


Procedure file

Basic information		
RSP - Resolutions on topical subjects	2009/2595(RSP)	Procedure completed
Outcome of the European Council meeting, 18-19 June 2009		
See also 2008/2594(RSP)		
Subject 8.40.14 European Council		

Key players			
European Parliament			
Council of the European Union			
	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2954	07/07/2009
	Economic and Financial Affairs ECOFIN	2948	09/06/2009
	Employment, Social Policy, Health and Consumer Affairs	2947	08/06/2009
	General Affairs	2942	18/05/2009
European Commission			
	Commission DG	Commissioner	
	Secretariat-General	BARROSO José Manuel	

Key events			
18/05/2009	Debate in Council	2942	
08/06/2009	Debate in Council	2947	Summary
09/06/2009	Resolution/conclusions adopted by Council		Summary
19/06/2009	Additional information		Summary
07/07/2009	Debate in Council	2954	Summary
15/07/2009	Debate in Parliament		
15/07/2009	End of procedure in Parliament		

Technical information	
Procedure reference	2009/2595(RSP)
Procedure type	RSP - Resolutions on topical subjects
Procedure subtype	Resolution on statement
	See also 2008/2594(RSP)
Legal basis	Rules of Procedure EP 132-p2

Outcome of the European Council meeting, 18-19 June 2009

The Council held a policy debate on the current economic and employment situation in Europe and discussed the measures already taken. It also considered the scope for further short-term and long-term responses in the light of the informal Employment Summit on 7 May 2009 and the recent Commission communication by way of preparation for the June 2009 European Council.

Against the background of the increasing unemployment rate in the EU, all ministers stressed the importance of measures to maintain or create new jobs. More specifically, they mentioned short-time work, training and the reduction of non-wage costs. At the same time, some delegations made it clear that companies which are not viable should not be supported.

Despite the need for short-term measures the Member States should continue following the long-term objectives of the Lisbon and Employment strategies and carry on with their structural reforms. In order to improve the entrepreneurial environment, ministers considered it important to reduce the administrative burden on companies, including where relevant non-wage costs, to increase mobility and to promote research and development. Some ministers expressed the expectation that new employment opportunities could be created through building a low-carbon economy ("green jobs"), as well as in the health and social sectors.

Ministers underscored the crucial importance social security systems have in mitigating the impact of the crisis, in particular with regard to the most vulnerable people such as the young, the old and disabled persons. Some delegations suggested increasing the security aspects in the implementation of the commonly agreed flexicurity principles. Furthermore, ministers emphasised the contribution the social dialogue could make to recovering from the crisis.

In general, ministers welcomed the Communication from the Commission to the June European Council: "A Shared Commitment for Employment", published on 3 June 2009, and in particular the proposed allocation of EUR 19 billion under the European Social Fund (ESF) to measures to help people to stay in work, or to move towards new jobs.

Outcome of the European Council meeting, 18-19 June 2009

The Council adopted the following conclusions on the international financing of climate change measures and good governance in tax matters. It agreed to submit these conclusions to the European Council (18-19 June).

1) Reform of a European supervisory framework for financial markets: the conclusions lay down the Council's position on the Commission communication on "European Financial Supervision" ([COM\(2009\)0252](#)) which is based on the recommendations made by the Larosière Group. The Council agrees with the objectives laid down in the Commission Communication and stresses that financial stability, regulation and supervision in Member States and in the EU must be enhanced in an ambitious way ensuring trust, efficiency, accountability and consistency with the allocation of responsibilities for financial stability, taking into account the responsibility of Finance Ministers in this area.

