



**COUNCIL OF  
THE EUROPEAN UNION**

**Strasbourg, 24 October 2012**

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**NOTE**

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from : General Secretariat of the Council  
to : Delegations

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Subject : **Summary record of the plenary session of the European Parliament, held in Strasbourg on 23 October 2012**

- **Outcome of the European Council meeting (18-19 October 2012) - European Council and Commission statements**

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President Van Rompuy delivered the speech set out in the Annex I.

President Barroso delivered the speech set out in the Annex II.

Speakers on behalf of political groups made the following points:

- Mr Daul (EPP, FR) said that the Nobel prize both recognised achievements to date and provided an incentive to go further. He took the view that Europe needed ambitious policies and a credible financial framework and that the October European Council was a step forward on this path. Yet, he insisted that legislation had to cover all sectors, referring notably to the single banking supervisory authority. He reiterated that the solution was more Europe and called for the completion of the single market. He urged all Member States to behave responsibly and to find a solution on the Union's multi-annual budget before the end of this year.

- Mr Swoboda (S&D, AT) considered that though the outcome of the summit was not negative, growth policy had to replace the growth pact and he called for a social pillar to be included in the blueprint for economic and monetary union to be agreed in December. He drew attention to the fact that growing unemployment had triggered growing euroscepticism and called for more efforts in the social field. Mr Swoboda added that his group wanted the banking union to be established without delay. He made clear that as regards the appointment of Mr Mersch, his group expected more.
- Mr Verhofstadt (ALDE, BE) welcomed the decision on the banking union but disagreed on the timetable which was, in his view, due to the upcoming federal elections in Germany. He was opposed to the idea of individual contractual arrangements between the EU and Member States on the reforms made in response to the Country Specific Recommendations of the Council. He also made clear that further steps on the two pack or special commissioners would directly depend on the submission of proposals on the redemption fund and Eurobonds/mutualisation of debt. On Syria, he expressed his disappointment over the EU's lack of action.
- Ms Harms (Greens/EFA, DE) criticised the strict austerity policy and insisted on the need for a growth policy which would be in line with the EU 2020 strategy and the latest IWF statements. She called for continuous efforts to establish the banking union before the end of the year. Regarding the appointment of Mr Mersch, she stated that her group wanted a woman for the post.
- Mr Callanan (ECR, UK) considered that the October summit had failed to deliver and had backtracked on what was already agreed and therefore represented an additional missed opportunity, which was, in his view, linked to a lack of leadership. He asserted that it was time to take fundamental decisions in order to avoid further loss of credibility. He also considered that the upcoming German elections were paralysing the decision making process.
- Ms Zimmer (GUE/NGL, DE) put special emphasis on social and regional cohesion and asked for course correction to better take account of these aims, as well as for decisions to be taken without delay. She underlined that she was opposed to an undemocratic fiscal pact and called instead for a solidarity pact. She shared the view of the Greens/EFA speaker as regards the appointment of Mr Mersch.

- Mr Farage (EFD, UK) said that there was a total subjugation of states as bailouts were used to take control over the countries, thereby establishing a new order.
- Ms Sinclair (NI, UK) criticised the EU's competence and expressed her concerns for the UK.

In their individual contributions, MEPs echoed to a certain extent previous contributions. Though on the substance several speakers considered the decisions taken by the European Council as going in the right direction, a number of speakers voiced the criticism that decisions were too slow. Other MEPs stressed the missing social component and expressed the wish for binding rules. Some speakers also highlighted the democratic deficit of the decision making process. A number of speakers underlined the need to focus on growth and ensure that decisions would lead to improved living conditions for citizens, stressing also the urgency of re-establishing confidence.

In his closing remarks, President Barroso underlined the importance of the fact that previous decisions had been confirmed by the European Council in October. He reported that he made clear to Member States that decisions were still urgent though this assessment was not shared by all Member States. He stressed that the social component was already covered to a large degree by the EU 2020 strategy, whilst pointing out that social rights were at the heart of EU values. He reassured the Parliament that the Commission would make use of all available tools but called on the Parliament not to paralyse the adoption of the economic governance rules because of the redemption fund. He reassured MEPs that the mutualisation of debt would be covered by the blueprint for EMU. He defended the integrity of the euro area and said that pressure had to be maintained. President Van Rompuy concluded that debate by reminding those present that a lot of the achievements had seemed to be impossible in the past and that the process was ongoing. He said that the seriousness and the depth of crisis and the lack of sustainability of debt had been underestimated. President Van Rompuy stressed that the austerity policy was not dictated from the top by the EU but was imposed by circumstances. On the issue of financial integration, he took the view that there was an ambitious timetable and that in addition to the legislative activities, the operational aspects had also to be taken into account. He admitted that the continuing process would impinge more and more on sovereignty, which would make it more challenging. He gave his reassurance that the social dimension was not left aside and considered that the measures taken had to be assessed as regards their social impact. He insisted that the austerity policy had to be continued with a view to restoring confidence.

