



**EUROPEAN COUNCIL
THE PRESIDENT**



Brussels, 20 March 2014
EUCO 67/14

PRESSE 175
PR PCE 60

**Remarks by President Herman Van Rompuy
following the first session of the European Council**

We just finished our long working-dinner on the Ukraine crisis. Since we met two weeks ago, events have continued to unfold. Russia's annexation of Crimea and Sevastopol is a clear violation of Ukrainian sovereignty and of international law. We strongly condemn the unconstitutional referendum in Crimea; we will not recognise it, nor will we recognise the annexation. There is no place for the use of force and coercion to change borders on the European continent in the 21st century.

In the absence of de-escalation from Russia, the European Council has decided to expand the list of individuals subject to visa ban and asset freeze. We put forward another 12 names to the list of 21 agreed to earlier this week. We are also cancelling the next EU-Russia Summit and member states will likewise cancel regular bilateral summits.

We make clear that failure to settle the crisis peacefully, and any steps by Russia to destabilise Ukraine, will have far-reaching consequences. And by that we mean consequences on relations in a broad range of economic areas. We ask the Commission and the member states to prepare possible targeted measures. We are seeing that the shadow of sanctions is already having an effect on Russia's investment climate.

Sanctions are not a question of retaliation; they are a foreign policy tool. Not a goal in themselves, but a means to an end. Our goal is to stop Russian action against Ukraine, to restore Ukraine's sovereignty – and to achieve this we need a negotiated solution. Europe stands ready to facilitate and engage in a meaningful dialogue involving Ukraine and Russia and supports all multilateral initiatives towards that aim.

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>

EUCO 67/14

1
EN

We urge for a prompt agreement on an OSCE mission to Ukraine, and we've asked the High Representative to urgently draw up plans for an EU contribution to facilitate the work of the OSCE mission. In the absence of an OSCE mission in the coming days, the European Union will launch an EU observer mission.

The European Union has a special responsibility for peace and stability in Europe, and we are acting accordingly, in line with European values and interests. We stand by Ukraine and its people. We support their right to choose their own future.

Two weeks ago, we decided a number of financial measures to assist the country: substantial macro-financial assistance and the temporary removal of customs duties for Ukrainian exports to Europe. All will be done to make this happen as swiftly as possible.

Tomorrow morning, we will sign the political provisions of the Association Agreement, a concrete sign of the European Union's solidarity with Ukraine. It will help the country on its path of reform, giving its people a prospect of a European way of life they deserve.

Ukraine is a diverse nation. Tonight we stressed the importance for the government to ensure inclusiveness, reflect regional diversity and protect national minorities. The European Council underlined the need to undertake constitutional reform, and investigate all human rights violations and acts of violence. The Ukrainian Prime Minister declared a few days ago that he is committed to this. All this needs to be done for the sake of Ukraine and the Ukrainians. But it will also contribute to lessening the tensions with Russia. At this stage, this is vital too.

One final word: in a situation like this, we all must remain cool-headed. The goal is de-escalation and a political solution, while respecting international law.

This is not only a European Council on Ukraine. This "Spring Council", as always, had a strong focus on the economy.

We took stock of the situation and endorsed the policy priorities for this year. For the first time since we started this "European semester" exercise a few years ago, the economic outlook is more positive. Europe is on the way to recovery. But I stressed that we should be taking advantage of this relative respite, precisely to tackle the difficult economic reforms we have committed to. It is not a time to sit back.

Let me zoom in on three economic and social issues: fighting poverty, fighting tax evasion, and the banking union; before I say a word on industry.

The long and deep economic crisis has moved us away from our social targets. Almost halfway towards the end of EU2020, we have made meaningful progress on some of its priorities: for instance early school leavers, or our carbon footprint. But on others, namely unemployment and poverty, we are falling behind. So tonight leaders confirmed that efforts on these must and will be stepped up.

A second issue, also very important in terms of social fairness, is taxation. Tonight we made a breakthrough in the fight against tax fraud and tax evasion. In technical terms, we agreed to adopt the revised directive on taxation of savings income after six years of negotiations. In political terms, we held our promise of last May and show strong, unanimous commitment to the global fight against tax evasion. All member states are firmly on board. More than ever we will play a strong hand internationally – to close down loopholes, to promote automatic information exchange, to bring in more transparency. Banking secrecy is set to die.

Another breakthrough of today, and it is my third point, is the agreement announced this morning on the Single Resolution Mechanism. It is very good news. No doubt co-legislators will put a final seal to this deal before the end of the Parliament's term. It means Europe will have the Banking Union, with all its parts, all set in June, just as we'd announced.

Finally, industry. Our main message: industry is and remains fully part of Europe's economic competitiveness. Far from becoming extinct, it's an area that is re-inventing itself and that we need to re-invest. It's 25% of private sector jobs, generating many more in services – and as colleagues underlined, more industrial jobs could and should be re-shored to Europe.

Tonight leaders pushed for stronger European cooperation on development of key enabling technologies, like batteries for electrical cars or smart bio-materials. And also for a stronger involvement of industry in education and training, to address visible shortage in key skills like science, maths and engineering.

Tomorrow morning we will be discussing climate and energy, both also essential for Europe's economic performance. In the circumstances, I expect a strong focus on reducing energy dependency.
