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NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	Summary record of the Conference of Presidents of political groups open to all Members of the European Parliament, held in Brussels on 28 May 2013

Mr Van Rompuy, President of the European Council, delivered the speech included in the Annex. He debriefed Members on the main conclusions adopted by the European Council at its last meeting in the area of energy and taxation, as well as on discussions that the Heads of State or Government had had on the situation in Syria. Mr Van Rompuy described this meeting as "short but effective". He said that it was a focused European Council which had got many things moving and set many deadlines. He also stated that at the June European Council youth unemployment would be high on the agenda.

Mr Barroso, President of the European Commission, said that Europe was going in the right direction as far as energy policy and taxation were concerned. On energy he recalled the main conclusions of the European Council, aimed at ensuring a sustainable and secure energy mix, as well as an integrated energy market. On tax fraud and evasion he said that the Commission knew well what had to be done, making reference to the initiatives taken by the Commission in that field. He made the same points with regard to youth unemployment and called on Member States to step up work in the area.

Representatives of political groups, with few exceptions, were broadly critical of the outcome of the European Council. They voiced disappointment for what they considered "too little, too late" and "mainly words, not deeds".

Mr Rangel (EPP, PT) considered that the high level of tax evasion in Europe was appalling and noted that if that money could be recovered the sovereign debt of some Member States could be significantly reduced. He called for the automatic exchange of information between Member States, for the enlargement of the scope of application of the saving directive and for true fiscal harmonisation in Europe as a means to promote economic growth.

Mr Swoboda (S&D, AT) criticised Heads of State or Government for dealing only now with issues that his group had raised long ago. While he welcomed the conclusions of the European Council in the area of tax evasion and fraud, he regretted that they did not go far enough. Issues such as the scrutiny of the activities of multinational companies or the setting up of a blacklist of tax havens were not even mentioned in the conclusions. He also welcomed the attention that the European Council intended to devote to youth unemployment. However he called for a genuie European policy on the matter and warned against merely leaving the initiative to individual Member States.

Ms Vălean (ALDE, RO) regretted that on energy the European Council had missed an opportunity. In her view, it was too late now to make the third energy package a priority. As far as the call by the European Council for a single European energy market was concerned, she argued that it was far from being a reality. While she welcomed the promotion of connecting infrastructures, she deplored the fact that deeds did not follow declarations, as not enough money had been allocated to bring these projects into life. Finally if the financing had to come from the private sector, as wished by the European Council, action had to be taken with regard to project bonds and financing instruments.

Ms Harms (Greens/EFA, DE) regretted that tax dumping was still a reality in Europe and regretted that no deadline had been set by the European Council to meet the objectives that it had identified at its meeting. She did not agree with Mr Van Rompuy that an energy revolution was ongoing. She rather considered it a counter-revolution, where the only objective was cheaper prices for energy in the short term (referring to shale gas).

Mr Callaghan (ECR, UK) noted that high energy prices were among the main reasons for concern among EU citizens. On tax evasion he warned against any move toward fiscal harmonisation and concepts such as minimum-level taxation.

Mr Speroni (EFD, IT) was very critical that decisions were taken without involving citizens and called for popular referendums on issues such as the euro, following the example of Switzerland, where referendums were often organised and where a contributory factor in lessening the impact of economic crises was the low level of taxation.

Ms Zimmer (GUE/NGL, DE) was highly critical that the European Council conclusions placed European industry competitiveness over and above social and environmental considerations. In her view, the European Council should instead have targeted transport. Concerning tax evasion, she said that the European Council was finally going in the right direction but it was not enough.

Mr Van der Stoep (NI, NL) raised the issue of the salaries of EU staff, criticising the lack of transparency of the Commission on this subject.

Mr Barroso denied that there was any shift in the EU paradigm: the EU was not abandoning sustainability, nor giving up its global leadership on climate change, but looking more carefully at the impact of its policies on competitiveness. What was needed was an energy efficiency revolution. Concerning shale gas, he recalled that each Member State was responsible for its energy mix, including the possible exploitation of shale gas. That being said, such exploitation had to comply with EU environment and health rules. On taxation, Mr Barroso excluded any form of "uniformisation", which was neither possible nor desirable, but insisted on the need for instruments at European level. He added that fiscal incentives for vulnerable regions would be maintained. Concerning youth unemployment, he noted that there was a proliferation of initiatives and warned that they should not be detrimental to a community approach.

Mr Van Rompuy noted that energy and tax evasion were two areas where national sovereignty was particularly important. Despite that, Member States on their own were not in a position to find adequate solutions. National actions therefore had to be combined with a European framework.

