



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 11 June 2010**

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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 (17 June 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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*The EU has met the worldwide financial crisis with united resolve and has done what was necessary to safeguard the stability of the Economic and Monetary Union. In particular, in May agreement was reached on a support package for Greece as well as on a European financial stabilisation mechanism, which was finalised in June. We have been laying the foundations for much stronger economic governance. We remain committed to taking all necessary action to put our economies back on the path of sustainable and job-creating growth.*

*To that end, today:*

- we adopt "Europe 2020", our new strategy for jobs and smart, sustainable and inclusive growth. It constitutes a coherent framework for the Union to mobilise all of its instruments and policies and for the Member States to take enhanced coordinated action. It will promote the delivery of structural reforms. The emphasis must now be on implementation, and we will guide and monitor this process. We will discuss further, over the coming months, how specific policies can be mobilised to unlock the EU's growth potential, starting with innovation and energy policies;*
- we reaffirm our collective determination to ensure fiscal sustainability, including by accelerating plans for fiscal consolidation where warranted;*
- we confirm our commitment to ensuring financial stability by addressing the gaps in regulation and supervision of financial markets, both at the level of the EU and at the G20. We agree to rapidly advance on key legislative measures so that the new supervisory bodies can start work from the beginning of next year and set an ambitious position for the EU to take at the Toronto Summit;*
- we fully agree on the urgent need to reinforce the coordination of our economic policies. We agree on first orientations as regards the Stability and Growth Pact and budgetary surveillance as well as broader macroeconomic surveillance. We look forward to the final report of the Task Force in October.*

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

### *Finalising and implementing the Europe 2020 Strategy*

1. The European Council today has finalised the European Union's new strategy for jobs and smart, sustainable and inclusive growth. The strategy will help Europe recover from the crisis and come out stronger, both internally and at the international level, by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence. The new strategy responds to the challenge of reorienting policies away from crisis management towards the introduction of medium- to longer-term reforms that promote growth and ensure the sustainability of public finances.
2. Member States are determined to ensure fiscal sustainability. They will continue to adopt a differentiated speed in fiscal consolidation taking both fiscal and non-fiscal risks into account. In order to safeguard the credibility of the exit strategy, it is of utmost importance that budgetary targets are achieved without delay. Several Member States have recently strengthened and frontloaded budgetary consolidation; other Member States where risks are particularly high should also consider action. Priority should be given to growth-friendly budgetary consolidation strategies mainly focused on expenditure restraint. Increasing the growth potential should be seen as paramount to ease fiscal adjustment in the long run.
3. The European Council confirms the five EU headline targets (annex) which will constitute shared objectives guiding the action of Member States and the Union as regards promoting employment; improving the conditions for innovation, research and development; meeting our climate change and energy objectives; improving education levels and promoting social inclusion in particular through the reduction of poverty. It agrees on the quantification of the education and social inclusion/poverty indicators, as agreed by the Council. It gives its political endorsement to the Integrated Guidelines for economic and employment policies, which will be formally adopted following the European Parliament's opinion on the latter.

4. Member States must now act to implement these policy priorities at their level. They should, in close dialogue with the Commission, rapidly finalise their national targets, according to their national decision-making procedures. They should also identify the main bottlenecks to growth and indicate, in their National Reform Programmes, how they intend to tackle them. Progress towards the headline targets will be regularly reviewed.
5. Work must also be taken forward at the European level, mobilising all EU instruments and common policies, including the agricultural policy and policies aimed at promoting economic, social and territorial cohesion. Full use should be made of the strategy's external dimension, notably via the trade strategy that the Commission will present by the end of the year. Efforts should seek to address the main bottlenecks constraining growth at EU level, including those related to the working of the internal market and infrastructure.
6. In particular, Europe's Single Market needs be taken to a new stage, through a comprehensive set of initiatives. The European Council welcomes the report presented by Mr Mario Monti on a new strategy for the Single Market and the Commission's intention to follow it up by presenting concrete proposals. The European Council will revert to this matter in December 2010.
7. Further to the presentation by the Commission of the first flagship initiative on a 'Digital Agenda for Europe', the European Council endorses the establishment of an ambitious action agenda based on concrete proposals and calls upon all institutions to engage in its full implementation, including the creation of a single digital market. The Commission is invited to report on progress achieved by the end of 2011.
8. The European Council looks forward to the presentation of the other flagship initiatives before the end of the year.