On the establishment of a European Systemic Risk Board: the Council agrees that an independent macro-prudential body covering all financial sectors, the European Systemic Risk Board (ESRB), should be established "without legal personality" and charged with the following tasks, without prejudice to the role and responsibilities of existing bodies:

- define, have access to and/or collect as appropriate, and analyse all the information relevant for identifying, monitoring and assessing potential threats and risks to financial stability in the EU that arise from macro-economic developments and developments within the financial system as a whole;
- identify and prioritise such risks;
- issue risk warnings, where risks appear to be significant, to policy makers and supervisors;
- where necessary give recommendations or advice on the measures, including where appropriate legislative ones, to be taken in reaction to the risks identified;
- carry out the mandatory monitoring of the required follow-up to warnings and recommendations; and
- liaise effectively with the IMF, the FSB and third country counterparts.

The Council agrees that the ESRB should be composed as follows:

- a Steering Committee, which shall set the work agenda, and prepare the decisions of the ESRB;
- the General Board shall comprise 27 Central Bank Governors, the ECB President (and vice-President as appropriate), 3 Chairs of the EU Committees of supervisors/European Supervisory Authorities and a Commission member as members with voting rights; and with the EFC president and representatives from national supervisory authorities (1 per Member State) as members without voting rights. The ESRB will act independently and members of the ESRB shall be guided, in the performance of their duties, by the general interests of the Community.

The Council notes that the ESRB's recommendations are expected to exert a major influence on the addressees through the high quality of its analysis and the participants in its work, and by means of mechanisms which would require the addressees to provide adequate justifications in case of inaction ("act or explain") to the Council and/or the ESAs as appropriate. If the ESRB judges that the reaction is inadequate, it shall also inform the Council as appropriate. On a case by case basis, the ESRB could decide to make the recommendations public after consultation of Council.

With a view to ensuring accountability, the Council stresses the need for the ESRB to report, at least bi-annually and more often as necessary, to the Council and to the European Parliament.

On the establishment of a European System of Financial Supervisors: the Council agrees that the recommendation by the de Larosière Group to establish a European System of Financial Supervisors (ESFS) should be carried out and completed without delay. To this end, the Council invites the Commission and all other relevant parties to take the appropriate initiatives, which i.a. should aim at:

- upgrading the quality of supervision and strengthening national supervisors by setting in motion a process leading to far stronger and

consistent powers for supervisory and sanctioning regimes in the Member States, aligning supervisors' competences, mandates and powers to the fullest extent possible;

- strengthening oversight of cross-border groups by completing the setting-up of supervisory colleges for all major cross-border financial firms in the EU by the end of 2009;
- moving towards the realisation of a single rulebook, with a core set of EU-wide rules and standards directly applicable to all financial institutions active in the Single Market, so that key differences in national legislations are identified and removed.

The Council recommends that a European System of Financial Supervisors be established as an operational European network with shared and mutually reinforcing responsibilities. It also stresses that ensuring the ESAs independence vis-à-vis national authorities other than supervisors and vis-à-vis the European Institutions will be crucial.

The Council finds that the ESAs should be entrusted with the following tasks and powers:

i. Ensuring that a single set of harmonised rules and consistent supervisory practices is applied by national supervisors, by two means:

1. Developing binding harmonised technical standards in the areas to be specified in Community legislation. Such standards should apply from a fixed date, provided the Commission endorses them;
2. Drawing up non-binding standards, recommendations and interpretative guidelines, which the competent national authorities would apply in taking individual decisions.

ii. Ensuring a common supervisory culture and consistent supervisory practices: the ESAs should be responsible for building a common European supervisory culture and consistent supervisory practices, and ensuring uniform procedures and consistent approaches across groups.

iii. Collecting micro-prudential information: the ESAs should be responsible for the definition, collection and aggregation of all relevant micro-prudential information emanating from national supervisors. To this end, a central European database should be established and managed by the ESAs.

iv. Ensuring consistent application of EU rules, in cases to be further clearly specified in Community legislation such as:

