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THE PRESIDENT

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Remarks by President Herman Van Rompuy following the European Council

Following yesterday's progress on the banking union and other issues, our discussions today concentrated on two issues: growth and jobs, and foreign policy.

In particular, we took stock of implementation of the Compact for Growth and Jobs adopted in June.

In a letter to my colleagues in the European Council, I drew attention to areas where progress is urgently needed. The Commission has also undertaken an extremely thorough review which, together with my letter, keeps up the pressure on our Member States to deliver on this growth and jobs policy.

The policy takes a comprehensive approach, covering growth-enhancing investments, the internal market and external trade, an important area in which Europe demonstrates its openness. It also includes measures to support employment – targeted measures, in particular for youth. And lastly, it concerns industrial policy: Europe must be a place not only of innovation, but also of genuine, job-creating production.

On a more general note, our attitude to both global and internal developments is open, not defensive. Only by taking this positive approach, unlocking opportunities for as many as possible, can we reduce unemployment and overcome insecurity.

P R E S S

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As I said yesterday after our meeting with the social partners, of course the growth and employment situation is still a cause for concern. The euro area will experience quasi-stagnation on average this year and, according to the very latest forecasts, near-zero growth on average next year.

But there are also some more positive points, especially as regards the stability of the euro area. This is particularly evident in interest rate differentials, which are falling spectacularly for all countries in the euro area. This is the best sign of some sort of return to calm.

We can also observe a growing convergence in terms of reducing budget and public-sector deficits, increasing competitiveness and balancing current accounts in the balance of payments.

All indicators to do with the major macroeconomic balances are converging in the euro area. However, we should be aware that when it comes to growth and jobs, huge progress remains to be made – this is something we must work on, and it is why we are laying so much emphasis on the Compact for Growth and Jobs, and laying so much emphasis on putting what has been agreed into practice.

In the short term, in the very short term, the greatest contribution to growth will be to restore the confidence of consumers and businesses. And to restore the confidence of those two economic players, we must restore confidence in the future of the euro area. As I have just said, we have made progress in this area in recent weeks and months. Perhaps this heralds more economic growth in the "north" of the euro area, which could have a knock-on effect in the "south" of the euro area, where several countries have seen a clear improvement in competitiveness.

Let me move to the second issue covered this morning. As in all our regular European Councils, I wanted to devote some time to a strategic discussion on our external relations and our foreign policy. Today we focused on two main issues.

First, our relations with China – taking a step back and looking at the long term.
I debriefed the European Council on the recent Summit held in September with China, a very positive one. As you know, this key partner is undergoing a "once in a decade" leadership change. We exchanged views on how to engage constructively with the new Leadership. In a longer term perspective, it is in Europe's core interest that China succeeds. We will come back to this issue early next Spring, to best prepare the next Summit which should take place in China in Autumn 2013.

Second, we addressed crisis areas in the world, areas where peace and security are at risk. In Syria, unprecedented use of force against civilians by the regime is exacerbating further the violence and the stability of the region – and we reaffirmed the Union's position on political, humanitarian and regional action. We also endorsed the additional sanctions against the Syrian regime adopted early this week by the foreign ministers.

We also talked about Iran. Europe is leading the efforts of the international community towards a diplomatic solution. Actually, it is Catherine Ashton who is leading the negotiations on behalf of the E3+3. Our approach remains to keep pressing the regime to engage constructively. Here as well, we endorsed the latest set of EU sanctions against the regime.

Today we also discussed developments in Mali. This was a first. The situation has a security, humanitarian and regional impact on the Sahel. It could also become a threat to our own security. The Union is contributing to the international efforts led by the UN, to stabilise the situation. We decided to accelerate our own planning for a possible European military crisis management operation – for the experts among you, in the field of our Common Security and Defence Policy, the so called CSDP. We will also examine support to the international military force, in accordance with the recent UN Security Council Resolution 2071.

To conclude: this was a lengthy but productive summit. I am very glad we achieved progress on the timetable for the banking union. It is good for Europe that we will have a Single Supervisory Mechanism up and running in the course of 2013.

Between now and December we will now work on further progress to reinforce our Economic and Monetary Union.