



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 2 December 2008 (03.12)
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NOTE

from: Presidency

to: COREPER

Subject: *European Council (11 and 12 December 2008)*
– Draft conclusions

The attached draft conclusions are presented by the Presidency with a view to their adoption by the European Council on 11 and 12 December 2008.

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The European Council on 11 and 12 December 2008 approved a plan for reviving the European economy, equivalent to at least 1,5 % of the GDP of the European Union (i.e. around EUR 200 billion). The plan provides a common framework for the efforts to be made by Member States and by the European Union, with a view to ensuring their coherence and maximising their effectiveness. [The European Council also reached agreement on the energy/climate change package. This decisive breakthrough fulfils the ambitious commitments entered into in this area in 2007 and will enable the European Union to maintain its leading role in efforts to achieve an ambitious and comprehensive global agreement at Copenhagen next year.] The European Council demonstrated its intent, through concrete decisions, to give new impetus to the Europe of defence in order to meet the new security challenges. [Lisbon Treaty]

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The meeting of the European Council was preceded by an exposé by the President of the European Parliament, Mr Hans-Gert Pöttering, followed by an exchange of views.

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I. Lisbon Treaty

p.m.

II. Economic and financial questions

1. The economic and financial crisis is a global crisis. That is why the European Union is working together with its international partners. The Washington Summit, held at the initiative of the EU, drew up an ambitious programme of work with a view to a coordinated revival of the world economy, more effective regulation of financial markets, better global governance and the rejection of protectionism.

2. We must continue to implement the major guidelines agreed in Washington, in accordance with the schedule laid down. The Council is requested to organise the preparation of this work together with the Commission and report to the Spring 2009 European Council on progress made, with a view to the next Summit on 2 April 2009.
3. The EU has determined, in a coordinated manner, the emergency measures required to restore the smooth operation of the financial system and confidence among market players. The European Council stresses the need for Member States to be able to finalise these measures without delay. It calls for their full and rapid implementation, with the assistance of all parties involved in accordance with the framework established by the Council on 2 December. The European Council urges banks and financial institutions to make full use of the facilities granted to them to maintain and support lending to the economy and pass on central interest rate reductions to borrowers.
4. The financial markets remain fragile. We must remain vigilant and continue to implement, as a priority, measures to create greater stability in, and improve supervision of, the financial sector. In this context, the European Council hopes that negotiations with the European Parliament will lead to the rapid adoption of the legislative decisions agreed on by the Council¹. It also calls for decisions to be taken quickly on the other priority issues identified, in particular ratings agencies, financial supervision and accounting standards.
5. The financial crisis is now impacting on the economy. The euro area, and indeed the Union as a whole, are threatened with recession. In these exceptional circumstances, Europe must take united, strong, rapid and decisive action to break a recessionary spiral and sustain economic activity. It must mobilise all the instruments available to it and act in a concerted manner to maximise the effect of the measures taken by the Union and by each Member State.

¹ Draft Directives on capital requirements, solvency of insurance companies, undertakings for collective investment in transferable securities and protection of savers' deposits.

6. The European Council agrees on a European economic recovery plan, which will provide a coherent framework for action to be taken at the level of the Union as well as for measures adopted by each Member State, in line with the Commission communication of 26 November 2008. The plan is based on a fiscal effort equivalent in total to at least 1,5 % of European Union GDP (i.e. around EUR 200 billion), on the ECB and other central banks pursuing a monetary policy which takes full account of the context of economic recession, and on the initiation of priority action to enable our economies to adjust more rapidly to the challenges they face.
7. As regards action by the European Union, the European Council supports in particular:
- an increase in intervention by the European Investment Bank, in particular EUR 30 billion especially for small and medium-sized enterprises as well as the automobile industry;
 - rapid additional action by the European Social Fund to support employment, especially for the benefit of the most vulnerable groups in the population;
 - mobilisation to promote employment in key sectors of the European economy, in particular by the European Globalisation Adjustment Fund;
 - faster implementation of programmes financed by the Structural Funds and greater investment in infrastructure and in energy efficiency;
 - the possibility of applying reduced VAT rates to labour-intensive services and green products and services;
 - raising thresholds (*de minimis* threshold for State aid and definition of SMEs) and adapting the framework, as required to increase support for enterprises, especially SMEs, and full implementation of the action plan for a Small Business Act adopted by the Council on 1 December.

The European Council invites the European Parliament, the Council and the Commission to adopt the necessary decisions as soon as possible and by its meeting in March 2009 at the latest.

