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

Good evening, welcome to the last European Council of the year. Even if, this time of the year, the nights are very long, for once we finish rather early.

This afternoon was the first time since 2008 that the European Council discussed European defence. As a matter of security, but also related to industry and to jobs.

We started with a good exchange with the Secretary General of NATO, Anders Fogh Rasmussen. He fully backed the focus and the approach of our discussion and conclusions, underlining the complementarity of the EU and NATO. For us, this is about working together as countries, about ensuring our security and shouldering our responsibilities in the world. To be credible as Europeans on security.

There are new threats, the strategic landscape is changing fast. Our countries are expected to assume more responsibility in our wider region; we have seen that several times in the past years, with Libya and in the Sahel. All this at a time when budget constraints affect all European governments and when our defence industry is struggling to remain competitive and cutting-edge.

To prepare this European Council, last December we set work in motion on three strands: on defence capabilities, on defence industry, and on our EU joint operations. Today we agreed on concrete steps on all three.
The main point of our discussions was to identify ways and means – for those member states that want to take part – to cooperate better around defence assets. On developing, acquiring, using, and maintaining such assets. Of course cooperative approaches come in different shapes and sizes. But overall, working together has its clear advantages.

It is partly about rationalising investment, so that European countries can have cutting-edge technologies. Like next-generation remotely piloted air devices or drones, or next-generation satellite communication. We took decisions on both of these, as well as on air-to-air refuelling, and means to better counter cyber attacks.

Not only do these concrete projects serve security needs, they will also provide work to the defence industry and that also means jobs. Long-term investments can help create momentum, for innovation, for technology, also with wider benefits.

Our common security and defence policy was also part of the discussion. Catherine Ashton reminded us we have currently sixteen on-going operations, like the fight against piracy off the Somali coast, or in Mali where we are training Malian soldiers. Here the aim is to act better and faster when we intervene together, in military and also in civilian operations – and to improve the system of financing.

The very prospect of this thematic European Council has set things into motion. All the preparation, the reflections in many circles, has allowed for a real discussion and a concrete outcome. Leaders will keep following progress on this work, with a strategic assessment in 2015.

Tonight, we also took stock on the Banking Union, and we are all glad that everything is falling into place. We promised this for December, and it was delivered in December. Every banking framework comes in three parts – supervision, resolution, and deposit guarantee – and so does ours.

- First, on deposit guarantee: the new directive, which will provide a unified scheme, was agreed in trialogue two days ago;

- Second, on supervision: as you know, the single supervision mechanism will be up-and-running at the latest in November 2014; this week, Ms. Danièle Nouy took office as its head. And the health check for banks is underway, ahead of the European Central Bank taking on its new supervision role.

- Third, on resolution: just a week ago, the bank resolution and recovery directive, that will harmonise the rules among countries was also agreed in trialogue. And biggest of all, last night, the single resolution mechanism was agreed by the finance ministers. With its approval in the European Parliament – which I hope happens swiftly – all elements are there to make sure we have the banking union framework entirely in place by the end of this electoral cycle.
I want to underline the speed and the magnitude of this achievement. For the eurozone, it is the biggest leap forward since the creation of the euro itself. I know it means a huge deal for markets and the financial world. We are truly putting the vicious link between failing banks and government finances behind us, and this will help to get the economies going again.

Beyond that, what the banking union reconfirms, is the full commitment of all leaders to a strong and stable eurozone. Our political will remains intact. By the end of next year, the main elements from my reports and the report of the four presidents on getting to "a genuine EMU" will largely be in place.

In the meantime, tonight we also made significant progress on the "E" in EMU: our economic union. We have already seriously improved economic coordination, with the European semester, the 6-pack, the 2-pack, the fiscal compact. To complete this work, tonight we discussed the future Partnerships for competitiveness, growth and jobs.

The idea is to encourage key structural reforms through a balanced approach, to foster more national ownership, through mutually agreed partnerships. With more responsibility – more engagement and investment in sound economic policies –, and more solidarity – more support and financial incentives.

We identified the main features: the Partnerships will consist of mutually agreed contractual arrangements and solidarity arrangements. They need to be developed together, and this will require a bit more work. The aim is to reach final agreement on this piece of the "Economic Monetary Union puzzle" by October 2014.

Tomorrow, we will mainly look at foreign policy, including latest developments in Ukraine. And also at progress on our Compact on Growth and Jobs.