



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from : The General Secretariat of the Council
to : COREPER/General Affairs Council

Subject : *European Council (17 June 2010)*
– *Draft conclusions*

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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The EU has met the worldwide financial crisis with united resolve and has done what was necessary to safeguard the stability of the Economic and Monetary Union. In particular, in May it agreed on a support package for Greece as well as on a European financial stabilisation mechanism, which it finalised in June. We have been laying the foundations for a much stronger economic governance. We remain committed to taking all necessary action to put our economies back on the path of a sustainable and job-creating growth.

To that end, today:

- we adopt "Europe 2020", our new economic strategy for jobs and growth. It is a coherent framework for the Union to mobilise all of its instruments and policies and for the Member States to take enhanced coordinated action. The emphasis must now be on implementation, and we will guide and monitor this process. We will discuss further, over the coming months, how specific policies can be mobilised to unlock the EU's growth potential, starting with innovation and energy policies;*
- we reaffirm our collective determination to ensure fiscal sustainability and enhanced economic growth, including by accelerating plans for fiscal consolidation and structural reforms where warranted;*
- we renew our commitment to ensuring financial stability by addressing the gaps in regulation and supervision of financial markets, both at the level of the EU and at the G20. We agree to rapidly advance on key legislative measures so that the new supervisory bodies can start work from the beginning of next year and set an ambitious position for our representatives to take at the Toronto Summit;*
- we fully agree on the urgent need to reinforce the coordination of our economic policies. We take first decisions and set orientations for further work as regards the Stability and Growth Pact and budgetary surveillance as well as broader macroeconomic surveillance. We look forward to the final report of the Task Force in October.*

I. A NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH

Finalising and implementing the Europe2020 Strategy

1. The European Council today has finalised the European Union's new economic strategy for jobs and growth. The Strategy will help Europe recover from the crisis and come out stronger, both internally and at the international level, by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence.
2. The new strategy responds to the challenge of reorienting policies away from crisis management towards the introduction of medium- to longer-term reforms that promote the sustainability of public finances. Member States are determined to ensure fiscal sustainability and enhanced economic growth, including by accelerating plans for fiscal consolidation and structural reforms where warranted. Since May, several Member States have announced further budgetary consolidation efforts. Priority should be given to growth-friendly budgetary consolidation strategies focused on expenditure restraint. Fiscal consolidation paths will be differentiated across Member States in line with their exit strategies. Increasing the growth potential should be seen as paramount to ease fiscal adjustment in the long run.
3. The European Council confirms the five EU headline targets (see annex) which will constitute shared objectives guiding the action of Member States and the Union as regards promoting employment; improving the conditions for research and development; meeting our climate change objectives; improving education levels and promoting social inclusion in particular through the reduction of poverty. It agrees on the quantification of the education and social inclusion/poverty indicators, as agreed by the Council. It gives its political endorsement to the Integrated Guidelines for economic and employment policies, which will be formally adopted following the European Parliament's opinion.

4. Member States must now act to implement these policy priorities at their level. They should rapidly finalise their national targets according to their national decision-making procedures and in close dialogue with the Commission. They should also identify the main bottlenecks to growth and indicate, in their National Reform Programmes, how they intend to tackle them.
5. Work must also be taken forward at the European level. In particular, Europe's Single Market needs be taken to a new stage, through a comprehensive set of initiatives. The Commission will present concrete proposals building on the report presented by Mr Mario Monti on a new strategy for the Single Market.
6. The European Council endorses the objectives of the first flagship initiative on a 'Digital Agenda for Europe' and calls upon all institutions to engage in its full implementation. The Commission is invited to report on progress achieved by the end of 2011. The European Council looks forward to the presentation of the other flagship initiatives before the end of the year.

