



EUROPEAN COUNCIL

Brussels, 30 January 2012

SN 5/12

**STATEMENT OF
THE MEMBERS OF THE EUROPEAN COUNCIL¹
30 JANUARY 2012**

TOWARDS GROWTH-FRIENDLY CONSOLIDATION AND JOB-FRIENDLY GROWTH

Over recent months, there have been tentative signs of economic stabilisation but financial market tensions continue to dampen economic activity and uncertainty remains high. Governments are undertaking strong efforts to correct budgetary imbalances on a sustainable basis but further efforts are needed to promote growth and employment. There are no quick fixes. Our action must be determined, persistent and broad-based. We must do more to get Europe out of the crisis.

¹ For parliamentary reasons, the Swedish Prime Minister was not in a position to subscribe to this statement.

Decisions have been taken to ensure financial stability and fiscal consolidation - this is a necessary condition for a return to higher structural growth and employment. But it is not in itself sufficient: we have to modernise our economies and strengthen our competitiveness to secure a sustainable growth. This is essential to create jobs and preserve our social models and it is at the heart of the Europe 2020 strategy and the Euro Plus Pact. These efforts must be made in close cooperation with the social partners, respecting Member States' national systems. Growth and employment will only resume if we pursue a consistent and broad-based approach, combining a smart fiscal consolidation preserving investment in future growth, sound macroeconomic policies and an active employment strategy preserving social cohesion.

The March European Council will provide guidance on Member States' economic and employment policies, putting particular emphasis on fully exploiting the potential of green growth and on accelerating structural reforms to increase competitiveness and create more jobs. In doing so, it must pay due attention to the growing divergences between Member States' economic situation and to the social consequences of the crisis.

Today, we focussed on three immediate priorities. Wherever possible, efforts made at the national level will be supported by EU action, including better targeting available EU funds towards jobs and growth, within agreed ceilings.

Stimulating employment, especially for young people

1. More than 23 million people are unemployed in Europe today. Unless we can improve our growth rates, unemployment will remain high. We need to keep people in work and create new jobs, including in the "green economy". This means taking concrete action to overcome the "skills mismatch" and the "geographic mismatch". It also means reforming labour markets and addressing the cost of labour in relation to productivity. This is mainly a matter for the Member States, which need to develop and implement comprehensive initiatives on employment, education and skills. Each Member State will set out in its National Reform Programme the concrete measures it will take to address these issues ("National Job Plans"); implementation will be subject to enhanced monitoring in the framework of the European semester. Measures to cut non-wage labour costs, such as the reduction of the tax wedge, can have an important impact on labour demand of the low-skilled and the young. Reducing labour market segmentation can go a long way in providing young people with job opportunities. A particular effort needs to be made immediately at national level to improve labour supply and reduce youth unemployment:
 - stepping up efforts to promote young people's first work experience and their participation in the labour market: the objective should be that within a few months of leaving school, young people receive a good quality offer of employment, continued education, an apprenticeship, or a traineeship;
 - increasing substantially the number of apprenticeships and traineeships to ensure that they represent real opportunities for young people, in cooperation with social partners and where possible integrated into education programmes;
 - making renewed efforts to get early school-leavers into training;
 - making full use of the EURES job mobility portal to facilitate the cross-border placement of young people; further opening sheltered sectors by removing unjustified restrictions on professional services and the retail sector.

2. The EU will support those efforts, notably by:

- as a first step working with those Member States which have the highest youth unemployment levels to re-direct available EU funds towards support for young people to get into work or training;
- enhancing the mobility of students by substantially increasing the number of placements in enterprises under the Leonardo da Vinci programme;
- using the ESF to support the setting up apprenticeship-type schemes and support schemes for young business starters and social entrepreneurs;
- enhancing cross-border labour mobility, through the revision of EU rules on the mutual recognition of professional qualifications, including the European professional card and the European Skills Passport, the further strengthening of EURES, and progress on the acquisition and preservation of supplementary pension rights for migrating workers.

