



**EUROPEAN COUNCIL
THE PRESIDENT**



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Remarks by President Herman Van Rompuy following the European Council

It's been a productive summit. Last night we decided two key sets of actions:

- First, to promote jobs for youth, not least by scaling up our Youth Employment Initiative to 8 billion euro, with most of the money concentrated in the first two years. As the budget unrolls, any funds left unspent will go in priority to employment.
- Also, to help millions of SMEs, the biggest employers in our countries, get through the credit crunch in some countries, we will combine funds from the EU budget and the European Investment Bank.

That was yesterday. And today marks two historic milestones: for Croatia and the Balkans, but also for the eurozone, with Latvia set to join.

Before I continue, I want to warmly congratulate Taoiseach Enda Kenny and his team for a more than excellent Irish Presidency of the Council. Just in the past two weeks, three major successes. Right before the G8, a mandate for trade negotiations with the United States. Yesterday an agreement on how to deal with failing banks and above all an agreement with the Parliament on the EU budget, the MFF. Three important decisions for future months and years! And let me stress it was a great pleasure, dear Enda, to work together with you and your team these six months.

"Stability - Growth - Jobs": that was the motto of the Irish Presidency. This summit was another example of how the whole Union is working simultaneously on all these fronts.

Through a constant focus on long-term reforms, which was at the heart of our discussions last night on the country-specific recommendations. They are key to make our economies more resilient and more competitive globally.

P R E S S

Dirk De Backer - Spokesperson of the President - ☎ +32 (0)2 281 9768 - +32 (0)497 59 99 19
Preben Aamann - Deputy Spokesperson of the President - ☎ +32 (0)2 281 2060 - +32 (0)476 85 05 43
press.president@consilium.europa.eu <http://www.european-council.europa.eu/the-president>

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But we know that reforms take time and results won't be immediate, so we are also concentrating on launching actions with direct impact. Fighting youth unemployment and helping SMEs access to credit – like we achieved last night.

This is also possible because we've managed to restore financial stability. We have halved public deficits (compared to before the crisis), we're now equipped to deal with financial turmoil and we've committed ourselves to a long-term roadmap to reinforce our Economic and Monetary Union for the future.

On this last point, we are moving at a steady pace towards the banking union; our top priority, to restore in this way normal lending to the economy.

Yesterday's agreement among finance ministers to harmonise recovery and resolution rules for all EU member states was yet another important step forward. In fact this is a bridge towards the Single Resolution Mechanism for banks, to which all leaders are firmly committed. We're looking forward to the Commission proposal very shortly, to be adopted within a year by the end of this parliamentary term.

Last week, eurozone finance ministers also agreed the main features for direct recapitalisation of banks in trouble, with funds from the European Stability Mechanism. This is another bridge towards the banking union. So the bridges are ready or under construction, and we're getting set to cross over, starting with the transition towards the Single Supervisory Mechanism for all eurozone banks in 2014.

On the other aspects of the roadmap towards a genuine Economic and Monetary Union, this morning I updated colleagues on the state of play, following broad consultations, and we agreed the way forward.

We talked especially about the social dimension in the EMU, for instance emphasizing social and employment indicators in existing tools. We underlined the need for a constructive social dialogue – a point which was also highly appreciated by the EU social partners yesterday.

We also discussed other ideas to overcome bottlenecks to competitiveness, growth and jobs. One avenue is that of contracts, with strong national ownership, to be concluded between a member state and the EU institutions and potentially associated with solidarity mechanisms. This is still uncharted territory, but we identified some principles, on which there are convergences.

Of course, these issues are by nature complex, and further investigation is needed, but again, through consultations, convergence is growing and there is steady progress. We will revert to this both in October and December.

And it's worth noting that the eurozone is still expanding! The European Council congratulated Latvia on the prospect of becoming the 18th member on 1st of January.

Talking about new members..., this brings me to today's decisions on the Union's enlargement. We are at a historic moment for the Balkans and for Europe as a whole. Not only are we welcoming Croatia as a new member state. We have also agreed to open accession negotiations with Serbia, and taken a key step in our relations with Kosovo.

These last two decisions are an immediate result of the courageous agreement Belgrade and Priština reached last April. The first intergovernmental conference with Serbia will be held in January 2014 at the very latest. At the same time, the negotiating mandate for a Stabilisation and Association Agreement with Kosovo was adopted.

I will be travelling to both capitals, Priština and Belgrade, on Monday to underline the significance of the chapter we are now opening together. And on Sunday, at midnight, I will be celebrating in Zagreb with Croatia its entrance in the European Union. Many European Council members will be travelling to Zagreb to share this moment with the people of Croatia.