**Speech by President Van Rompuy, Strasbourg, 23 October 2012**

After a brief, but heartfelt, welcome of the award of the Nobel Peace Prize to the European Union, which was felt by all to be a tribute to past work and an invitation to redouble our efforts for the future, the focus of last week's European Council was on two economic issues, namely: the implementation of the Compact on Growth and Jobs approved last June and the discussion of the interim report on deepening Economic and Monetary Union. We also spent time on some foreign policy questions and touched on a matter which I know is of concern here, the appointment to the vacant seat on the Board of the European Central Bank, which was raised both by me and by your own President in his intervention at the beginning of the meeting.

The Union's commitment to promote the equality of women and men is an objective laid down in the treaty. Yesterday's vote by your Economic Committee on the appointment is an understandable expression of concern that a great deal remains to be achieved, notably regarding the European Central Bank. But I note also the committee's recognition that the candidate's professional competences are in no way in dispute.

For my part, at last week's European Council, I made a strong appeal to all Heads of State or Government to identify and propose good female candidates for vacant posts at European level, in particular in the economic and financial sectors, where the underrepresentation of women is blatant. I underlined that we need to be active in encouraging this process.

I hope that, with such renewed commitment to gender balance, Parliament will base its final decision on the current candidate for the ECB executive board on the sole criteria of professional qualification and experience. It is urgent to fill that vacancy.

Now let me move on to the economic questions which were at the core of our discussions. First, growth and jobs.

We are still suffering from a lack of growth: 25 million people are unemployed in the Union, especially among young people. Overall growth projections for next year are at best modest. I am painfully aware of the toll this is taking on our societies. In several countries, the adjustment is more severe and lengthy than many had expected. Reining in budgetary deficits and restoring competitiveness would have been necessary even without the crisis in the Eurozone. It is therefore all the more necessary to share the burden of this adjustment fairly and to have policies specifically targeted at reducing unemployment. Here, EU instruments can and should assist.

Creating jobs and boosting socially-inclusive growth remains our utmost priority and our ultimate goal. The commitments made under the Compact for Growth and Jobs cannot wait: they must be followed by decisive action, and translated into concrete results. This is particularly urgent for the implementation of the €120bn package we agreed in June, for progress on Single Market issues and on our EU-2020 goals. It is also urgent for measures supporting social inclusion, promoting research & development, developing the competitiveness of our industries, and harnessing the potential of international trade.

In the meanwhile, we will discuss in November the Multiannual Financial Framework at the European Council. We need a growth-oriented EU budget. Although it represents only 1% of European GDP, it can, as an investment budget, have a huge impact on growth. Of course, restoring confidence in the eurozone is a key part of bringing back internal demand and growth. On this, we can now witness the first results of our cumulative actions. Let me give a few examples:

The so-called spreads are decreasing significantly in almost all Eurozone countries; public deficits are now lower in most countries; competitiveness and export performances are stronger in all countries; the upcoming common bank supervisor is a major breakthrough and we launched two weeks ago the European Stability Mechanism so that our "firewall" now amounts to €700bn.

In the specific case of Greece, significant progress has been made. The Eurozone Heads of State and Government issued a statement welcoming the determination of the Greek government to deliver on its commitments and also commending the remarkable efforts of

the Greek people. The Eurogroup will examine this progress in light of the forthcoming troika report and take any necessary decisions.

Our second major debate was on the interim report which I drew up in collaboration with the Presidents of the European Commission, the Eurogroup and the European Central Bank, a group of four presidents who also met with your President, Martin Schulz. My office, also, consulted Member States and the European Parliament's delegation, whose contribution was significant and I also personally met some of your rapporteurs, coordinators and committee chairs.

This was an interim report seeking to clarify concepts and test the level of support for various ideas that have arisen, with the aim to reach conclusions in December. It highlighted points of convergence and outlined areas that would require further work. The European Council gave a mandate to continue this work and propose a specific and timebound roadmap to be presented at its December meeting so that it can move ahead on all the essential building blocks on which a genuine EMU should be based.

