



**EUROPEAN COUNCIL
THE PRESIDENT**



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**Remarks by President of the European Council
Herman Van Rompuy
following the Tripartite Social Summit**

We just finished our first and good Tripartite Social Summit of this year. Once again, we are meeting ahead of the spring European Council. The situation in Ukraine will continue to capture the headlines, but this does not mean that we should lose focus on the economic and social situation and the importance of coordinating our policies via the European Semester. And we will not.

The Spring European Council is an important moment to take stock of the situation in Europe, and steer our policies in the best possible way. The economic situation is improving, the euro is stable, financial fragmentation and stress is abating, our recovery is taking hold and there are reasons for cautious optimism. Yet, extremely important challenges remain.

The biggest challenge is to create sustainable jobs and strengthen our potential economic growth. We cannot accept Europe to stay stuck in a "job-poor" recovery or a low-growth trap. By the way, employment is set to grow in 2014-2015 by 1.2%.

We are about mid-way into the EU2020 strategy that we launched in 2010, with ambitious economic, social and environmental objectives that have set a clear orientation and framework for our policies. In some areas, we have made meaningful progress – for instance with early school leavers, our carbon footprint and deployment of renewables. But in other areas - very important ones - the crisis has taken its heavy toll and we are lagging behind, and divergences between Member States have increased.

P R E S S

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Our level of employment for example is stagnating. We need as much as 16 million additional men and women in employment to meet the 75% target by 2020. Our objective of reducing the number of people at risk of poverty and exclusion is even out of reach. With this in mind, the European Council will today call on Member States for more efforts to reach the Europe 2020 targets.

But today there are also two very important elements of good news. The first is on the Banking Union - a key element of our strategy to fight the economic crisis, reinforce the Economic and Monetary Union and fight financial fragmentation that has been one of the breaks on economic growth. I therefore welcome the agreement reached this morning between the European Parliament and the Council on the Single Resolution Mechanism. After the agreement last year on single supervision, the agreement today on single bank resolution is a crucial step towards the completion of the Banking Union. I congratulate the Greek Presidency for this great achievement. I now urge the European Parliament and the Council to formalise the agreement within the deadline set by the European Council - and ahead of the European elections.

The second good news that I expect is on fair and effective tax systems that are indispensable elements of well-functioning social market economies, and of social justice. In May last year, leaders agreed on an ambitious strategy to fight tax evasion and tax fraud. Now more than ever, Europe is committed to fully implementing the new global standard for automatic exchange of information. Today I am confident all leaders will agree to adopt the revised directive on taxation of savings income - after six years of negotiations. Leaders' unanimous agreement will deliver a strong message to European third countries.

At this European Council we will also focus - for the first time - on European industrial competitiveness. Now, that the fire-fighting is behind us, we need to focus on nurturing our still fragile recovery. Europe's industrial base generates 80% of our exports and private spending on research and development and creates a quarter of private jobs. It needs to be a key driver for growth and jobs in Europe. The overall policy framework at European and national levels must be made more conducive to investment, innovation and the re-shoring of manufacturing jobs.

We need to think broadly from patents, to trade and investment promotion, to financing. I expect the European Council to push for strengthened European cooperation on Key Enabling Technologies such as batteries for electrical vehicles, intelligent materials, high-performance production and industrial bio-processes. We also need to address the skills shortage in science, technology, engineering and mathematics (the so-called "STEM skills") as a matter of priority.

Both the European Council and the Commission have been particularly active last year, working hand in hand with Member States, to deliver as quickly as possible a boost to programmes supporting unemployed youth.

Except for a few countries, most have now submitted plans to establish a Youth Guarantee programme. As for the Youth Employment Initiative, disbursements are progressing, and some countries like France or Italy are showing the way in establishing dedicated programmes, to allow for quicker disbursements. This should help maximise the impact of these initiatives over the next couple of years, as we intended.

I also expect the European Council to engage in an important discussion on the future EU climate and energy policy. My intention is that we will agree on an ambitious climate roadmap that will lead to an ambitious agreement on the three climate targets at the latest by October this year. Energy is at the heart of many of our policies. We need to ensure affordable energy prices and, especially in these difficult days, we need to ensure security of energy supply in particular for the countries most dependent on imports, especially imports of gas.

Finally, a few words on Ukraine, which was not discussed at our tripartite summit but which will be a very important discussion tonight. I welcome the declarations made on Ukraine by the social partners but as I said in the beginning that doesn't mean that there will be a lesser focus in our European Council on the economic and social situation. We consider the European social dialogue and this Tripartite Social summit an important contribution to define our strategy.
