Conclusions of the European Council meeting (23 October 2011)

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Members gave their views on the agreement made by the European Heads of state and government on 26 October 2011 on saving the eurozone.

The President of the European Council, Herman Van Rompuy, summarised the main points of the agreement:

- reducing the Greek debt: private banks holding Greek government debt asked to write off 50%, about EUR 100 million;
- strengthening the role of the European Financial Stability Facility (EFSF): EFSF bail out fund raised to EUR trillion;
- recapitalisation of banks in order to restore confidence in the European banking system: banks to raise capital quotas to 9% by 2012;
- further fiscal consolidation by those Member States which need more sustainable public finances and more structural reforms to promote growth.

The President of the European Commission indicated that Europe had taken solid steps in finding a solution to the crisis. He added that the European Council conclusion took into account the need to deepen economic integration, particularly in the euro zone. With regard to the contribution from the financial sector, he announced that the Commission would soon propose a financial transaction tax.

Reactions from political groups: Members expressed their relief following the agreement between the heads of state and government. At the same time, they consider that this is only a first step and much remained to be done before the crisis was over. Most group presidents want deeper economic integration but others expressed doubts about whether the agreement was viable.

- **EPP**: the President of the Group urged a new model of economic governance, which is the only way to save the euro. He stated that he is in favour of political Europe and of budgetary, fiscal and social union of the euro zone countries and those countries which wish to join the euro zone.
- **S&D**: stating that he was sorry that these decision were made so late, the President of the Group would have preferred it if the agreement put forward permanent solutions. He deplored the fact that the European Parliament was not mentioned in the Summit conclusions, whilst stressing the crucial role of Parliament for any Treaty amendment. He asked for measures to be put in place to fight tax evasion and for the introduction of a financial transaction tax.
- **ALDE**: whilst welcoming the agreement reached at the European Council, the Group leader stressed that only establishing a real economic and fiscal union besides and in parallel with monetary union could guarantee eurozone consolidation in the medium and long-term. He called on the President of the Commission to come forward on euro securities to appease the markets.
- **ECR**: the Group deplored that the debates were centred on the few eurozone countries rather than involving all 27 Member States. The need to save the single market was stressed.
- **Greens/EFA**: the Group representative expressed her relief but was sceptical about the results of the Summit. She expressed doubts about the viability of measures such as the recapitalisation of banks and the reduction of Greek debt and questioned the reaction of the markets regarding the increase in the ESFS's competence.
- **GUE/NGL**: the Group representative welcomed the reduction of the Greek debt but expressed doubts about the effects of such a decision on the social situation in the country.

- **EFD:** stressing that the crisis threatened the very fundamentals of European stability, the Group representative insisted on the need to restore market confidence.