



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 16 March 2010

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NOTE

from :	The General Secretariat of the Council
to :	COREPER/General Affairs Council
Subject :	<i>European Council (25 and 26 March 2010)</i> <i>– Draft conclusions</i>

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. EUROPE 2020: A NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH

1. Over the last two years, we have faced the world's worst economic crisis since the 1930s. This has highlighted Europe's weaknesses: excessive levels of debt, sluggish structural growth, and high unemployment. Although the economic situation is improving, the recovery is still fragile.
2. Structural reforms underpinned by budgetary consolidation are essential for a strong and sustainable recovery and for preserving the sustainability of our social models. The timely exit from the exceptional support measures adopted to combat the crisis will be important in that respect. If we do not act, Europe will lose ground; jobs and welfare are at stake. The European Council's responsibility is to tackle these challenges now.
3. The EU needs a reinvigorated strategy for jobs and growth, based on an enhanced coordination of economic policies. Following the Commission's communication "Europe 2020: a strategy for smart, sustainable and inclusive growth" and the discussions held in the Council, the European Council agreed on the main elements of this new strategy, which will be formally adopted in June.
4. Our efforts need to be better focused:
 - a) The new strategy will focus on the key areas where action is needed to boost Europe's competitiveness and growth potential: knowledge and innovation, a greener economy, high employment and social inclusion. To that end, the European Council agreed on the following headline targets, which constitute our shared objectives driving the action of the Member States and of the Union.

p.m. EU headline targets

- b) In the light of the headline targets, Member States will set, in partnership with the Commission, their national targets, taking account of their relative starting positions and national circumstances.
- c) The new strategy will also address the main bottlenecks constraining growth, including those at EU level related to the working of the internal market and infrastructure.
- d) The Member States will draw up National Reform Programmes setting out in detail the actions they will undertake to implement the new strategy, with a particular emphasis on efforts to meet the national targets as well as on measures to lift the bottlenecks that constrain growth at the national level.
- e) The Commission will draw up an EU programme setting out the action it intends to take forward at the EU level to implement the strategy, notably through the flagship initiatives.

5. Efficient monitoring mechanisms are key for the successful implementation of the strategy:

- a) Building on the monitoring by the Commission and work done in the Council, every year, the European Council will make an overall assessment of progress achieved both at EU and at national level in implementing the strategy. Macroeconomic, structural and competitiveness developments and overall financial stability will be examined simultaneously.
- b) Coordination at the level of the eurozone will be strengthened in order to address the challenges the euro area is facing. The Commission will present by next June proposals in that respect, making use of the new instruments for economic coordination offered by the Lisbon Treaty (article 136).

- c) The European Council will regularly hold specific debates dedicated to economic developments and the main elements of the strategy. Next October, it will discuss research and development, in particular looking at how to boost Europe's innovation potential in the light of current challenges. In early 2011 it will discuss energy policy, including how it can best support the shift towards an efficient low-carbon economy and greater security of supply.
- d) The timing of the reporting and assessment of the different elements of the new strategy should be better aligned, in order to contribute to providing a more coherent view of the situation. The instruments (Stability and Growth Pact and country specific recommendations under the integrated guidelines) will be kept clearly separate. The integrity of the Stability and Growth Pact will be fully preserved, as will the specific responsibility of the ECOFIN Council in overseeing its implementation.
- e) In order to enhance the dialogue with Member States and increase the quality of surveillance, missions bringing together experts from the Commission and the Member States will be sent to review the situation on the ground.
- f) Ensuring the quality, reliability and timeliness of statistical data provided by national statistical offices will be central in ensuring credible and effective monitoring. Rapid agreement is required on the Commission's proposals in this field.
- g) Close cooperation will be maintained with the European Parliament and other EU institutions. National parliaments, social partners, regions and other stakeholders will be involved, so as to increase ownership of the strategy.

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6. Rapid progress is required on the strengthening of financial regulation and supervision both within the EU and in international fora such as the G20, ensuring a level-playing field at the global level. Progress is particularly needed on issues such as capital requirements; systemic institutions; financing instruments for crisis management, including innovative sources such as a global transaction levy; increasing transparency on derivative markets and considering specific measures in relation to sovereign credit default swaps; and implementation of internationally agreed principles for bonuses in the financial services sector.
7. This requires that the EU make rapid progress on all of these issues internally, demonstrating its commitment to deliver the G20 undertakings in a timely and effective manner. In particular, work on the new European supervisory agreements needs to be concluded in time for the European Systemic Risk Board and the three European Supervisory Authorities to begin work in early 2011.
8. The Council (ECOFIN) and the Commission will report back on all these issues to the June 2010 European Council.