Our immediate priority was progress on financial integration. In June, we agreed to break the vicious circle between banks and sovereigns. The urgent element now is setting up a Single Supervisory Mechanism (SSM), to prevent banking risks and cross-border contagion from emerging. That's why the European Council called for swift progress, with the objective of agreeing on the legislative framework by 1 January 2013. Once this is agreed, the SSM could become effectively operational during 2013. This places a huge responsibility on all of us to meet this ambitious timeline. We cannot afford the risk of losing momentum.

When establishing a Supervisor, several aspects need taking into consideration:

- There must be a clear separation between the monetary responsibilities of the ECB and its supervision functions.
- The ECB should be able to carry out supervision directly in a differentiated manner, meaning: using national authorities in supervisory tasks as much as possible.
- The SSM will be designed and implemented with the integrity of the Single Market for financial services in mind.
- And finally, the mechanism should be inclusive and transparent: all Member States are

free and invited to join. This openness should be reflected in the governance structure, with appropriate rights and obligations for all.

The SSM is a first, essential step toward a complete, integrated framework for the financial sector. Other steps also need to be taken quickly, starting with harmonising national resolution and deposit guarantee schemes, following which the Commission will propose a single resolution mechanism.

As agreed in June, direct recapitalisation by the European Stability Mechanism will be possible once an effective SSM has been established. We asked the Eurogroup to draw up the exact operational criteria.

For a stable Economic and Monetary Union we also need stronger integrated frameworks for budgetary matters and economic policies. On both these fronts we have already done a lot. Let me put it this way: if we fully use all our tools:

- the six-pack, the forthcoming two-pack, the European Semester with its Country Specific Recommendations, the new Macroeconomic Imbalance Procedure and the Treaty on Stability Coordination and Governance.... then we will have already taken a major step towards fiscal and economic union! Yet to secure the eurozone's long-term stability, we also need to be able to better deal with economic shocks, and spur economic convergence.

Here, some new avenues in my report attracted attention. I received a mandate, together with my colleagues, to explore them further between now and December. One of these is that Member States could enter into individual arrangements of a contractual nature with the EU institutions on the reforms they commit to make, in response to the Country Specific Recommendations of the Council, to promote growth and jobs.

Another is the possibility of an appropriate fiscal capacity for the euro area. This new idea requires further exploration and it was agreed that this is, and I emphasise, unrelated to the preparation of the next Multiannual Financial Framework.

It will be crucial for the new EMU to be fully legitimate and accountable. As a general principle, we all agree that democratic control should occur at the level where decisions are taken. It's also important to build this deeper EMU on the EU's institutional and legal

frameworks, and to make sure that it remains open and transparent towards Member States outside the eurozone.

As in all our regular European Councils, I wanted to devote some time to a strategic discussion on our external relations and our foreign policy. We focused on two main issues.

First, our relations with China – taking a step back and looking at the long term. I debriefed the European Council on the September Summit with China, a very positive one. As you know, this key partner is undergoing a "once in a decade" leadership change. We exchanged views on how to engage constructively with the new Leadership. We must pass on the same messages to Beijing, both the easy and the difficult ones, in our contacts at all levels. China presented a package of proposals for future cooperation between the EU and China. We will respond in the same spirit with our own proposals. We will come back to this issue to prepare the next Summit which should take place in China in Autumn 2013. Second, we addressed crisis areas in the world: Syria, Iran and Mali. This was indeed the first time that we had discussed developments in Mali at European Council level. The situation has a security, humanitarian and regional impact on the Sahel. It could also become a threat to our own society and our own security. The Union is contributing to the international efforts led by the UN, to stabilise the situation. We decided to accelerate our own planning for a possible European military crisis management operation and support to the international military force, in accordance with the recent UN Security Council Resolution 2071.

To conclude: this was a positive summit. It is good for Europe that we will have a Single Supervisory Mechanism up and running in the course of 2013. Between now and December we will work on further progress to reinforce our Economic and Monetary Union. The biggest contribution to growth on the short term is restoring confidence in the eurozone.

I thank you for your attention.



Speech by President Barroso, Strasbourg, 23 October 2012

President of the Parliament,  
President of the European Council,  
Honourable Members,

Last week's European Council was the first in a series of three summit meetings this autumn. Our common objective for these meetings is to reach decisions which will have significant positive impact both on short term stability and our longer term objectives.

First and foremost, we must deliver on the Compact for Growth and Jobs agreed in June. The reality is that the crisis is still with us: too many of our member states are facing recession; unemployment remains worryingly high, with the potential to further undermine social cohesion. I am painfully aware of the difficult situation in which many European citizens find themselves. Implementing the growth compact is, therefore, much more than a demonstration of our political will; it is a question of fairness and equity.