8. For their part, Member States have already taken a number of important measures, in response to their specific circumstances and reflecting their different scope for action. An increased, coordinated effort is required, given the scale of the crisis, within the framework of a common approach based on the following guidelines:
- measures to support demand must aim to produce immediate effects, be of limited duration and be targeted; they could apply, in particular, to the automobile industry (incentives for scrapping) and the construction sector (energy-saving buildings);
 - depending on national circumstances, these measures may take the form of increased public spending, judicious reductions in tax burdens, a reduction in social security contributions, specific aid for enterprises or direct aid to households, especially those which are most vulnerable;
 - they are to be accompanied by increased efforts to implement the structural reforms envisaged in the Lisbon Strategy. These reforms should be oriented towards increased funding for investment and infrastructure, improving the competitiveness of enterprises, greater support for SMEs, the promotion of employment and the promotion of R&D and innovation.
9. The European Council emphasises that the revised Stability and Growth Pact affords the flexibility for all these measures to be implemented in conformity with the objective of long-term budgetary sustainability. In the current circumstances, the application by the Commission of the competition rules must also respond to the need for fast and flexible action.
10. The European Council will evaluate, at its March 2009 meeting, how well the recovery plan has been implemented and will add to it or adapt it as necessary.
11. [(poss.) WTO/Doha Round]
12. Europe must continue to invest in its future. That is the price of its future prosperity. The European Council calls for the launching of a European plan for innovation, combined with reflection on the future of the Lisbon Strategy beyond 2010, encompassing all the conditions for sustainable development and the main technologies of the future (especially energy, information technology, space technology and services derived from it, and life sciences).

III. Energy and climate change

13. The European Council approves the results of the work undertaken with the European Parliament, under the co-decision procedure, which has given rise to broad agreement in principle on the bulk of the four proposals in the energy/climate legislative package and on the legislative proposals concerning light vehicles' CO₂ emissions and fuel quality.
14. The European Council discussed the issues raised by the implementation of the package, and some questions still outstanding. It reached agreement on the following points:
[...]
15. The European Council invites the Council to seek agreement with the European Parliament on the basis of the elements set out above, to enable the whole package to be adopted at first reading by the end of the year.
16. This package will implement the ambitious energy and climate commitments entered into by the European Union in March 2007 and March 2008, especially the target of a 20 % reduction in greenhouse gas emissions by 2020. The European Council confirms the European Union's commitment to increasing this reduction to 30 % within the framework of an ambitious and comprehensive global agreement in Copenhagen on climate change for the period after 2012. It calls on all other developed countries to achieve comparable emission reductions and to propose, in 2009, medium-term targets corresponding to that level of effort, and calls on the economically more advanced developing countries to make a contribution commensurate with their respective responsibilities and capabilities.
17. In the context of this agreement and of the economic recovery plan, it is imperative to intensify action to improve the energy efficiency of buildings, to promote green products and to support the automobile industry's efforts to produce more eco-friendly vehicles.

18. The Union's efforts to combat climate change are coupled with resolute action to enhance its energy security, including interconnections. In this respect, the European Council asks the Council, on the basis of the guidelines defined in its October 2008 conclusions, to conduct a rapid examination of the Action plan on energy security and solidarity presented by the Commission, in preparation for its March 2009 meeting.

IV. Common Agricultural Policy

19. The European Council underlines the importance of the agreement reached in the Council on the "health check" on the Common Agricultural Policy in view of the key role played by agriculture in the Union's food independence, territorial development, food security and environmental balance. It also constitutes a useful reference framework for future discussions.

IV. External relations and European Security and Defence Policy

20. The European Council endorses the guidelines evolved at the ministerial meeting in Marseilles on 3 and 4 November 2008, which made it possible to define the working methods of the Union for the Mediterranean. Within the framework of the structures put in place, it calls for the further ambitious implementation of this initiative in all its dimensions.
21. Based on the model of the Union for the Mediterranean, the Eastern Partnership will bring about a significant strengthening of EU policy with regard to the Eastern partners of the European Neighbourhood Policy in a bilateral and multilateral framework, without prejudice to the other forms of cooperation already existing in the Union's neighbourhood. The Eastern Partnership is expected to help the partner countries to make progress in their reform and transition processes by contributing to their stability and their further movement towards the EU. The European Council instructs the Council to study the proposals put forward by the Commission in its communication of 3 December 2008 and to report to it at its meeting in March 2009 with a view to the EU approving this initiative and the Eastern Partnership being launched at a summit meeting with the partner countries organised by the incoming Czech Presidency.