## *Enhancing economic governance*

9. The crisis has revealed clear weaknesses in our economic governance, in particular as regards budgetary and broader macroeconomic surveillance. Reinforcing economic policy coordination therefore constitutes a crucial and urgent priority.
10. The European Council welcomes the progress report of the President of the Task Force on economic governance and agrees on a first set of orientations.
11. As regards the strengthening of budgetary discipline, it agrees on :
  - a) strengthening the preventive arm of the Pact, with possible sanctions or incentives attached to the consolidation path towards the medium term objective; these will be reviewed so as to have a coherent and progressive system, ensuring a level playing field across Member States, while taking into account Member States' participation in the euro area;
  - b) giving a much more prominent role to debt levels in budgetary surveillance, as originally foreseen in the Stability and Growth Pact;
  - c) from 2011 onwards, presenting to the Commission in the spring Stability and Convergence Programmes including budgetary plans for the upcoming years, taking account of national budgetary procedures;
  - d) adoption by all Member States of national budgetary rules and medium term budgetary frameworks in line with the SGP; these should be assessed by the Commission;
  - e) ensuring the quality of statistical data, essential for a sound budgetary policy and budgetary surveillance; national statistical offices should be fully independent for data provision.
12. As regards macro-economic surveillance, it agrees on:
  - a) developing a scoreboard to better assess competitiveness developments and imbalances and allow for an early detection of unsustainable or dangerous trends;
  - b) developing a monitoring framework, reflecting the particular importance of this issue for euro area Member States.

13. The European Council invites the Task Force and the Commission to rapidly develop further and make operational these orientations. It looks forward the final report of the Task Force, covering the full scope of its mandate, for its meeting in October 2010.

### ***Regulating financial services***

14. The necessary reforms to restore the soundness and stability of the European financial system must be completed urgently. The resilience and transparency of the banking sector must be ensured. Progress in the next few months is essential. The Commission's communication on "Regulating Financial Services for a sustainable growth" of 2 June 2010 sets out a comprehensive list of initiatives to be undertaken and completed before the end of 2011. The EU must demonstrate its determination to bring about a safer, sounder, more transparent and more responsible financial system.
15. In particular, the European Council:
  - (a) calls on the Council and the European Parliament to rapidly adopt the legislative proposals on financial supervision to ensure that the European Systemic Risk Board and the three European Supervisory Authorities can begin working from the beginning of 2011;
  - (b) calls for agreement on the legislative proposal on alternative investment fund managers before the summer and for the swift examination of the Commission's proposal on the improvement of the EU's supervision of credit rating agencies;
  - (c) looks forward to proposals announced by the Commission on derivative markets and in particular appropriate measures on short selling (including "naked" short selling) and credit default swaps.

16. The European Council agrees that a levy on financial institutions should be introduced to ensure that they contribute to the cost of crises. Such a levy should be part of a credible resolution framework. Further work is urgently required on its main features and issues of level playing field should be carefully assessed. The European Council invites the Council and the Commission to take this work forward and report back in October 2010.

## **II. G 20 TORONTO SUMMIT**

17. The Union's response to the crisis must continue to be coordinated at the global level. The action it is taking to boost competitiveness, consolidate public finances and reform its financial sector will enable it to put forward strong positions for similar international action at the forthcoming G20 Summit. As outlined above, there is agreement at the EU level on the application of a levy on all banks. The EU should lead efforts to set a global approach with a view to maintaining a world-wide level playing field and will strongly defend this position with its G20 partners.
18. With a view to the Toronto Summit, the European Council confirms the orientations agreed by the Council and reflected in the Terms of Reference prepared for the Busan Ministerial Meeting. Given the major risks that late exit from extraordinary fiscal stimulus would entail for public accounts' sustainability, the G20 should agree on a coordinated exit strategy to ensure sustainable public finances. All major economies need to do their part to achieve the agreed objective of a strong, balanced and sustainable growth. The G20 must reaffirm its commitment to the reform of the financial system and make rapid progress in a consistent and coordinated manner on the whole range of actions agreed upon in Pittsburgh, to strengthen the resilience and transparency of our financial system, including through better quality additional capital and new liquidity buffer. In the IMF, quotas should be reviewed as part of a wider package of IMF governance issues, covering all elements agreed in Pittsburgh and Istanbul, and be completed, as a single and comprehensive package by November 2010.

