Procedure file

Basic information

RSP - Resolutions on topical subjects	2010/2654(RSP)	Procedure completed

Conclusions of the European Council meeting (28-29 October 2010) and economic governance

See also 2010/2652(RSP)

Subject
5.10.01 Convergence of economic policies, public deficit, interest rates
8.40.14 European Council

Key players

European Parliament			
Council of the European Union	Council configuration	Meeting	Date
	General Affairs	3047	22/11/2010
	Economic and Financial Affairs ECOFIN	3045	17/11/2010
European Commission	Commission DG	Commissioner	
	Secretariat-General	BARROSO José Manuel	

Key events

29/10/2010	Additional information		Summary
17/11/2010	Debate in Council	3045	Summary
22/11/2010	Debate in Council	3047	
24/11/2010	Debate in Parliament		Summary
24/11/2010	End of procedure in Parliament		

Technical information

Procedure reference	2010/2654(RSP)
Procedure type	RSP - Resolutions on topical subjects
Procedure subtype	Resolution on statement
	See also 2010/2652(RSP)
Legal basis	Rules of Procedure EP 132-p2
Stage reached in procedure	Procedure completed

Conclusions of the European Council meeting (28-29 October 2010) and economic governance

The European Council of 28 and 29 October 2010 adopted the following conclusions:

Task force on economic governance: in order to address the challenges revealed by the recent financial crisis, a fundamental shift in European economic governance is required. To that end, the European Council endorsed the report of the Task Force on economic governance. The implementation of this report will constitute a major step forward in strengthening the economic pillar of EMU: it will increase fiscal discipline, broaden economic surveillance and deepen coordination. The report also sets out the guiding principles for a robust framework for crisis management and stronger institutions.

The European Council agreed on the way forward concerning the follow-up to the Task Force:

- it calls for a "fast track" approach to be followed on the adoption of secondary legislation needed for the implementation of many of the recommendations. The objective is for the Council and the European Parliament to reach agreement by summer 2011 on the Commission's legislative proposals;
- it invites the Council to speed up work on how the impact of pension reform is accounted for in the implementation of the Stability and Growth Pact and report back to the European Council in December;
- lastly, it agrees on the need for Member States to establish a permanent crisis mechanism to safeguard the financial stability of the euro area as a whole. It invites the President of the European Council to undertake consultations with the members of the European Council on a limited treaty change required to that effect, not modifying article 125 TFEU ("no bail-out" clause).

Heads of State or Government stressed that, at the same time as fiscal discipline is reinforced in the European Union, it is essential that the European Union budget and the forthcoming Multi-annual Financial Framework reflect the consolidation efforts being made by Member States to bring deficit and debt onto a more sustainable path.

SeoulG201 summit: the summit must send an ambitious signal as regards the concrete and timely implementation of measures agreed in the Framework for strong, sustainable and balanced growth, notably concerning fiscal consolidation plans, financial regulatory reform, social cohesion, job creation and the need for further structural reforms.The issue of the rebalancing of world growth also requires particular attention.

Furthermore, the European Union :

- looks forward to the confirmation by the G20 Summit of the Basel agreement, which is an important step in strengthening global financial stability ;
- -emphasises the need to continue keeping markets open, to inject momentum into the Doha negotiations and to adopt a growth-oriented development agenda;
- stresses the need to avoid all forms of protectionism and to avoid engaging in exchange-rate moves aimed at gaining short-term competitive advantages;
- emphasises the need for further work on levies and taxes on financial institutions, at both the international and internal levels.

Cancún conference on climate change: the Cancún Conference must deliver a significant intermediate step, building on the Kyoto Protocol and paving the way towards a global and comprehensive legally binding framework, integrating the political guidance given in the Copenhagen Accord.It is crucial that the European Union and its Member States deliver a single message.

The European Union will submit a comprehensive and transparent report on the implementation of its commitment on fast-start financing in Cancún and yearly thereafter and will underline the importance of further increasing transparency of climate change financing. It will reassess the situation after the Cancún Conference, including the examination of options to move beyond 20% greenhouse gas emission reductions. The Council is invited to report back on this issue by spring 2011.