In some of our Member States citizens are making major sacrifices because of the situation resulting from excessive debts in the public sector and the irresponsible financial behaviour in the private sector. This is why we need to provide citizens with hope, with a realistic prospect that growth and jobs will return, and that the most vulnerable in society will not suffer.

The Commission has delivered a great number of proposals and inputs to underpin the Growth Compact. However, the reality is that this Growth Compact, including an important investment package worth €120 billion, has not yet been fully implemented.

Some progress has been made. But frankly, not enough.

I presented to the Heads of State and Government a detailed report describing what is on the table, where the blockages exist, and what the next steps are. It is high time that proposals on negotiation tables become reality.

Let me give some examples. Agreement is in reach in the next two months on the proposals on venture capital, accounting, and alternative dispute resolution. But work needs to be accelerated on several other proposals that are crucial for growth and fairness in the single market. Public procurement reform, tax on savings including the mandates for agreements with third countries, professional qualifications, e-signatures: we need to give a new political push in all these areas. Last week I urged the EU's governments to do their utmost to bring the compact on growth and jobs to life. Likewise, I count on this House to assume its responsibility and to play its part in finalising legislation on its elements.

Let us demonstrate to our citizens that Europe carries a message for growth and jobs.

When talking about growth, it is clear that the financial sector must also make a fair contribution to the recovery. I welcome in particular the recent progress on a European Financial Transaction Tax. Following the requests we have now received from ten Member States, this very afternoon the Commission will make a proposal for a Council decision authorising the enhanced cooperation. This will be the first step in the process. We will also present an action plan on tax fraud and tax evasion, including tax havens before the end of the year.

I also want to confirm to you that following the adoption of the employment package the Commission will before the end of the year introduce a youth guarantee scheme. It will aim to ensure that young people within four months of being unemployed or leaving formal education are presented with either, the offer of a job, continued education apprenticeship or a traineeship. This will be supported by the European social fund. We will also introduce a quality framework for traineeships to help young people in their transition from education to work.

We are taking these measures to prevent a "lost generation" in Europe.

Honourable Members,

It is not just the compact on growth and jobs where we have to turn political will into reality. It is essential that by the end of this year there is agreement on the single supervisory mechanism for

banks; this is also a pre-condition for the direct recapitalisation of banks under the European Stability Mechanism.

By reaching agreement on this, the EU has a huge opportunity to restore confidence, to demonstrate its capacity to take difficult decisions in times of crisis, and to send a message of stability. Let us not fail to seize this moment. And let us also be clear about one thing: Reaching agreement on these issues is a fundamental pre-condition if we want to be credible in our further deepening of EMU. Regarding the Single Supervisory Mechanism for banks, without prejudice to the ongoing legislative process, the European Council confirmed many of the key principles on which the Commission proposals were grounded.

That includes being as open as legally possible to all Member States who want to participate; proper accountability at the level at which decisions are taken - which for the Commission clearly means towards this Parliament; and maintaining the level playing field and the integrity of the single market.

It also includes the tasking of the ECB with responsibility for prudential supervision and the power to intervene, if needed, with any bank in the euro area. And a clear separation of this supervisory function and monetary policy.

In all of these matters we will continue to work closely with the European Parliament.

An important element is the political commitment of the Heads of State and Government that agreement should be reached by the end of this year.

Let's not forget why we are acting. We are advancing in our response to the crisis. We need to definitively break the negative link between bank debt and sovereign debt. This is urgent! That is why the Commission put its proposals on the table within weeks of the June European Council. Delivering the single supervisory mechanism will give a very important signal to our citizens, our international partners and to investors in general.

The European Council also spelt out the need for the rapid adoption of the provisions relating to the harmonisation of national resolution and deposit guarantee frameworks based on the Commission's legislative proposals on bank recovery and resolution and on national deposit guarantee schemes. It

also called for the rapid conclusion of the single rule book, including agreement on the proposals on bank capital requirements.

On all these matters this House has a decisive role to play and the Commission will work closely with you in the coming weeks to move ahead quickly.

Mr President, Honourable Members,

Before I look at the other, longer term, elements of deepening EMU let me start by underlining how crucial it is to finalise the legislation known as the "Two Pack". The prior co-ordination of national budgets is one important pillar of our crisis response. And it is in the interest of the European Parliament, I would assume, that we incorporate as many elements from the Fiscal Treaty as legally possible into the Community method. And this is what we are doing with the Two-Pack.