1. Manifest breach of EU law or ESAs' standards: in the event that the non-compliance with Community law would persist, the Commission could require the national supervisory authority to either take specific action or to refrain from action in order to restore compliance with Community law.
2. Disagreement between national supervisors or within a college of supervisors: in the case of diverging opinions between national supervisory authorities over the proper enforcement of EU legislation, or in the case of diverging opinions between national supervisory authorities within a college of supervisors, the ESAs should facilitate a dialogue and assist the supervisors in reaching a joint agreement.

v. Using full supervisory powers for some specific pan-European entities: an overwhelming majority supports the Commission to propose EU legislation giving the ESAs the responsibility for the authorisation and supervision of certain specific entities with pan-European reach, e.g. credit rating agencies and EU central counterparty clearing houses.

vi. Ensuring a coordinated response in crisis situations: the Commission is invited to explore how ESAs could play a strong coordinating role amongst supervisors in crisis situations, i.a. by facilitating cooperation and exchange of information between the competent authorities and acting as mediator when needed, while fully respecting the responsibilities of national authorities in preserving financial stability and in crisis management in relation to potential fiscal consequences and fully respecting central banks' responsibilities, in particular with regard to the provision of emergency liquidity assistance.

2) International financing of climate change measures: the [Council stresses that realising an emission path to keep the global temperature increase below 2°C will require very substantial mitigation efforts in all countries. It reaffirms that developed countries should take the lead by setting and implementing ambitious and binding medium- and long-term targets for reducing their emissions. The Council reiterates that the private sector will be the main source of financing for mitigation Climate Change. The Council underlines that international private and public financing should be linked to each country's mitigation efforts and level of development, providing incentives for additional effort in the recipient countries.](#)

All countries, except the least developed, should contribute their fair share of international financing for climate action in developing countries, with developed countries taking the lead. The main principles of contribution should be the ability to pay and the responsibility for emissions. Own action by developing countries, especially harvesting negative and low cost abatement opportunities, is indispensable for a substantial leveraging of international financing, in particular in advanced developing countries.

The Council underlines the following points:

- specification and implementation of concrete mitigation action should be entered into a registry covering three levels: own effort, supported effort and effort enabled by financial support and investment generated through the international carbon market;
- the allocation of support should move towards a performance-based system, strongly incentivising the promotion of actions which maximise climate value for climate money, such as mechanisms which rely on the principle of competition, based on effectiveness of emission reductions to access support;
- a new mechanism including sectoral crediting and trading, should be developed to operate at sectoral levels, ensure environmental integrity, provide the administrative simplicity required to handle efforts at much larger scale and help advanced developing economies to make a stronger contribution to mitigation;
- the project-based Clean Development Mechanism (CDM) should be reformed to ensure environmental integrity, and contribute to achieving real emission reductions. Advanced developing countries should gradually move to sectoral mechanisms and project-based CDM should be increasingly focused on least developed countries and areas where other crediting mechanisms are not feasible;
- effective adaptation policies should aim at building resilience and ensuring capacity handle emerging threats and respond to urgent and immediate hazards, as well as move towards a long term strategic approach;
- the implementation of international climate change financing both for mitigation and adaptation should as far as possible build on existing and reformed elements and institutions of the international financial architecture.

The Council reiterates that in the context of a global and comprehensive agreement, the EU stands ready to contribute its fair share of

international support including through public support and offset credits linked to EU's ambitious mitigation targets. It will assist the European Council to determine well in advance of the Copenhagen Conference (1) the EU positions on main approaches for financing mitigation, adaptation, technology support and capacity building, (2) the specifics of the EU's contribution and (3) principles of burden sharing among Member States.

3) Good governance in tax matters: the Council welcomes the suggestion in the Commission Communication entitled "Promoting good governance in tax matters" ? [COM\(2009\)0201](#) to accelerate the ongoing work on legislative proposals concerning the savings taxation directive, the administrative cooperation directive and the recovery directive.