Completing the Single Market

3. The Single Market constitutes a key driver for Europe's economic growth. This is an area where action at EU level can do much to boost jobs and growth. The Single Market Act, the Digital Single Market and the ongoing reduction of overall regulatory burden for SMEs and microenterprises constitute clear priorities. Recalling our commitment to give particular priority to the speedy examination of proposals having the most growth potential, we call for:

- agreement on standardisation, on energy efficiency and on the simplification of accounting requirements by the end of June 2012; agreement on the simplification of public procurement rules by the end of the year;
- rapid implementation of the Commission Action Plan on e-commerce; the submission of new proposal on e-signature before June 2012; and agreement on rules on online dispute resolution and on roaming by June 2012;
- in order to deploy the full potential of the digital economy, modernisation of Europe's copyright regime and promotion of best practices and models, while fighting piracy more effectively and taking into account cultural diversity;

- progress in structured discussions on the coordination of tax policy issues and the prevention of harmful tax practices in the context of the Euro Plus Pact.
4. The participating Member States commit to reaching at the latest in June 2012 a final agreement on the last outstanding issue in the patent package.
 5. It is of crucial importance that we swiftly and fully implement at the national level what we have already agreed to deliver the full potential of the Single Market. In particular, EU legislation in areas such as services and the energy single market must be rapidly and fully implemented. We also need to tackle the remaining missing links still preventing the internal market from delivering its full benefits. In advance of the June 2012 European Council, the Council will assess progress made in the implementation of Single Market legislation on the basis of the Commission Internal Market Scoreboard. The Commission will report annually on progress made towards releasing the growth-creating potential of a fully integrated Single Market, including as regards network industries. The Commission will report in June on possible means to enhance the implementation of Single Market legislation and improve its enforcement.
 6. We will push forward multilateral and bilateral efforts to remove trade barriers and ensure better market access and appropriate investment conditions for European exporters and investors in line with the conclusions of the October 2011 European Council. 2012 should be a decisive year to move ahead on trade agreements with major partners. The EU/US High-Level Working Group on Jobs and Growth should consider all options for boosting EU/US trade and investment.

Boosting the financing of the economy, in particular SMEs

7. It is vital to take measures to prevent the present credit crunch severely limiting the ability of enterprises to grow and create jobs. The recent measures taken by the ECB as regards long-term lending to banks help very much in that respect. National supervisors and the EBA must ensure that bank recapitalisation does not lead to deleveraging which would negatively affect the financing of the economy. Supervisors should ensure a rigorous application by all banks of EU legislation restricting bonus payments.

8. The 23 million European SMEs are the backbone of Europe's economic success and a key provider of employment. We therefore agree on the following urgent measures to be implemented by June:
 - better mobilising structural funds by speeding up the implementation of existing programmes and projects, where appropriate re-programming monies and rapidly committing monies not yet allocated to specific projects, concentrating on growth enhancement and job creation;
 - strengthening EIB support for SMEs and infrastructure; the Council, the Commission and the EIB are invited to consider possible options to enhance EIB action to support growth and to make appropriate recommendations, including possibilities for the EU budget to leverage EIB group financing capacity;
 - rapidly examining the Commission's proposals on a pilot phase for the use of "project bonds" to stimulate private financing of key infrastructure projects;
 - ensuring better access to venture capital across Europe by agreeing the EU passport by June;
 - promoting the role of the Progress Microfinance Facility in support for micro-enterprises;

- making renewed efforts to improve the environment in which SMEs operate, in particular as regards the reduction of unjustified administrative and regulatory burdens as well as by ensuring that all actions at the European Union level fully support economic growth and job creation.
9. Measures requiring action at the national level will be duly reflected in Member States' National Reform Programmes. The Council will report by June on implementation of measures to be taken at EU level.