Now that the EU institutions and member states have embarked on a reflection process which will cover all aspects of a deeper EMU, including issues of solidarity, I am hopeful that we can agree that the Two Pack goes ahead and not deal with other issues covered by the further deepening of the EMU.

As far as these other aspects of EMU deepening are concerned, the Summit was an occasion for the Heads of State and Government to look in more depth at the issues on the basis of the interim report prepared by the President of the European Council, myself, the President of the European Central Bank and the President of the Euro group. I would like to underline the very useful contributions that the European Parliament and President Schulz have made to this report.

Coming to the next steps, I had already informed this House last month that we will deliver a blueprint for EMU in time before the December European Council. This blueprint will set out the Commission's own thinking on all the building blocks of a deeper genuine EMU.

President, Honourable Members,

Allow me a specific word about the issue of fiscal capacity of an economic and monetary union. As I said already in the State of the Union address, to deliver lasting results, we need to develop a fully equipped Community economic governance, together with a genuine, credible Community fiscal capacity. This would complement our efforts for a stronger and more binding framework for the implementation of key economic policies, in particular in the euro area, as one important means to prevent imbalances.

While much has been done here, for instance through the six-pack and the Country-Specific Recommendations, further steps are crucial to combine specific conditions with specific incentives and to really make economic and monetary union sustainable. One interesting idea in this context is that of contractual arrangements between the Member States and the Commission. Such arrangements could underpin the commitments taken under the Country Specific Recommendations with specific support for their realisation.

We must, however, be clear that this has nothing to do with the decisions on the next Multiannual Financial Framework which we will hopefully be able to take in the coming weeks.

President, Honourable Members,

I want to thank this House for the important contributions and the cooperation with you on all these matters. It is very important to have the views and the involvement of the European Parliament at every stage in this process. We are designing a new system where more decisions will be taken at the EU level. We therefore need stronger accountability. Fixing the accountability at the level where the decisions are taken will be one of the fundamental principles which will guide our discussions on economic and monetary union.

At the same time we need to make sure that more democracy means more transparency not more complexity. Our procedures are already complex enough. Institutions, mechanisms and procedures would make Europe more opaque, less readable and distance us from our citizens precisely at a time when we need to draw closer together.

And there are a few more key principles:

We need to build on the existing institutional and legal framework based on community treaties. We must support the deepening of integration in the Euro area as the basis for strengthening our currency, the Euro. We must ensure convergence between the existing and future Euro area members. And we must respect the integrity of policies conducted at the level of currently 27, soon to be 28, in particular integrity of the Single Market.

President, Honourable Members,

Our tasks are mapped out. Let us not forget that beyond the growth compact, the Two-Pack, and banking supervision, we have other tasks and responsibilities this autumn.

I speak in particular about the MFF. Now I expect those governments who are always speaking about the need for investment to promote growth and jobs to contribute their support for the instrument for investment at the European level. Once again this will be a critical test of our commitment to these policies.

During the summit we sent an important message on Greece. We welcome progress made by Greece and the troika towards reaching an agreement on the policies underpinning the adjustment programme and look forward to the conclusion of the on-going review. The Eurogroup will examine the outcome of the review in light of the troika report and will take the necessary decisions.

We welcome the determination of the Greek government to deliver on its commitments and we commend the remarkable efforts by the Greek people. Good progress has been made to bring the adjustment programme back on track. We expect Greece to continue budgetary and structural policy reforms and we encourage its efforts to ensure swift implementation of the programme. This is necessary in order to bring about a more competitive private sector, private investment and an effective public sector. These conditions will allow Greece to achieve renewed growth and will ensure its future in the euro area.

Finally, the European Council discussed the external dimension of our actions, with a focus on our strategic partners and the need for a pro-active agenda for trade.

It is crucially important that Europe defends its interests in a globalising world. But openness is a vital element to face the challenges of growth and we must not miss out on the opportunities for further trade.

President, Honourable Members,

It is significant at a time when many of our citizens have doubts about the capacity of Europe to meet the challenges we face, that the international community, through the Nobel Peace prize, has sent us a clear message: The world needs a stronger Europe.

It is indeed an honour to have this recognition for the project for integration and unity of this continent which has over 60 years brought us so much. But it is also a responsibility and a challenge for us to show the "courage de chaque jour" - the everyday, mundane, courage - to do the right thing and to take the decisions we need to take.

Through the deepening of economic and monetary union and progress towards political union, let us make sure, together, that the Nobel Peace Prize in 2012 will not be awarded to an idea of the past but to a project of the future.

I thank you for your attention.

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