



**EUROPEAN COUNCIL  
THE PRESIDENT**



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**Letter by President of the European Council  
Herman Van Rompuy  
to the members of the European Council**

As we reach the end of the year, we can look back on many achievements, including a final deal on the Multiannual Financial Framework package. But important challenges remain. With the end of the European Parliament's term approaching, the incoming Greek Council Presidency will need to set clear priorities and work at a rapid pace, since many key legislative instruments translating our political commitments into concrete measures must be finalised in the next few months.

Completing the banking union is our top priority. The banking union is essential for the stability of Europe's financial sector and for the banks' ability to lend to our economies, not least to SMEs. I congratulate the Lithuanian Presidency for the adoption of the single supervisory mechanism. A final agreement is also within reach on the proposals on bank resolution and deposit guarantee; the final steps for their adoption should be taken as quickly as possible. Further work is now urgently needed on the single resolution mechanism in order to reach a general approach by the end of the year, and to then swiftly conclude negotiations with the European Parliament, before the end of this parliamentary term.

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At our December meeting, we will again take stock of progress in enacting the Compact for Growth and Jobs. The Youth Employment Initiative will start operating on the 1st of January, as we had intended. Remaining national plans for its implementation must be submitted as soon as possible. The new instrument for increasing the financing of the economy - the SME Initiative - should begin to operate in January 2014. I therefore encourage participating Member States to inform the Commission and the European Investment Bank about their contributions by the end of the year, as agreed in October. I have asked the President of the EIB to report to the upcoming European Council on where matters stand and on the impact the capital increase agreed in the Compact has had on lending to the economy.

There has been good progress on the priority measures for the single market. In previous letters, I underlined the importance of concluding all Single Market Act I proposals. The large majority of these proposals have now been adopted. Today I would like to highlight one crucial outstanding issue: the posting of workers directive, on which the Lithuanian Presidency reached a general approach in the Council. Negotiations with the European Parliament should now proceed at a rapid pace. Work is also on-going on the Single Market Act II proposals. The Lithuanian Presidency has advanced as much as possible, but more must be done. We should focus efforts at least on the deployment of high-speed broadband, on e-invoicing for public procurement, and other measures which bring us closer to a true digital single market by 2015. Before the end of my mandate, the European Council should come back to this objective, of which the timely adoption of a strong EU General Data Protection framework is an essential part.

The Council has reported on work in the area of taxation, following the orientations we had agreed in May this year. Here, we are progressing slowly. The follow-up on the action plan on tax evasion and on the Commission proposal for automatic exchange of information is underway. The quick reaction mechanism has been adopted. However, there is still no agreement on the savings tax Directive. I am aware that this entails difficult political choices, but we should now make every effort to find a solution. On the proposal regarding energy taxation, discussions have been on-going since April 2011, but an agreement is still not in sight. More generally, and in line with our May 2013 conclusions, a fresh impetus is much needed to complete the internal energy market and develop much needed energy interconnections across our continent.

Finally, a swift follow-up to our October and December conclusions on the issue of migration is important and I trust the Presidency will monitor regularly the operational actions defined by the Task Force Mediterranean.

In all of these areas, the key for the credibility of our commitments and the coherence of our action is implementation. I will continue to keep progress under review and I invite the upcoming Presidency to continue to regularly inform us on the state of play regarding our priority orientations.