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THE PRESIDENT



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Remarks by President Herman Van Rompuy following the European Council

This European Council was about combining short term action to stimulate growth and to stabilise the markets, together with a longer-term vision on the way forward to strengthen our Economic and Monetary Union.

A key short-term challenge across Europe is to revive growth. Building on yesterday's discussion, we decided today on a "Compact for Growth and Jobs". It will mobilise 120 billion euro for immediate investment, which will boost the financing of the economy and help create jobs.

In the current situation, establishing a longer-term perspective for the euro area is a pressing priority. Indeed, as has been pointed out: if we want investors to buy ten-year bonds, understandably they would like to know where the Eurozone stands in ten years time.

Yesterday we discussed the **report on the future of the Economic and Monetary Union** that I presented earlier this week at the request of the Heads of State or Government, prepared in close cooperation with the Presidents of the European Commission, the Eurogroup and the European Central Bank. As you know, this report outlines an architecture based on integrated frameworks for the financial sector, the fiscal matters and the economic policy. Steps forwards in these three areas must be accompanied by increased democratic legitimacy and accountability. These were and these are the four building blocks.

Let me start with the financial sector: here, beyond general agreement on the longer term view, we already achieved a hugely important first result. Last night, we agreed that, under certain circumstances and under certain conditions, the ESM could recapitalise banks directly.

P R E S S

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The biggest and most important condition is setting up a single supervisory mechanism for banks. The Eurozone leaders have asked the Council to work in a very speedy way so that we can have results by the end of the year. This is a major breakthrough. It is a first step also to break the vicious circle between banks and sovereigns and it is already a first result of our common report. I said last week that the building block of banking integration is the most important one, in the sense that we can achieve results in a short timeframe. A few days after we presented our report, the idea of a European supervisory system for banks is accepted.

On the second and third building blocks of the report: fiscal matters and economic policies, we all share the same analysis. The Economic and Monetary Union can only function if each and every country's budgetary and economic policies are sustainable: this is the founding contract between countries sharing a common currency.

We also took another important decision yesterday night during our Eurozone discussion. We agreed to open the possibilities for countries which are complying with common rules, recommendations and timetables, to make use of the existing EFSF/ESM instruments to reassure and stabilise the markets. Financial assistance to Spain will be provided without seniority status for the financing provided by the EFSF/ESM.

The European Council agreed on a method to take forward our work on those four building blocks. As President of the European Council, I have been invited to develop a specific and time-bound road map, again in close cooperation with the Presidents of the Commission, the Eurogroup and the Central Bank. Member States will be closely involved. There will also be consultations with the European Parliament. We will present a final report before the end of the year, with already a first report in October.

I am happy to announce another break-through, an historic one. After 30 years of discussions on a **European patent** we reached an agreement on the last outstanding issue, the seat of the Unified Patent Court. The Danish Prime Minister and I appealed to the sense of compromise of our colleagues. But I let explain this major achievement to the Prime Minister of Denmark.

We also discussed this morning **foreign affairs**. The European Council strongly condemns the brutal violence in Syria, calling for strong actions on two points. First: to press the regime to end the bloodshed, and second: to support a political solution to the crisis.

On Iran's nuclear programme: we urged Teheran to engage constructively and welcome the entry into this Sunday of the EU oil embargo.

On enlargement, we have good news for Montenegro: the European Council has endorsed the decision to open accession negotiations, this very afternoon.

To conclude. Even if fighting the crisis has been the European Council's top concern for over two years now, and will remain so in the near future, we must not lose sight of the path ahead, and keep setting orientations for the future.

Since this happens to be the first summit of my second mandate, I shared with colleagues a work-plan up until the end of 2014. This **tentative programme** also foresees time to focus on specific themes, like innovation, industrial competitiveness, trade and defence.

It was a difficult European Council and Eurozone summit but it was a fruitful one, we agreed on the Compact for Growth and Jobs, we are achieving the first results of our EMU report and we had this historical breakthrough on European Patent. So the start of my second mandate was a difficult one but if you can be happy in politics, for the upcoming hours, not more than that, I am a happy man.