II. CLIMATE CHANGE: REFOCUSING OUR EFFORTS AFTER COPENHAGEN

9. Over time, a global and comprehensive legal agreement remains the only effective way to reach the agreed objective of staying below 2°C increase in global temperatures compared to pre-industrial levels. In the light of the Commission's communication of 9 March 2010 and of the conclusions reached by the Council on 15 and 16 March 2010, it is now necessary to bring a new dynamic to the international negotiation process.

10. A stepwise approach should be followed, building on the Copenhagen Accord:
- a) As a first step, the next meetings in Bonn should set the roadmap for taking the negotiations forward. The focus should be on integrating the Copenhagen Accord into the various negotiating texts.
 - b) The COP-16 in Cancun should provide concrete decisions anchoring the Copenhagen Accord to the UN negotiating process and addressing remaining gaps, in particular as regards monitoring, reporting and verification.
11. The EU is prepared to play its part in this process:
- a) The EU and its Member States will implement their commitment to provide EUR 2.4 billion annually over three years for fast-start financing, alongside contributions by other key players and in the framework of the implementation of all aspects of the Copenhagen Accord. The swift implementation of this commitment will be crucial. The EU and its Member States will present a preliminary state of play of their commitments at the next UNFCCC session and submit coordinated reports on implementation in Cancun and thereafter on an annual basis.
 - b) The EU and other developed countries have committed to jointly mobilise USD 100 billion per year by 2020 to help developing countries fight climate change. Financial contributions in the longer term need to be discussed in the context of meaningful and transparent actions to be taken by beneficiary countries to mitigate the effects of climate change as well as the overall balance of the global effort to tackle climate change.

- c) The European Council remains firmly committed to the UNFCCC process. It supports ongoing efforts to make it more effective. Given the short time available before Cancun, this process could usefully be complemented by discussions in other settings and on specific issues.
- d) The EU will strengthen its outreach to third countries. It will do so by addressing climate change at all regional and bilateral meetings, including at summit level, as well as other fora such as the G20. The Presidency and the Commission will engage in active consultations with other partners and rapidly report back to the Council.
- e) Opportunities for cooperation, including with industrialised partners, need to be exploited in areas such as green technologies and norms and verification techniques. Common interests with emerging countries on issues which could create leverage in the climate change debate should be rapidly identified.

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The European Council appointed Mr Vitor Manuel Ribeiro Constancio as Vice-President of the ECB.

It also endorsed the Internal Security Strategy.

NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH

NEXT STEPS

- a) Taking account of the EU headline targets, the Commission will rapidly present its proposals for more focused integrated guidelines, including the employment guidelines and the broad economic policy guidelines. The guidelines will be discussed by the relevant Council formations (ECOFIN and EPSCO) so that, after the consultation of the European Parliament and other institutions on the employment guidelines, they can be endorsed by the June 2010 European Council.
- b) The main bottlenecks constraining growth at EU level are being identified by the Commission; the same will be done by the Member States at their level, in close cooperation with the Commission. The June 2010 European Council will take stock of this work, so that it can be taken into account in the drawing up of the National Reform Programmes.
- c) The EU headline targets will be translated into specific and differentiated national targets that take into account the relative starting positions and national circumstances of the Member States. These national targets will be set by the Member States, according to national decision-making procedures, in a dialogue with the Commission in order to ensure consistency with the EU headline targets. They should also be discussed by the relevant Council formations. They should be submitted in time to be taken into account in the drawing up of the National Reform Programmes.
- d) In this first year of the new strategy, the Member States will present their National Reform Programmes by Autumn 2010, setting out in detail the actions they will undertake to implement the strategy. These should be fully supported by mobilising all relevant EU instruments, including the EIB, as incentives for reform.

- e) The Commission will present by October 2010 the programme setting out the actions required at EU level to implement the new strategy, notably through the flagship initiatives.
 - f) The Council will better align the timing of processes with a view to enhancing the overall consistency of policy advice to Member States.
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