He also noted that, once tax evasion had been put on the European Council agenda, this had positive repercussions on national policies in that regard. Mr Van Rompuy rejected the view that the European Council merely made declarations and took no concrete action. On the contrary, he argued that a real breakthrough had been made, notably with reference to the mandate to improve EU's agreements with Switzerland and other countries and the clear deadline laid down to this end. The automatic exchange of information also represented real and tangible progress. To those who deplored the lack of financial means to support policy objectives set out by the European Council, he replied by calling for an agreement on the MFF.

In the second round of interventions, representatives of political groups mainly reiterated positions which had already been stated. Members expressed divergent views on whether environmental considerations or industry competitiveness should take precedence. They were also split over the desirability of fiscal harmonisation.

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Speech by President of the European Council
Herman Van Rompuy
at the European Parliament

Last week's meeting of the European Council was short but effective. It was an opportunity for leaders to devote some time to defining priorities for the Union in the field of energy. We also gave a new impulse to files that had been long blocked, notably on tax fraud and tax evasion. In other words: it was quite different from the crisis management meetings we have got used to! The fact that we can look to the future is good: much remains to be done, but we are on the right track.

Let me start on energy, how it effects our consumers, and our economies. Since the last summit devoted to energy, in February 2011, considerable progress has been made. Member States, for instance, made further steps towards completing our internal energy market. Together with the Council, you have adopted the Energy Efficiency Directive, which will help us to achieve our energy efficiency target of 20% by 2020.

At the same time, the world has changed since February 2011. As one of the leaders put it: "we are now in the middle of a global energy revolution". It suffices to look across the Atlantic to find ample proof of that. We are also faced with a race for resources, driving up energy prices. And soon Europe could be the only continent to still depend on imported energy.

Frankly, it is not a comfortable situation to be in. Not for our households, who feel the weight of high energy prices. That's why the interest and rights of consumers were so central in our exchanges. Nor for our industry, which finds it hard to compete with foreign firms who often pay twice as less for electricity. If we want to keep factories and jobs in Europe, sustainable and affordable energy is key.

In the room, I felt a strong awareness that we, in Europe, have no major 'game changer' on the horizon. There was an equally strong consensus, reflected in the European Council conclusions, that we need a common approach – rather than 28 separate ones. A common approach consisting of four points:

- First, energy efficiency. The adoption of the Energy Efficiency Directive gave a real boost; the challenge now is implementation. After all, the cheapest, cleanest and safest energy is the one not consumed!

- Second, creating a true single European energy market. Leaders insisted on the need for urgent progress, ahead of the overall 2014 deadline, and the 2015 deadline on interconnections. Several members of the European Council stressed the need to better interconnect our energy infrastructure, and this is reflected in the conclusions.

- But for that – and it's the third priority – we need investments. No less than €1 trillion by 2020, in modern infrastructure and also in Research & Development. Our Connecting Europe Facility can certainly play an important role here. All the more reason to rapidly reach an agreement on the next Multiannual Financial Framework! But a large part of future investments will have to come from the private sector. However, to spend on, say, pipelines today, investors need a sense of where we want to be in ten or twenty years time.
So a more predictable energy and climate policy is vital.

Planning ahead is vital, but also sensitive, as we see from the April vote in the European Parliament on the Commission's so-called 'back-loading amendment'. On the 2030 Framework itself, consultations are ongoing, based on a Green Paper by the Commission. The European Council welcomed this paper. By the end of the year, the Commission will put more concrete proposals on the table, after which the European Council will revert to this topic, in March 2014. In the meantime, it is important that preparatory work continues at other levels.

Fourth and final priority: diversifying our energy sources. Member States that manage to reduce their dependency on one single supplier or on one single supply route see the benefits of this diversification. The challenge is clear: Europe has to exploit its energy potential to the full. In the field of renewable energy, which is also a great source of jobs. But also by developing safe and sustainable ways to tap other resources – conventional and unconventional. Yes, this can include appropriate use of shale gas, which could become part of the energy mix for some member states, perhaps less for others. The Commission will further assess this. It is, of course, explicitly recognised in the Treaty that it is up to each country to decide its own energy mix.

I consider it an important signal that we jointly agreed on these four points. There is now an urgent need to follow-up on what leaders decided. That's why, in the conclusions:

- we stressed the need for better coordination, especially, and in advance, on major national energy decisions with an impact on other countries; I call upon the rotating Presidencies to translate this into concrete action at the level of Ministers;

- we asked the Commission to analyse prices and impact on households by the end of the year, so that these data can feed into other thematic European Council meetings which I scheduled – most of which also related to competiveness;

- we decided to come back to our energy policy already in December, to make sure we make progress in implementing these orientations.

Our second focus at this European Council meeting was on tax evasion and tax fraud. This was not a new topic, and certainly a sensitive one, where progress is difficult. Yet, this European Council was different. Why? Well, there was unusual momentum, partly due to a series of scandals in different countries. In times of budgetary consolidation, when governments have to take hard decisions that directly affect the life of citizens, tax fraud and tax evasion become more unacceptable than ever. It is a matter of public confidence in the fairness of tax systems. And the amounts are staggering. Hundreds of millions of euro which go missing annually in Europe.

