



**EUROPEAN COUNCIL  
THE PRESIDENT**



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**Remarks by Herman Van Rompuy  
President of the European Council  
after his meeting with Prime Minister of Sweden  
Fredrik Reinfeldt**

I am happy to be here in Stockholm for, as usual, a very constructive and interesting discussions with Prime Minister Reinfeldt. This time around, I am particularly happy to be here in May, when Stockholm is at its best (last time I was here was in November).

The focus of our talks has been the European agenda for today and for the next months and years ahead.

I would like to highlight the following points:

First, we have made significant progress in fighting the sovereign debt crisis, by strengthening our European governance and framework. We are supporting countries under pressure and the countries themselves are implementing major structural reforms, including on the banking sector, along side important fiscal consolidation. We strengthened our "fire wall" and the European Central Bank, while providing ample liquidity, avoided a credit crunch in the eurozone. Countries in the south of Europe are now seen by the OECD as the best reformers...

When you add all the steps that we have taken in the course of two years, it adds up to an important leap forward.

I would in this regard like to thank Prime Minister Reinfeldt for his ideas, support, cooperation and shown commitment to Europe. Two months ago, Sweden signed the Fiscal Compact Treaty and you agreed to back the euro area indirectly by contributing at least 10 billion USD to the IMF.

**P R E S S**

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Sweden's experience in the 90s shows two things: One, it takes time to deal with the consequences of a financial crisis such as this one - there is no quick fix. Two, getting through the crisis makes you stronger. I am deeply convinced that these lessons will apply to the euro area.

Second, the challenges ahead are still significant. We need to strengthen our banking system. In the EU, we are currently working on the implementation of the Basel 3 accord to enhance the resilience of our banking systems. We should do it well, but we should also not lose time.

Third, Europe will also need to pursue its strategy to restore economic growth and job creation, especially for young people. I want to note here that this has always been on our agenda at previous summits this year and as far back as in February 2010. Many initiatives are already in the making. We are not discovering the growth agenda today.

For example, the single EU patent is about to be completed, crisis countries can already benefit more easily from structural funds and the European job search portal is a reality. But of course, more should be done, especially to complete the infrastructure necessary for a functioning single market.

The European tool exists already: The European Investment Bank. We need to make sure that our European bank can continue to finance as many good investments over the next few years as it has done in the recent past. A 10bn euro increase in its capital would allow the Bank to increase lending by 60bn Euro over the next three years, and to leverage investments up to 180bn euro.

Four, before the end of the year we should define the EU's 7-year budgetary framework 2014-2020. The future modernised EU budget, though it will remain relatively small as compared to MS wealth can stimulate thousands of investments needed to revive growth in Europe by helping it to be more competitive. Competitiveness is key in the next European budget. Even if it represents only around 1% of our GDP, it amounts to 1tn Euros per year which is far from negligible.

It is also essential that Member States do not only focus on net contributions or return, but also take the broader common European interest into account.

To conclude on the economy: it is clear that the stakes are high. Europe needs more structural economic growth and more jobs, and we can deliver. But reforms take time. It is the highest priority among all European leaders

I envisage an informal meeting with the EU leaders at the end of the month or beginning of the next month devoted again to growth and jobs. I look forward to seeing you in Brussels then, Mr Prime Minister.