Enhancing economic governance

7. The crisis has revealed clear weaknesses in our economic governance, in particular as regards budgetary and broader macroeconomic surveillance. Reinforcing economic policy coordination therefore constitutes a crucial and urgent priority.

p.m. Task Force progress report and first orientations

Regulating financial services

8. Pursuing stronger regulation and supervision of financial markets is of paramount importance. The European Union is committed to making rapid progress in this field, whilst ensuring a level-playing field at the global level. The European Council

- (a) calls on the Council and the European Parliament to rapidly adopt the legislative proposals on financial supervision to ensure that the European Systemic Board and the three European Supervisory Authorities can begin working from the beginning of 2011;
- (b) calls for the Commission's proposal on the improvement of the EU's supervision of credit rating agencies to be examined swiftly;
- (c) supports the intention of the Commission to come forward in the next months with legislative proposals to further strengthen the regulation and supervision of financial markets, particularly as regards the functioning of derivative markets; taking measures on short selling and credit default swaps; improving deposit guarantee schemes; and improving the capital requirements for banks and calls upon Council and Parliament to adopt the last piece of legislation by the end of 2011 at the latest to enable implementation in national law by the end of 2012.

II. G 20 TORONTO SUMMIT

9. Our response to the crisis must continue to be coordinated at the global level. The European Council endorses the position for the Toronto Summit set by the Council on 8 June. The EU calls for rapid progress on key issues, such as the coordinated implementation of exit strategies; common principles for comprehensive for financial sector reform; and the G20 Framework for Strong, Sustainable and Balanced Growth. The forthcoming G20 Toronto Summit must ensure that commitments made at previous summits are fully and rapidly implemented by all parties.

p.m. bank levy

III. MILLENNIUM DEVELOPMENT GOALS

10. The forthcoming UN High Level meeting on the Millennium Development Goals constitutes a unique opportunity to strengthen our collective endeavours and partnerships to ensure we achieve them. The conclusions adopted by the Council on 14 June provide the European Union with a strong position in advance of this meeting.
11. The European Union remains determined to support the achievement of the MDGs globally by 2015. This is possible if all partners demonstrate strong political commitment, implement necessary policy changes and take concrete action. The European Union calls on the High Level Plenary Meeting to agree on concrete actions aimed at: increasing ownership; focusing efforts; improving the impact of policies; mobilising more and predictable financing for development; and making more effective use of development resources. The European Council reaffirms its commitment to achieve the respective development aid targets as set out in its June 2005 conclusions.

IV. CLIMATE CHANGE

12. The European Council takes note of the Commission's communication analysing options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage. It endorses the conclusions reached by the Council on 11 June. It invites the Commission to undertake further analyses and the Council to examine further the issues raised in the communication. It reaffirms the intention of the EU to implement its commitments on fast start financing and to report at the Cancun conference in a coordinated manner on progress achieved. The European Council will revert to climate change in the Autumn, in advance of the Cancun conference.

V. OTHER ISSUES

13. The European Council expresses its appreciation for the work achieved by the **Reflection Group**. The Group's report on "Project Europe 2030 - Challenges and Opportunities" will provide useful input for the European Union's work in the future.
 14. The European Council welcomes the progress achieved in implementing the **European Pact on Immigration and Asylum** and endorses the conclusions of the Council of 3/4 June.
 15. p.m. **Iceland**
 16. The European Council congratulates **Estonia** on the convergence it has achieved, based on sound economic and financial policies, and welcomes its fulfilment of all the convergence criteria as set out in the Treaty. It welcomes the Commission's proposal that Estonia adopt the euro on 1 January 2011.
 17. p.m. **Iran**
 18. The European Council adopts the decision on the examination of the amendments to the Treaties concerning the **composition of the European Parliament** by a conference of the representatives of the governments of the Member States and decides not to convene a Convention.
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ANNEX

NEW EUROPEAN STRATEGY FOR JOBS AND GROWTH

EU HEADLINE TARGETS

- aiming to raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers and the better integration of legal migrants;
- improving the conditions for research and development, in particular with the aim of raising combined public and private investment levels in this sector to 3% of GDP; the Commission will elaborate an indicator reflecting R&D and innovation intensity;
- reducing greenhouse gas emissions by 20% compared to 1990 levels;¹ increasing the share of renewables in final energy consumption to 20%; and moving towards a 20% increase in energy efficiency;
- improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of the population having completed tertiary or equivalent education to at least 40%;
- promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of poverty or exclusion.²

¹ The EU is committed to taking a decision to move to a 30% reduction by 2020 compared to 1990 levels as its conditional offer with a view to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities.

² The population is defined as the number of persons who are at risk-of-poverty or of exclusion according to the three following indicators: at-risk-of poverty; material deprivation; jobless household.