



**EUROPEAN COUNCIL
THE PRESIDENT**



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

During this European Council, we have a wide range of issues to discuss. For some reason, they all seem to start with the letter 'S'. Tonight: the European Semester, Serbia and Schengen. Tomorrow: Syria, the Southern Neighbourhood and the signature of the Stability Treaty. Not to forget the second mandate, of President of the European Council, with which the 27 leaders entrusted me this evening!

First the European Semester: our main issue over dinner. As you know the Semester is our annual policy coordination tool, running from the release of the Commission's annual growth survey to the June European Council, which adopts country-specific recommendations.

Halfway through the Semester, the Spring summit provides strategic advice to the Member States on their budgetary and economic policies. This year, I found it important to highlight the necessity of serious action to revive growth and employment across Europe. I shared a paper with my colleagues to help identify possible actions. We focussed our discussions on two issues.

The first one: how can fiscal consolidation go hand in hand with our growth and employment prospects? I asked Swedish Prime minister Fredrik Reinfeldt to share some experiences from his country. Many other colleagues intervened, of course.

P R E S S

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We approached the question from many angles. Looking closely at expenditure, making unemployment benefits more activating. Looking at revenues, for instance by tackling tax evasion and tax fraud. And also looking at investment: making sure that, at the same time as we bring budgets under control, we keep investing in our future, in education, in research&development, in innovation – making the right choices in the midst of fiscal consolidation.

The second issue is how to improve competitiveness. Here there is work we have to do together, like exploiting to the full the single market, as outlined in a letter by twelve colleagues, David Cameron and Mario Monti among others. Other progress has to come from efforts at the national level.

On this topic, Chancellor Merkel shared some of Germany's experiences. Reducing the tax burden on labour, especially on low income earners. Opening sheltered sectors, such as professional services and retail. Improving the business environment, cutting red tape and paper work thanks to digital public administration.

We agreed tonight that the European Council will follow very closely the implementation of the strategic orientations we set out today. I find this very important and will personally, together with the President of the European Commission, see to this also at the European level.

We also talked about the situation in the Eurozone. We welcomed the progress made on the new Greek programme. The aim is to put the Greek economy back on a sustainable footing, both in terms of debt sustainability and competitiveness.

The Greek authorities have taken decisive legislative action over the past ten days, living up to their prior commitments, and we commend them for this. Eurozone leaders support the efforts undertaken by Greece to strengthen the country's institutional capacity, and welcome the European Commission's offer to assist on this matter. Improving tax collection is a case in point.

Eurozone leaders also confirm their commitment to reassess the adequacy of the overall ceiling of the EFSF/ ESM firewall by the end of the month. In addition they agreed to accelerate the payments of the pending capital for the ESM.

On Serbia: we agreed tonight to grant the status of EU candidate country to Serbia. This is a remarkable achievement - a result of the efforts demonstrated by both sides in the dialogue between Belgrade and Pristina. I hope it will encourage Serbia to undertake further efforts in order to meet the political and economic criteria for EU membership. It is also my hope that Belgrade will continue to support regional cooperation and good neighbourly relations in the Western Balkans.

This brings me to the question of Schengen. We made progress today as regards the accession of Bulgaria and Romania to the Schengen area. After intensive preparatory consultations in the last weeks, we now have a roadmap.

We ask the Justice and Home Affairs Council to adopt in September its decision and, in the meantime, to identify and implement measures aimed at contributing to the success of the process. I would like to thank the Romanian President, the Bulgarian Prime Minister and the Dutch Prime Minister for their constructive attitude during the final negotiations this afternoon under my chairmanship.

Tomorrow morning, before resuming the European Council meeting, the signing ceremony for the Fiscal Compact -- or Stability Treaty -- will take place. In the meeting itself we will then discuss Syria and the Arab Spring, and adopt our conclusions.

A word to conclude on my second mandate. As I said to my colleagues earlier tonight -- and I think you have seen the text of my acceptance speech -- I accept their invitation to continue as President of the European Council and President of the Euro Summit and I thank them for the trust they place in me.

Continuing this work for Europe in such decisive times is a privilege, and a great responsibility.