Lastly, the European Council discussed the key political messages which the President of the European Council and the President of the Commission will promote at the forthcoming summits with the United States, Russia, Ukraine, India and Africa.

Conclusions of the European Council meeting (28-29 October 2010) and economic governance

The Council was informed by the presidency of its intentions concerning the follow-up to be given to the European Council meeting on 28 and 29 October 2010 as regards: (i) economic governance; (ii) levies and taxes in the financial sector.

It held an exchange of views.

Economic governance: the European Council in October endorsed the final report from a task force established in March to devise proposals for better budgetary discipline in the member states and an improved crisis resolution framework at EU level. It called on the Council and the European Parliament to reach agreement on the ensuing legislation by the summer of 2011, on the basis of proposals from the Commission, so as to enable a rapid and effective implementation of the group's recommendations.

The European Council also considered that work on how the impact of pension reforms should be accounted for in the implementation of the EU's stability and growth pact should be speeded up, and asked the Council to report back on the issue in time for its meeting on 16 and 17 December.

Further to the work of the task force, the President of the European Council was asked to undertake consultations on a limited change to the EU treaties required in order to establish a permanent crisis mechanism to safeguard the financial stability of the euro area.

Levies and taxes in the financial sector: the European Council took note of a report from the Council highlighting the risk of competitive distortions arising from the uncoordinated introduction of levies by the member states, and assessing the potential for the possible introduction of a financial transactions tax or a financial activities tax. It asked the Council to report back on the issue of levies in December, and acknowledged that different options regarding taxation of the financial sector should be examined, as well as practices aimed at impeding tax havens and tax evasion.

Conclusions of the European Council meeting (28-29 October 2010) and economic governance

The President of the European Council, Herman Van Rompuy, presented to MEPs the results of the last European Council on economic governance measures.

As regards the establishment of automatic penalty mechanism against States who do not respect the Stability Pact, the Task Force on economic governance provided a right balance as a basis to avoid excessive deficits and strengthen the EU?s capacity when a country creates risk for the common stability. The penalties shall now be decided by the European Commission, and it will be for the Council to vote with a qualified majority not to adopt the sanctions but to suspend them. This reverse mechanism is a major innovation which should now be translated into concrete legislative proposals. He stated that limited changes would be required for a permanent stability pact.

The President of the European Commission underlined the importance of safeguarding the financial stability of Ireland, the euro zone and the EU as a whole. He said that legislative proposals from the Commission will be operational as soon as possible in order to strengthen economic governance in Europe. He considered that if the EU wants to play a stronger role in the world, more coherence, convergence and common purpose is needed.

In their responses to Mr Van Rompuy?s remarks, the political group leaders highlighted the following points:

- the leader of the EPP recalled the need for solidarity between all European partners in these difficult times. He called for the rejection of demagogy and populism, underlining that the solution to the crisis could only be protectionism;
- the leader of the S&D group warned against the possibility of a three-way split: France and Germany, the Eurozone and the rest with the UK in a "special position". He criticised the request from Germany to revise the Treaties. He confirmed that private sector participation is good and requested it to be in the form of a finacial transaction tax;
- the leader of the Liberals deplored the fact that it is currently not possible to strengthen economic governance with so many co-existing systems. While supporting the Head of the ECB on the need to strengthen the system and make sure that sanctions are effectively automatic, he stated that he had more confidence in the European Commission to apply measures against countries not complying than in the Council;
- the co-president of the Greens called for the strengthening of economic governance. She stated that a pro-European spirit of solidarity is lacking, including in Germany where this solidarity used to be prominent;
- the ECR group called for respect as regards the pressures that Member States are under and considered that all non-urgent EU projects should be deferred to allow the setting up of an EU budget that reflects the current troubled economic times;
- the GUE/NGL group warned against further punishment of indebted countries;
- lastly, the leader of the EFD group considered that the EU has learned nothing from the crisis. He cited the Greek and the Irish crises and is of the opinion that Portugal and Spain are next on the list with the Spanish bailout being seven times bigger than for Ireland.