Preparations for the European Council meeting (28-29 October 2010)

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During the course of a debate with the Council and the European Commission, Members gave their views on the agenda for the European Council on 28 and 29 October 2010.

Council:thePresident-in-Office of the Council, Olivier Chastel, recalled the main points on the agenda of the European Council :

- **Economic governance:** the final report of the task force chaired by President Van Rompuy was approved. This report contains important and specific recommendations and proposals that should enable us to make a qualitative leap in European economic governance. In particular, its recommendations seek to improve fiscal discipline, broaden economic monitoring, develop and broaden coordination, strengthen the crisis management framework and strengthen institutions. All these recommendations can be implemented quickly through legislation.
- **Preparation of the G20 Summit**: generally speaking, it is important for the Seoul G20 summit to mark a speeding up of the efforts to implement the framework laid down for promoting stronger, more sustainable and more balanced growth. In particular, we need to address the major global economic imbalances which can compromise growth. In terms of substance, the Union's contribution to strong, sustainable and balanced growth is based on: 1) growth-friendly and differentiated fiscal consolidation plans; 2) the Europe 2020 strategy for structural reforms necessary for supporting, among other things, job creation; 3) the programme for reforming the financial sector and markets; and 4) the strengthening of the Union's economic governance.

Commission: the President of the Commission wished to concentrate on the following points :

- **Reform of economic governance: the Commission** has taken a very ambitious approach since the beginning of these discussions. The proposals submitted by the Commission tackle the key issues of giving the European Union real clout in economic policy through adequate coordinated fiscal surveillance and addressing macro-economic imbalances. The objective is to create a real economic Union in Europe.
- **G20 Summit in Seoul**: the EU should keep up the momentum on the G20 as well and the financial sector should play a part in this. That is why the European Union should remain committed to push for a financial transaction tax at global level. In the meantime, the Commission wants to explore other ways of ensuring that the financial sector makes an equitable contribution at European level, such as the financial activities tax.
- **Cancun conference on climate change: the EU** needs to convey a clear and consistent message in order to move the negotiations forward. It should aim at a set of concrete action-oriented measures which can deliver confidence and trust in the process and bring us closer to the final goal.

Members' priorities: the financial, economic and social crisis, the improvement of economic governance and stability framework of the Union, in particular in the euro area were at the heart of the debate.

- **EPP**: **the Group President stressed that the** common thread between the meetings of the European Council and the G20 is the need to make the necessary adaptations after the financial crisis. For the European Union, these adaptations consist of putting national and EU public finances in order and protecting the euro, by consolidating it internally and defending its value against the other major currencies. With regard to Europe's economic and financial governance, the Group

welcomes the initial lines that the task force has taken, including the plans for a system of sanctions against Member States that do not adhere to the criteria of the Stability Pact. Reminding the Council that the Parliament is now co legislator, he asks that Parliament is bought on board earlier with more Community method and less intergovernmental method. He recalled that Europe must make its voice heard in the debate on relative currency values. It must remind the emerging countries of their responsibilities. Currency dumping and the social consequences it entails must no longer be allowed. Lastly, he stressed that three major subjects will be on the table at the Seoul Summit: reform of the international monetary system, but also the stability of commodities – especially food and energy – and global governance.

- **S&D**: recalling the statement made by the Heads of State or Government at the G20 summit in Pittsburgh held on 24-25 September 2009 on the objective of generating « strong, sustainable and balanced global growth that creates the good jobs our people need' the Group President criticised the current approach of the European Council which prefers unilateral cuts in public services through budget reductions, rather than giving consideration to the fact that investment that stimulates growth is a basic prerequisite for creating more jobs and, through greater economic growth, bolstering state revenues. He pointed out that those who were at the source of the crisis,– the financial sector, those who speculated with wild abandon – have not been held accountable by being made to contribute to state revenues through measures such as a financial transaction tax. The Group also criticised another worrying development, this emergence of a Franco-German management committee which is an assault on the institutions of the European Union.
- **ALDE**: the Group leader stated that it is necessary now to make an urgent deal in the European Council on economic governance and on strengthening the Stability Pact. Having analysed the, three proposals on the table, those being the proposal from the Commission, the proposal from the task force and the Franco-German proposal under the deal of Deauville, the group decided to reject the Deauville proposal which weakens the Commission proposals through being based simply on the old rules of qualified majority voting in Council. Rather than needing to find a majority to block the automatic Commission sanctions, the proposal requires such a majority for the sanctions proposed by the Commission to be initiated. Accordingly, the Group proposed that Parliament should stick to the good proposals from the Commission and carry out the necessary legislative task.
- **Greens/EFA**: the Co-President of the Greens called for a dialogue between Parliament and the Commission in order to preserve the Community method because the Franco-German policy does not reflect the essence of the EU. With regard to a tax on financial transactions or on financial activities, he considers that the real question is how to implement the European policies we need post-Lisbon. Lastly, he considers that a deficit which invests, and therefore provides a country, or Europe, with prospects, is not a negative thing.
- **ECR**: in a context where politicians at national level like to point their finger at Europe to get them off the hook in the eyes of their voters, the Group expressed fears that the political solutions, compounded with the dose of populism that exists in some parts of Europe today, dominate over economic thinking, and will put in doubt plans to intensify the single market. He stressed that we still have a long way to go before we achieve our aim of economic integration.
- **GUE/NGL** : stressing that the crisis, far from being behind us, is getting worse, the Group representative recommends improving working wages, a new fiscal approach to help support these and a tax on financial transactions, improving social welfare, protecting public services and a bold employment policy, rather than austerity with the Stability Pact and the reinforcement of sanctions. He proposed looking at a new system, a human and social development fund instead of the Stability Pact, in conjunction with the European Central Bank, which should be able to refinance the Member States' debts and the national banks through money creation, at interest rates that would be favourable to social criteria.
- **EFD**: recalling the Commission's proposal to take away the British rebate, the Group representative recommended a new European treaty and putting it to a referendum in lots of countries, particularly in Britain, and the British people will vote to leave the European Union.

Responding to Members, the President in Office of the Council invited Members to analysewithout delay initiatives in relation to economic governance – Commission initiatives that should enable us to implement European economic governance – and particularly in relation to the principle of codecision. He indicated that the Council to be at Parliament's disposal so that real progress can be made on these proposals.