More specifically, as regards the ongoing review of the savings taxation directive, the Council notes the Presidency progress report. It welcomes the progress made and agrees that circumvention of savings taxation should be prevented and that the functioning of savings taxation should be improved in the framework of an overall agreement in particular by:

- an extension of the scope of the Directive to at least other substantially equivalent income than just interest from savings,
- the introduction of a look through approach for payments to certain non-EU entities and arrangements and a more systematic application of paying agent upon receipt responsibilities, and
- a broader use of personal identification numbers and the use of the information on actual tax residence, when available, in identification procedures.

It calls for a rapid continuation of work in order to find constructive solutions to outstanding issues. The Council also calls on the Commission to open consultations with Switzerland, Liechtenstein, Andorra, Monaco and San Marino on revising their respective agreements on savings taxation with the aim to ensure application of equivalent measures in line with international standards and the improvements agreed at EU level.

The Council is ready to examine the proposals for the directives on administrative cooperation and recovery and to continue its efforts in the autumn of 2009 to find solutions to outstanding issues.

The Council invites the future Presidency to report back on progress in the area of good governance in tax matters in the autumn of 2009.

Outcome of the European Council meeting, 18-19 June 2009

The European Council of 18 and 19 June 2009 adopted the following [conclusions](#):

Institutional issues: the European Council reaffirmed its wish to see the Treaty enter into force by the end of 2009. Convinced that the Lisbon Treaty will provide a better framework for action by the Union in a large number of fields, Heads of State or Government agreed on legal guarantees designed to respond to concerns raised by the Irish people, relating to taxation policy, the right to life, education and the family, and Ireland's traditional policy of military neutrality. It was also agreed that the high importance attached to a number of social issues, including workers' rights, would be confirmed.

The Heads of State or Government also agreed unanimously on the name of Mr José Manuel DURÃO BARROSO as the person they intend to nominate as President of the European Commission for the period 2009-2014.

Economic situation: the European Council considers that it is imperative for the EU to continue to develop and implement the measures required to respond to the crisis. This should be done by building on the achievements of the past months in line with the European Economic Recovery Plan agreed last December, which will amount to an overall budgetary support of around 5% of GDP in 2009/2010

The European Council reaffirmed its strong commitment to sound public finances and to the Stability and Growth Pact as well as its determination to do what is necessary to restore jobs and growth. There is a clear need for a reliable and credible exit strategy, by improving the medium-term fiscal framework and through coordinated medium-term economic policies.

Building a new order in financial markets: the European Council took a number of decisions intended to lead to the creation of a new financial supervisory architecture with the aim of protecting the European financial system from future risks and ensuring that the mistakes of the past can never be repeated. The new framework will help to assess better the financial system's resilience, and contribute to enhancing confidence of financial markets after the global financial crisis. The European Council supports the creation of a European Systemic Risk Board comprising three new European Supervisory Authorities, which will monitor and assess potential threats to financial stability, working with national supervisory authorities.

Following the agreement reached on [the Capital Requirements Directive](#), the [Credit Rating Agencies Regulation](#) and the [Solvency II Directive](#), the European Council called for further progress to be made in the regulation of financial markets, notably on the regulation of alternative investment funds, the role and responsibilities of depositaries and on the transparency and stability of derivatives markets. It also invites Member States to take action rapidly on executives' pay and on remunerations in the financial sector, taking account of the recommendations made by the Commission. Lastly, it considers it important to further advance work on building a comprehensive cross-border framework for the prevention and management of financial crises.

Strengthening efforts to support employment: the European Council considers that top priority must be given to tackling the effects of the crisis on employment by helping people stay in work or find new jobs.: In the current situation, it has issued the following recommendations:

- "flexicurity" is an important means to modernise and foster the adaptability of labour markets ;
- priority should be given to preparing labour markets for future recovery: (i) creating a friendly environment for entrepreneurship and job creation, (ii) investing in a skilled, adaptable and motivated labour force, (iii) transforming Europe into a competitive, knowledge-based, inclusive, innovative and eco-efficient economy ;
- social protection systems and social inclusion policies play their role as automatic economic stabilisers and as effective mechanisms for cushioning the social impact of the downturn and for helping people back to the labour market;
- particular attention must also be given to the most vulnerable and to new risks of exclusion.

