



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

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

Subject : *European Council (28/29 October 2010)*
– *Draft conclusions*

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. TASK FORCE ON ECONOMIC GOVERNANCE

1. The European Council endorses the report of the Task Force on economic governance and its recommendations and proposals. This will allow to increase fiscal discipline, broaden economic surveillance, deepen coordination, and set up a more robust framework for crisis management and stronger institutions. The result will be a substantial strengthening of the economic pillar of EMU, thus enhancing confidence and contributing to sustainable growth, employment and competitiveness. The European Council calls for a "fast track" approach to be followed, in order to ensure the effective implementation of the new surveillance arrangements as soon as possible.

[p.m. crisis management mechanism/post TF work]

II. SEOUL G20 SUMMIT

2. The world economy is recovering from the crisis. However, there remain a number of risks that require sustained attention at the global level, including sovereign debt sustainability, incomplete financial repair, high unemployment, the volatility of global commodity prices, and re-emerging global macroeconomic imbalances. In such a context, the Seoul G20 Summit must send an ambitious signal as regards the concrete implementation of measures agreed in the Framework for Strong and Sustainable Growth, notably concerning fiscal consolidation plans, financial regulatory reform and the need for further structural reforms. The issue of the rebalancing of world growth also requires particular attention. The European Union emphasises the need to continue keeping markets open, to inject momentum into the Doha negotiations and to adopt a growth-oriented development agenda. It stresses the avoid all forms of protectionism and to avoid engaging in exchange rate moves aimed at gaining short term competitive advantages.

3. The European Union supports a comprehensive reform of the International Monetary Fund. It considers that quota as well as wider governance reforms should be delivered together as a single, comprehensive package and within the same time frame. Modernising the IMF's governance is a core element to improve its credibility, legitimacy and effectiveness.

[p.m. to be updated in the light of the outcome of the ECOFIN Council and of the forthcoming G20 Ministerial]

III. CANCUN CONFERENCE ON CLIMATE CHANGE

4. Making progress in tackling climate change is becoming ever more urgent. It is therefore important that the Cancún Conference deliver a significant intermediate step on the way towards a global and comprehensive legally binding framework, building on the Kyoto Protocol and integrating the political guidance given in the Copenhagen Accord. The European Council endorses the conclusions of the Council of 14 October 2010 on the preparation of the Cancun conference and confirms the willingness to consider a second commitment period under the Kyoto Protocol provided the conditions set out in these conclusions are met by our international partners. The European Union will submit a comprehensive and transparent report on the implementation of its commitment on fast start financing in Cancun and yearly thereafter and will underline the importance of further increasing transparency of climate financing. The European Union will reassess the situation after the Cancún conference, including the examination of options to move beyond 20% greenhouse gas emission reductions to be prepared to react to the ongoing international climate negotiations. In parallel with seeking an international agreement, the EU will also develop a more diversified approach to engaging with key partners in areas of mutual interest that help them reduce their emissions.

IV. SUMMITS WITH STRATEGIC PARTNERS

5. The forthcoming summit with the United States must mark a common will to cooperate for a more effective global governance, based on shared values and a commitment to solidarity and predictability. It will focus on global issues such as economic recovery, climate change and security. The European Council discussed the priorities which the President of the European Council and the President of the Commission will promote at the summit, in particular regarding the relaunch of the Transatlantic Economic Council with a special focus on jobs, growth and innovation; a successful outcome of the Cancun conference; the promotion of investment, research and regulatory cooperation in clean energy and green technologies; and enhanced cooperation in countering new security challenges. Particular attention will be given to working more effectively together within the G20, notably as regards financial regulation, and to encouraging emerging economies to play a constructive role in global affairs.
6. The summit with Russia should help providing build a broad and comprehensive approach to the Partnership for Modernisation. It is important to continue engaging with Russia on a wide range of issues. The summit should focus in particular on achieving decisive progress on Russia's accession to the WTO and on outstanding bilateral issues regarding trade, investment and cooperation in the energy sector; enhancing the efficiency of crisis-management cooperation; and improving the conditions for people-to-people relations and entrepreneurship. Particular attention will be given to the dialogue on human rights.
7. The summit with Ukraine will aim at injecting momentum to the negotiations on the Association Agreement, with a special focus on the deep and comprehensive Free Trade Agreement. Particular emphasis will be paid to strengthening shared democratic values, with the aim of giving impetus to the process of economic and democratic reform.
