welcomed this paper. By the end of the year, the Commission will put more concrete proposals on the table, after which the European Council will revert to this topic, in March 2014. In the meantime, it is important that preparatory work continues at other levels.

Fourth and final priority: diversifying our energy sources. Member States that manage to reduce their dependency on one single supplier or on one single supply route see the benefits of this diversification. The challenge is clear: Europe has to exploit its energy potential to the full. In the field of renewable energy, which is also a great source of jobs. But also by developing safe and sustainable ways to tap other resources – conventional and unconventional. Yes, this can include appropriate use of shale gas, which could become part of the energy mix for some member states, perhaps less for others. The Commission will further assess this. It is, of course, explicitly recognised in the Treaty that it is up to each country to decide its own energy mix.

I consider it an important signal that we jointly agreed on these four points. There is now an urgent need to follow-up on what leaders decided. That's why, in the conclusions:

- we stressed the need for better coordination, especially, and in advance, on major national energy decisions with an impact on other countries; I call upon the rotating Presidencies to translate this into concrete action at the level of Ministers;

- we asked the Commission to analyse prices and impact on households by the end of the year, so that these data can feed into other thematic European Council meetings which I scheduled – most of which also related to competitiveness;

- we decided to come back to our energy policy already in December, to make sure we make progress in implementing these orientations.

Our second focus at this European Council meeting was on tax evasion and tax fraud. This was not a new topic, and certainly a sensitive one, where progress is difficult. Yet, this European Council was different. Why? Well, there was unusual momentum, partly due to a series of scandals in different countries. In times of budgetary consolidation, when governments have to take hard decisions that directly affect the life of citizens, tax fraud and tax evasion become more unacceptable than ever. It is a matter of public confidence in the fairness of tax systems. And the amounts are staggering. Hundreds of millions of euro which go missing annually in Europe.

So it was the right time to start stepping up the fight, which is why I decided to bring this issue on the agenda of the European Council. By nature tax evasion is something no country can solve on its own. So despite being such a sensitive question – reflected in the Treaty-requirement for unanimity – there is no doubt about the need to be united, if we want to win the battle against tax fraud and tax evasion. It is a global problem, and only by being united in Europe can we lead by example at the global level.

Already in March, we had touched upon this question, and the prospect of a summit devoted to tax fraud and tax evasion put more pressure and helped set things into motion, after years of standstill. So I am pleased that the European Council managed to unblock a number of frozen items. There is movement, a real acceleration, with clear deadlines for results. Today, I'm happy to report to you on first concrete results. Especially on four points.

First, on VAT fraud: leaders expect their ministers to sign off no later than end of June on a set of rapid-response measures so governments can crack down on fraudsters. This is a breakthrough. Urgent action is imperative, and pragmatic solutions can easily be found when political will is there.

Second point. You may know that, two weeks ago, ahead of the European Council, I participated for the first time in an ECOFIN breakfast, where I stressed to finance ministers the need to step up our fight against fraud and evasion. Two weeks ago finance ministers agreed on the negotiation mandates on savings taxation, after two years of blockage. The Union is now in a position to start negotiating immediately with Switzerland, Liechtenstein, Monaco, Andorra and San Marino to ensure these countries apply EU standards. It will do so on the basis of the revised savings directive. This in itself is an important signal, as it points to a Union-wide consensus on a text now in its fifth year of negotiation – for the conclusion of which we now set an end-of-the-year deadline.

Third point, which is linked: we all want the Union to push hard for a global standard of automatic sharing of information, covering a full range of taxable income, and we'll promote this strongly in fora like the G8 and G20. I am glad the timely initiative by a group of member states that sparked this action is now firmly embedded in a Union-wide approach. Let me stress here that automatic exchange of information already exists in the European Union, but it needs to be strengthened and its scope broadened. Our Union law, the revised savings directive and a revised administrative cooperation directive, for which the Commission will make a proposal in June, will provide for a sound framework, tailored to the needs of the tax administrations of Member States.

Fourth point: a number of issues related to business taxation. Tackling profit-shifting, tax-base-erosion and aggressive-tax-planning calls for a coordinated approach, in Europe and worldwide: we all agree on that. Here too we set deadlines for the end of the year, for instance on revising the parent-subsidiary and the money laundering directives. We will monitor closely progress made against tax fraud and tax evasion, and come back to it at the December European Council.

Finally, we briefly discussed the situation in Syria, reaffirming our commitment to a political solution. We gave our support to the initiative for an international conference based on the Geneva June 2012 principles, as a chance to re-start the political process. We tasked foreign ministers to prepare the Conference and to decide on the common sanctions regime (since it is due to expire on June 1st).

Yesterday the Foreign Affairs Council reiterated EU calls for a political solution of the conflict and welcomed the initiative for an international conference. The Council also extended for a further 12 months all the current restrictive measures with the exception of the arms embargo. On this point a number of important conditions that will guide national policies were agreed. The Council also agreed that Member States will not proceed at this stage with the delivery of such equipment. Ministers decided they would revert to this question before 1 August 2013 on the basis of a report by the High Representative on developments of the Geneva talks.

So all in all we had a focused European Council, which set many things into motion – with many deadlines – and incidentally taking place exactly one year ahead of the beginning of the European elections. An extra reason for all of us to be focused on results!

Before concluding, I would like to share one more thought with you, on an issue which was also raised by your President, Martin Schulz: youth unemployment. At our next meeting in June, I will put the fight against unemployment high on our agenda.

The June European Council will be an opportunity to mobilise efforts at all levels around one shared objective: to give young people the guarantees that they will be either in training, further education or employment within four months of leaving school. This was reflected in a Council recommendation adopted on 22 April.

In recent days, several Member States announced that they would come forward with ideas to foster youth employment or share best practices. I welcome and encourage these initiatives. On Friday, I sent a letter to the Members of the European Council, inviting them to share ideas and to actively engage in the preparations of the June meeting. In my letter, I also called on the social partners to act jointly, ahead of the June summit.

In the European Council, tackling youth unemployment is a long-standing priority, underlined in the Compact for Growth and Jobs and the €6 billion set aside for the Youth Employment Initiative in the European Council proposal on the MFF. We should make sure that this initiative can be fully operational by the 1st January 2014. Together with the Council, your support, the support of the European Parliament is needed to make that happen.

We must rise to the expectations of the millions of young people who expect political action. I thank you for your attention.
