Preparation for the European Council meeting (16-17 December 2010)

2010/2653(RSP) - 15/12/2010

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 16 and 17 December 2010.

Council:thePresident-in-Office of the CouncilOlivier Chastel, recalled that the next European Council meeting will be decisive for the strengthening of the economic pillar of Economic and Monetary Union by establishing a mechanism to safeguard the financial stability of the entire euro area: the Belgian Government will submit a proposal for a decision to change the Treaty with a view to establishing a mechanism to safeguard the financial stability of the entire euro area by amending Article 136.The objective is the formal adoption of the decision in March 2011 and its entry into force on 1 January 2013.

Commission: the Commission President recalled the need for real European economic governance in order to ensure that the situations which developed in Greece and Ireland would not happen again in the future. He asked the Parliament to continue to treat these Commission proposals as a priority, so that they can be fully implemented by the middle of next year. Whilst recognising that Eurobonds in themselves are an interesting idea, he nevertheless proposed relying on existing mechanisms to address the crisis, particularly the European Financial Stability Facility.

Political groups' priorities:

- **EPP**:in a context of speculative attacks against the euro, the revival of Euro scepticism and the beginning of reflections on Europe's finances, the President of the Group called for the protection and strengthening of the euro, stressing that a return to national currencies would have catastrophic consequences for Europe.. He also asked for consideration to be given to who was behind the attacks on the euro as well as the problems of an over-valued euro which is seriously hampering our exports while our competitors profit from their weak currencies to boost their economies. He wants measures to encourage a return to growth in order to relaunch the internal market or to make the financial markets more ethical, as well as convergence in social and fiscal policies. He also stated that the political and financial priorities of the Union need to be re-examined and the public finances of Europe need to be fundamentally reviewed in order to ensure that European budget increasingly becomes an investment budget.
- **S&D**: stressing the need to restore confidence in Europe, the President of the Group considered that it was necessary to explain to citizens about the real situation in each country, as bad as it might be. In this context, he insisted on the need for an inventory of the actual national debts and bank debts in order to make it easier to look for solutions. On the other hand the strong countries which pretend that that it is not necessary to assist countries in difficulty or which put out a re-nationalisation message must also tell the truth to their citizens knowing that it is in their interest to demonstrate solidarity. The Group leader stated that he was in favour of policies which stabilise the markets and the euro. Recalling that in economic and social terms, the euro area is definitely the strongest region in the world, he deplored the fact that it is only being made politically weaker by policy makers who are implementing policies aimed at damping down national debate in the short term. Whilst stating that he is in favour of Eurobonds, he called for an agreement on stabilising the euro internally, because it is strong enough externally.
- **ALDE**: stressing the need to react with unity and with solidarity in the face of the crisis, the Group leader considered that it was necessary to have the courage now to recognise that the temporary measures taken up to now were not enough. He recommended action on four points: i) a stability

pact with real sanction mechanisms; (ii) a permanent, enlarged crisis fund; (iii) real economic and fiscal governance, fiscal and economic union and (iv) a single Eurobond market. He asked the Commission to present a global and coherent package comprised of these four elements as quickly as possible. With regard o the Stability Pact, he considered that Parliament must do its legislative work by reverting to the Commission's initial proposals.

- **Verts/ALE**: the Co-President of the Group stated that the strategy for the future should be as follows: the Commission should put forward a stability pact, which it already has, defining the necessary stability and therefore the responsibility of all towards the euro, and a solidarity pact defining the solidarity required, and without which there is no stability. The Group leader added that solidarity forces us to create an opportunity to protect the euro with Eurobonds to invest, to continue to make the ecological and economic transformation in the EU. The proposed strategy must be based on the Community method allowing Parliament to play an effective role.
- **ECR**: the representative of the Group was sceptical about solutions which consisted of imposing new sanctions, of making the private sector share the burden of future bail-outs, and embarking on another major reform treaty process. He considers that the European Council We believe the priorities of the European Council must be to agree a limited number of specific measures, so that eurozone members can help each other through the immediate crisis without imposing any burdens on Member States who have chosen to remain outside. He stressed that Europe needs economic reform, public finance discipline, deepening the internal market, changes to labour laws to boost employment, and a package of measures to make a success of the Europe 2020 programme.
- **GUE/NGL**: the representative of the Group deplored the fact that the measures are obviously not tackling the roots of the crisis, but simply treating the symptoms. He asked for a permanent mechanism for preserving financial stability must include measures which regulate the activities of the markets. These include the introduction of a financial transaction tax and an obligation to meet minimum social standards. He also recommended a change in the statute of the European Central Bank to allow it to provide direct financial aid for ailing states, while circumventing the banks.
- **EFD**: criticising the deep flaws in the euro project exposed during the course of 2010, the Group representative considered that the failure of the euro had nothing to do with the markets, be they currency or bonds, it is because the North and the South in Europe cannot today, or at any point, be put together in a single monetary union. He called on David Cameron to keep his promise and hold a referendum in the United Kingdom.

Responding to Members, the Presidency-in-Office wishes to achieve the best possible collaboration with this Parliament, on economic governance. With regard to the future permanent crisis management mechanism, the Presidency stressed that Member States are aware that the response to this crisis must be a comprehensive one in order to reduce the uncertainties hanging over this market.