22. The European Council states its determination to give, by means of the attached declaration¹, a fresh impetus to the Europe of defence, in full complementarity with NATO and without affecting the specific nature of certain Member States' security and defence policy. To this end, it endorses the documents adopted by the Council², which review and augment the European security strategy of 2003, agree on new goals for strengthening and optimising European capabilities in the next ten years and emphasise the EU's desire to work for the cause of international peace and security, while making a tangible contribution to the security of citizens.

¹ see Annex 1.

² see references in Annex 2.

**DECLARATION BY THE EUROPEAN COUNCIL ON THE ENHANCEMENT OF THE
EUROPEAN SECURITY AND DEFENCE POLICY (ESDP)**

*N.B.: text to be adjusted on the basis of ongoing discussions on capabilities in the relevant Council
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1. Over the last ten years the European Union has established itself as a global political player. It has assumed increasing responsibilities, as witnessed by its ever more ambitious and diversified civilian and military operations.
2. The Union's action continues to be based on a shared analysis of the threats and risks affecting the security interests common to Europeans. The European Council accordingly endorses the document adopted by the Council at its meeting on 8 December 2008 reviewing the 2003 security strategy so as to improve its implementation and add new elements to it. This document reveals the continuing existence of the threats identified in 2003 as well as the emergence of fresh risks likely to threaten, directly or indirectly, the security of the EU.

3. In order to rise to these challenges, the European Council intends to make good the inadequate resources available in Europe by gradually improving civilian and military capabilities. This effort is also the prerequisite for allowing Europeans to assume in a credible and effective manner their responsibilities under the Transatlantic partnership, to which it reaffirms its commitment. To this end, the European Council subscribes to the declaration on capabilities adopted by the Council, which sets numerical and precise targets to enable the EU, within ten years, to conduct simultaneously, outside its territory, a range of civilian and military operations of varying scope, corresponding to the most likely scenarios.¹
4. This renewed goal requires a commitment to develop robust, flexible and interoperable capabilities. This will entail, on a voluntary basis, innovative forms of specialisation, pooling and sharing major equipment projects, with priority being given to planning, crisis management, space and maritime security. In this respect the declaration on capabilities launches several concrete projects in key sectors. The European Council voices its determination to support this effort in the long term and to convert these commitments into national requirements in terms of equipment.

¹ The Union must actually be capable, within ten years, using the resources and capabilities of the States, the EU and NATO, with the aim of deploying 60 000 men, of planning and conducting simultaneously:

- two major stabilisation and reconstruction operations, with an appropriate civilian presence, supported by 10 000 men for at least two years;
- two rapid-reaction operations of limited duration using the EU's battle groups;
- an operation for the evacuation of European nationals (in less than ten days);
- a sea or air surveillance/prohibition mission in an area where the Union's interests are at stake;
- a civilian-military humanitarian assistance operation lasting up to 90 days;
- around a dozen ESDP civilian missions of varying formats, including a major mission which could last several years.

5. Restructuring of the European defence industrial and technological base around centres of European excellence, avoiding duplication, in order to ensure its soundness and its competitiveness, is a strategic and economic necessity. It calls for a strengthening of corporate governance mechanisms, making the European armaments market more dynamic and an increased research and technology drive.

The European Council also supports the decision to launch an initiative, based on the Erasmus programme, to promote exchanges of young European officers.

6. The European Council supports the decision to establish a single, civilian-military strategic planning structure for ESDP operations and missions and invites the Secretary-General of the Council/High Representative for the CFSP to implement it.

The European Council reaffirms the goal of extending the strategic partnership between the EU and NATO and adapting it to current needs, in a spirit of complementarity and mutual enhancement. To this end, it backs the setting up of an EU-NATO high-level group to improve cooperation between the two organisations on the ground in a pragmatic manner. It stresses the need to fully involve in the ESDP those European allies which are not members of the EU. It also states the Union's determination to continue its support for the United Nations and for the efforts made by regional security organisations, including the African Union, to promote international peace and security.

7. Lastly, the European Council endorses the declaration on international security adopted by the Council, which decides on specific actions to enable the EU to play a more active role in combating terrorism, proliferation of weapons of mass destruction, organised crime and cyber-attacks. It asks the Council and the Member States to give substance to it by adopting appropriate policies and instruments.

List of reference documents submitted to the European Council

- Report by the Secretary-General/High Representative on the European security strategy (XXX/08)
 - Council declaration of 8 December 2008 on the enhancement of the capabilities of the European Security and Defence Policy (XXX/08)
 - Council declaration of 8 December 2008 on international security (XXX/08).
 - Council conclusions of 8 December 2008 on the inclusion of Roma (XXX/08)
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