



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 19 March 2010**

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**LIMITE**

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**NOTE**

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from : The General Secretariat of the Council  
to : General Affairs Council

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Subject : *European Council (25 and 26 March 2010)*  
– *Draft conclusions*

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*In accordance with article 2(3)(a) of the Council's Rules of Procedure, delegations will find attached the draft conclusions prepared by the President of the European Council, in close cooperation with the member of the European Council representing the Member State holding the six-monthly Presidency of the Council and with the President of the Commission.*

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## **I. EUROPE 2020: A NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH**

1. Over the last two years, we have faced the world's worst economic crisis since the 1930s. This crisis has reversed much of the progress achieved since 2000. We are now facing excessive levels of debt, sluggish structural growth, and high unemployment. The economic situation is improving, but the recovery is still fragile.
2. Restoring macroeconomic stability and returning public finances on a sustainable path are prerequisites for growth and jobs. The exit from the exceptional support measures adopted to combat the crisis, once recovery is fully secured, will be important in that respect.
3. Structural reforms are essential for a strong and sustainable recovery and for preserving the sustainability of our social models. Jobs and social welfare are at stake. If we do not act, Europe will lose ground. The European Council's responsibility is to show the way ahead.
4. The EU needs a new strategy, based on an enhanced coordination of economic policies, in order to deliver more growth and jobs. Following the Commission's communication "Europe 2020: a strategy for smart, sustainable and inclusive growth" and the discussions held in the Council, the European Council agreed on the following elements of this new strategy, which will be formally adopted in June.
5. Our efforts need to be better focused:
  - a) The new strategy will focus on the key areas where action is needed to boost Europe's competitiveness, productivity and growth potential: knowledge and innovation, a more sustainable economy, high employment and social inclusion. In this context, the European Council recalls the objective of promoting economic, social and territorial cohesion.

- b) The European Council agreed on the following headline targets, which constitute shared objectives driving the action of the Member States and of the Union.

*p.m. EU headline targets*

- c) In the light of the headline targets, Member States will set their national targets, taking account of their relative starting positions and national circumstances. They will do so according to their national decision-making procedures, in a dialogue with the Commission in order to ensure consistency with the EU headline targets. The results of this dialogue will be examined by the Council by June 2010. In case of gaps between the EU targets and the sum of the national targets, possible EU level action to help reach the targets will be discussed.
- d) The new strategy will address the main bottlenecks constraining growth at national and at EU level, including those related to the working of the internal market and infrastructure.
- e) The Member States will draw up National Reform Programmes setting out in detail the actions they will undertake to implement the new strategy, with a particular emphasis on efforts to meet the national targets as well as on measures to lift the bottlenecks that constrain growth at the national level.
- f) EU policies will support the strategy. The Commission will further develop and submit to the Council the actions it proposes to take at the EU level, notably through the flagship initiatives.
- g) The strategy will include a strong external dimension, to ensure that EU instruments and policies are deployed to promote our interests and positions on the global scene through participation in open and fair markets worldwide.

6. Efficient monitoring mechanisms are key for the successful implementation of the strategy:
- a) Building on the monitoring by the Commission and the work done in the Council, the European Council will, once a year, make an overall assessment of progress achieved both at EU and at national level in implementing the strategy. Macroeconomic, structural and competitiveness developments will be considered simultaneously, together with the assessment of overall financial stability, based on input from the European Systemic Risk Board.
  - b) The European Council will regularly hold debates dedicated to economic developments and the main priorities of the strategy. In October 2010, it will discuss research and development, in particular looking at how to boost Europe's innovation potential in the light of current challenges. In early 2011 it will discuss energy policy, including how it can best support the shift towards an efficient low-carbon economy and greater security of supply.
  - c) Coordination at the level of the eurozone will be strengthened in order to address the challenges the euro area is facing. The Commission will present by June 2010 proposals in that respect, making use of the new instruments for economic coordination offered by the Lisbon Treaty (article 136).
  - d) The timing of the reporting and assessment of the different elements of the new strategy should be better aligned, in order to enhance the overall consistency of policy advice to Member States. The instruments (Stability and Growth Pact and country specific recommendations under the integrated guidelines) will be kept clearly separate. The integrity of the Stability and Growth Pact will be fully preserved, as will the specific responsibility of the ECOFIN Council in overseeing its implementation.

- e) A close dialogue between Member States and the Commission will help increase the quality of surveillance and promote the exchange of best practices. This could include bringing together experts from the Commission and the Member States to review the situation.
- f) Ensuring the quality, reliability and timeliness of statistical data provided by national statistical offices will be central in ensuring credible and effective monitoring. Rapid agreement is required on the Commission's proposals in this field.
- g) Close cooperation will be maintained with the European Parliament and other EU institutions. National parliaments, social partners, regions and other stakeholders will be involved, so as to increase ownership of the strategy.