Climate change and sustainable development: a coherent response to the challenges posed by both climate change and the economic and financial crisis will open up new opportunities and make it possible to move to a safe and sustainable low-carbon economy capable of generating growth and creating new jobs.

The European Council took further steps towards forging the EU's position for the Copenhagen Climate Change Conference at the end of the year. It sent out a strong signal of its intention to maintain a driving role in this process and called on the rest of the international Community to play its full part in bringing about a successful and ambitious outcome at Copenhagen.

The conclusions recall that the Union has itself entered into an ambitious and legally binding commitment to reduce its greenhouse gas emissions by 20% by 2020 compared to 1990 levels. Provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities, the Union is committed, in line with the December 2008 European Council conclusions, to increasing its commitment to 30%.

The European Council affirmed that sustainable development remains a fundamental objective of the European Union, encompassing an economic, a social and an environmental dimension. Lastly, noting with concern potential problems concerning gas supply from Russia via Ukraine, it stressed that security of energy supply continues to be a priority for the European Union.

Illegal immigration: European leaders expressed great concern at the dramatic situation in the Mediterranean area and agreed on a number of measures in order to help the Member States in the frontline – particularly Cyprus, Greece, Italy and Malta – to respond to the influx of illegal immigrants and to prevent further human tragedies. In particular, the European Council stresses the need for :

- the coordination of voluntary measures for internal reallocation of beneficiaries of international protection present in the Member States exposed to specific and disproportionate pressures and highly vulnerable persons;
- reaching an agreement allowing for the rapid establishment of the European Asylum Support Office;
- strengthened border control operations coordinated by FRONTEX, clear rules of engagement for joint patrolling and the disembarkation of rescued persons, and increased use of joint return flights;
- strong action to fight effectively against organised crime and criminal networks involved in trafficking of human beings;
- concluding the negotiations on the EC readmission agreements with key countries of origin and transit such as Libya and Turkey and increasing the effectiveness of the EU's readmission agreements as part of the overall EU external policies.

External relations: the EU's role in the world remains of particular interest to European leaders. They underlined the strategic importance of transatlantic relations and welcomed the launch of the Eastern Partnership. They also stressed that the Middle East Peace Process remained a top priority for the EU in 2009.

The European Council reconfirmed the great importance of stability and security in Afghanistan, Pakistan and the wider region. It adopted declarations on Iran and the Democratic People's Republic of Korea. In a declaration on Burma/Myanmar leaders called for the immediate and unconditional release of Aung San Suu Kyi.

Outcome of the European Council meeting, 18-19 June 2009

The Council took stock of the follow-up to be given to the European Council's June 2009 meeting, in particular as regards the supervision of financial services and the international financing of measures to combat climate change.

The European Council on 18 and 19 June agreed on a new supervisory structure to be introduced at European level, inspired by the work of a high-level reflection group chaired by Jacques de Larosière.

The new framework is aimed at strengthening the supervisory system and rebuilding trust in the financial system following the global financial crisis. It involves the creation of a European Systemic Risk Board to continuously assess the stability of the financial system as a whole, and three supervisory authorities to deal with the banking, insurance and securities industries, working in a network with national supervisors.

The Commission is expected to present legislative proposals in the early autumn in order to put in place the new framework.

The June European Council also confirmed objectives for the negotiation in Copenhagen in December of a new global and comprehensive climate agreement for the period after 2012. The efforts that the EU expects of both developed and developing countries are set out in conclusions adopted by the Council at its meeting on 9 June.

The European Council welcomed the intention of the incoming presidency to develop a work programme, in close cooperation with the Commission.