So it was the right time to start stepping up the fight, which is why I decided to bring this issue on the agenda of the European Council. By nature tax evasion is something no country can solve on its own. So despite being such a sensitive question – reflected in the Treaty-requirement for unanimity – there is no doubt about the need to be united, if we want to win the battle against tax fraud and tax evasion. It is a global problem, and only by being united in Europe can we lead by example at the global level.

Already in March, we had touched upon this question, and the prospect of a summit devoted to tax fraud and tax evasion put more pressure and helped set things into motion, after years of standstill. So I am pleased that the European Council managed to unblock a number of frozen items. There is movement, a real acceleration, with clear deadlines for results. Today, I'm happy to report to you on first concrete results. Especially on four points.

First, on VAT fraud: leaders expect their ministers to sign off no later than end of June on a set of rapid-response measures so governments can crack down on fraudsters. This is a breakthrough. Urgent action is imperative, and pragmatic solutions can easily be found when political will is there.

Second point. You may know that, two weeks ago, ahead of the European Council, I participated for the first time in an ECOFIN breakfast, where I stressed to finance ministers the need to step up our fight against fraud and evasion. Two weeks ago finance ministers agreed on the negotiation mandates on savings taxation, after two years of blockage. The Union is now in a position to start negotiating immediately with Switzerland, Liechtenstein, Monaco, Andorra and San Marino to ensure these countries apply EU standards. It will do so on the basis of the revised savings directive. This in itself is an important signal, as it points to a Union-wide consensus on a text now in its fifth year of negotiation – for the conclusion of which we now set an end-of-the-year deadline.

Third point, which is linked: we all want the Union to push hard for a global standard of automatic sharing of information, covering a full range of taxable income, and we'll promote this strongly in fora like the G8 and G20. I am glad the timely initiative by a group of member states that sparked this action is now firmly embedded in a Union-wide approach. Let me stress here that automatic exchange of information already exists in the European Union, but it needs to be strengthened and its scope broadened. Our Union law, the revised savings directive and a revised administrative cooperation directive, for which the Commission will make a proposal in June, will provide for a sound framework, tailored to the needs of the tax administrations of Member States.

Fourth point: a number of issues related to business taxation. Tackling profit-shifting, taxbase- erosion and aggressive-tax-planning calls for a coordinated approach, in Europe and worldwide: we all agree on that. Here too we set deadlines for the end of the year, for instance on revising the parent-subsidiary and the money laundering directives. We will monitor closely progress made against tax fraud and tax evasion, and come back to it at the December European Council.

Finally, we briefly discussed the situation in Syria, reaffirming our commitment to a political solution. We gave our support to the initiative for an international conference based on the Geneva June 2012 principles, as a chance to re-start the political process. We tasked foreign ministers to prepare the Conference and to decide on the common sanctions regime (since it is due to expire on June 1st).

Yesterday the Foreign Affairs Council reiterated EU calls for a political solution of the conflict and welcomed the initiative for an international conference. The Council also extended for a further 12 months all the current restrictive measures with the exception of the arms embargo. On this point a number of important conditions that will guide national policies were agreed. The Council also agreed that Member States will not proceed at this stage with the delivery of such equipment. Ministers decided they would revert to this question before 1 August 2013 on the basis of a report by the High Representative on developments of the Geneva talks.

So all in all we had a focused European Council, which set many things into motion – with many deadlines – and incidentally taking place exactly one year ahead of the beginning of the European elections. An extra reason for all of us to be focused on results!
Before concluding, I would like to share one more thought with you, on an issue which was also raised by your President, Martin Schulz: youth unemployment. At our next meeting in June, I will put the fight against unemployment high on our agenda.

The June European Council will be an opportunity to mobilise efforts at all levels around one shared objective: to give young people the guarantees that they will be either in training, further education or employment within four months of leaving school. This was reflected in a Council recommendation adopted on 22 April.

In recent days, several Member States announced that they would come forward with ideas to foster youth employment or share best practices. I welcome and encourage these initiatives. On Friday, I sent a letter to the Members of the European Council, inviting them to share ideas and to actively engage in the preparations of the June meeting. In my letter, I also called on the social partners to act jointly, ahead of the June summit.

In the European Council, tackling youth unemployment is a long-standing priority, underlined in the Compact for Growth and Jobs and the €6 billion set aside for the Youth Employment Initiative in the European Council proposal on the MFF. We should make sure that this initiative can be fully operational by the 1st January 2014. Together with the Council, your support, the support of the European Parliament is needed to make that happen.

We must rise to the expectations of the millions of young people who expect political action. I thank you for your attention.