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7. Rapid progress is required on the strengthening of financial regulation and supervision both within the EU and in international fora such as the G20, while ensuring a level-playing field at the global level. Progress is particularly needed on issues such as capital requirements; systemic institutions; financing instruments for crisis management; increasing transparency on derivative markets and considering specific measures in relation to sovereign credit default swaps; and implementation of internationally agreed principles for bonuses in the financial services sector. The Commission will shortly present a report on possible innovative sources of financing such as a global transaction levy.
8. This requires that the EU make rapid progress on all these issues internally. In particular, work on the new European supervisory framework needs to be concluded in time for the European Systemic Risk Board and the three European Supervisory Authorities to begin work in early 2011.

9. The Council and the Commission will report back on these issues to the June 2010 European Council, ahead of the Toronto Summit.

## **II. CLIMATE CHANGE: REFOCUSING OUR EFFORTS AFTER COPENHAGEN**

10. A global and comprehensive legal agreement remains the only effective way to reach the agreed objective of staying below 2°C increase in global temperatures compared to pre-industrial levels. On the basis of the conclusions reached by the Council on 15 and 16 March 2010, and further to the Commission's communication of 9 March 2010, it is now necessary to bring a new dynamic to the international negotiation process.
11. A stepwise approach should be followed, building on the Copenhagen Accord:
  - a) As a first step, the next meetings in Bonn should set the roadmap for taking the negotiations forward. The focus should be on integrating the political guidance of the Copenhagen Accord into the various negotiating texts.
  - b) The COP-16 in Cancun should at least provide concrete decisions anchoring the Copenhagen Accord to the UN negotiating process and addressing remaining gaps, in particular as regards adaptation, forestry, technology and monitoring, reporting and verification.

12. The EU is prepared to play its part in this process:

- a) The EU and its Member States will implement their commitment to provide EUR 2.4 billion annually over the 2010-2012 period for fast-start financing, alongside contributions by other key players and in the framework of the implementation of the Copenhagen Accord. The swift implementation of this commitment will be crucial. To that end, the EU will initiate consultations on practical ways to implement fast start funding in specific areas. The EU and its Member States will present a preliminary state of play of their commitments at the May/June 2010 UNFCCC session and submit coordinated reports on implementation in Cancun and thereafter on an annual basis.
- b) The EU and other developed countries have committed to jointly mobilise USD 100 billion per year by 2020 to help developing countries fight climate change. Financial contributions in the longer term need to be seen in the context of meaningful and transparent actions to be taken by developing countries to mitigate climate change as well as the overall balance of the global effort to tackle climate change.
- c) The European Council remains firmly committed to the UNFCCC process. It supports ongoing efforts to make it more effective. Given the short time available before Cancun, this process could usefully be complemented and supported by discussions in other settings and on specific issues.
- d) The EU will strengthen its outreach to third countries. It will do so by addressing climate change at all regional and bilateral meetings, including at summit level, as well as other fora such as the G20. The Presidency and the Commission will engage in active consultations with other partners and rapidly report back to the Council.

- e) Opportunities for cooperation, including with industrialised partners, need to be exploited in areas such as green technologies and norms and verification techniques. Common interests with emerging countries on issues which could create leverage in the climate change debate should be rapidly identified.

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*The European Council appointed Mr Vitor Manuel Ribeiro Constancio as Vice-President of the ECB.*

*It also endorsed the Internal Security Strategy.*



**NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH**

**NEXT STEPS**

- a) Taking account of the EU headline targets, the Commission will rapidly present its proposals for more focused integrated guidelines, including the employment guidelines and the broad economic policy guidelines. The guidelines will be discussed by the Council so that, after the consultation of the European Parliament and other institutions on the employment guidelines, they can be endorsed by the June 2010 European Council.
- b) The main bottlenecks constraining growth at EU level are being identified by the Commission and will be discussed by the Council; the same will be done by the Member States at their level, in close cooperation with the Commission. The June 2010 European Council will take stock of this work, so that it can be taken into account in the drawing up of the National Reform Programmes.
- c) The national targets, as set out in paragraph 4b) of these conclusions, should be submitted in time to be taken into account in the drawing up of the National Reform Programmes.
- d) In this first year of the new strategy, the Member States will present their National Reform Programmes in the Autumn 2010, setting out in detail the actions they will undertake to implement the strategy. These should be fully supported by mobilising all relevant EU instruments, including the EIB, as incentives for reform.
- e) The Commission will present by October 2010 the actions required at EU level to implement the new strategy, notably through the flagship initiatives.
- f) The Council will better align the timing of processes with a view to enhancing the overall consistency of policy advice to Member States.