### **III. MILLENNIUM DEVELOPMENT GOALS**

19. The forthcoming UN High Level Plenary Meeting on the Millennium Development Goals constitutes a unique opportunity to strengthen our collective endeavours and our partnerships with developing countries to eliminate global poverty, hunger and inequality. The conclusions adopted by the Council on 14 June provide the European Union with a strong position for this meeting.
  
20. The European Union remains determined to support the achievement of the MDGs globally by 2015. This is possible if all partners demonstrate firm political commitment, implement necessary policy changes and take concrete action. The European Union calls on the High Level Plenary Meeting to agree on concrete actions aimed at: increasing ownership by developing countries; focusing efforts; improving the impact of policies; mobilising more and predictable financing for development; and making more effective use of development resources. The European Council reaffirms its commitment to achieve planned development aid targets by 2015.

### **IV. CLIMATE CHANGE**

21. The European Council takes note of the Commission's communication analysing options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage. In line with the conclusions of the Council of 11 June, the Commission will undertake further analyses, including at Member State level, and the Council will examine further the issues raised in the communication. As shown in the ECOFIN report, the EU and its Member States have advanced in the implementation of their fast start commitments for 2010 and will report at the Cancun conference in a coordinated manner on progress achieved. The European Council will revert to climate change in the autumn, in advance of the Cancun conference.

## V. OTHER ISSUES

22. The European Council expresses its appreciation for the work achieved by the **Reflection Group**. The Group's report on "Project Europe 2030 - Challenges and Opportunities" will provide useful input for the European Union's work in the future.
23. The European Council welcomes the progress achieved in implementing the **European Pact on Immigration and Asylum** and endorses the conclusions of the Council of 3/4 June.
24. The European Council welcomes the Commission opinion on **Iceland's** application for membership of the EU and the recommendation that accession negotiations should be opened. Having considered the application on the basis of the opinion and its December 2006 conclusions on the renewed consensus for enlargement, it notes that Iceland meets the political criteria set by the Copenhagen European Council in 1993 and decides that accession negotiations should be opened.
25. The European Council invites the Council to adopt a general Negotiating Framework. It recalls that negotiations will be aimed at Iceland integrally adopting the EU acquis and ensuring its full implementation and enforcement, addressing existing obligations such as those identified by the EFTA Surveillance Authority under the EEA Agreement, and other areas of weakness identified in the Commission's Opinion, including in the area of financial services. The European Council welcomes Iceland's commitment to address these issues and expresses its confidence that Iceland will actively pursue its efforts to resolve all outstanding issues. The European Council confirms that the negotiations will be based on Iceland's own merits and that the pace will depend on Iceland's progress in meeting the requirements set out in the negotiating framework, which will address i.a. the above requirements.

26. The European Council congratulates **Estonia** on the convergence it has achieved, based on sound economic and financial policies, and welcomes its fulfilment of all the convergence criteria as set out in the Treaty. It welcomes the Commission's proposal that Estonia adopt the euro on 1 January 2011.
27. p.m. **Iran**
28. Confirming its previous conclusions of December 2008 and June 2009, and following on its decision of December 2009 to examine transitional measures regarding the addition of 18 seats in the **European Parliament** until the end of the present 2009-2014 parliamentary term, the European Council adopts a decision (doc. EUCO 11/10) to pursue the necessary procedure to adopt those measures.
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NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH

EU HEADLINE TARGETS

- aiming to raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers and the better integration of legal migrants;
- improving the conditions for research and development, in particular with the aim of raising combined public and private investment levels in this sector to 3% of GDP; the Commission will elaborate an indicator reflecting R&D and innovation intensity;
- reducing greenhouse gas emissions by 20% compared to 1990 levels; increasing the share of renewables in final energy consumption to 20%; and moving towards a 20% increase in energy efficiency;  
the EU is committed to taking a decision to move to a 30% reduction by 2020 compared to 1990 levels as its conditional offer with a view to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities;
- improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%;
- promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion.<sup>1</sup>

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<sup>1</sup> The population is defined as the number of persons who are at risk-of-poverty and exclusion according to three indicators (at-risk-of poverty; material deprivation; jobless household), leaving Member States free to set their national targets on the basis of the most appropriate of these indicators.