



**EUROPEAN COUNCIL  
THE PRESIDENT**



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**Remarks by Herman Van Rompuy,  
President of the European Council  
following the first session of the European Council**

Let me brief you on the main outcomes of our first working session of this European Council. For the short term, we agreed on immediate action to overcome the current difficulties. For the longer term, we agreed on a new fiscal compact for the eurozone.

As regards the short term, we are increasing our financial resources to address the crisis we face. Euro area and other Member States will aim to make available additional resources of up to 200 bln euro to the International Monetary Fund (IMF). The European Financial Stability Facility (EFSF) leverage will be rapidly deployed.

We also agreed on the acceleration of the entry into force of the European Stability Mechanism (ESM) rescue fund. It should enter into force in July 2012.

As regards the Private Sector Involvement (PSI), we have made a major change to our doctrine: from now on we will strictly adhere to the IMF principles and practices. Or to put it more bluntly: our first approach to PSI, which had a very negative effect on the debt markets, is now officially over.

So far for the immediate action in the short term. But it is also essential to give a medium and longer-term perspective. We therefore agreed on a new fiscal compact.

It means: we all commit to a new European strong fiscal rule. It means: Member States will transpose it into their constitution or equivalent. It means: reinforcing our rules on excessive deficit procedure by making them more automatic. It also means that Member States will have to submit their draft budgetary plans to the Commission.

There was a broad agreement on the substance. As regards the form, everybody wants to make this new commitment solemnly binding.

**P R E S S**

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Of course, in the EU – built on treaties, protocols, laws – talking about the legal means is never easy. We started this debate at the end of the first session. The conclusion is that the 17 eurozone members + 6 others will conclude an intergovernmental treaty. Two other countries have not yet a mandate to participate.

The Euro summit of last October gives me a mandate to examine how we can strengthen the economic union, a mandate in close cooperation with the President of the Commission and the President of the Eurogroup. The Fiscal Compact we decided today is an important first result.

Two other themes were identified in the mandate: strengthening economic convergence and deepening the economic union. As you know, I prepared an Interim Report and it was decided tonight that, with my two colleagues, I will prepare a further report in June, on deepening fiscal integration.

To finish, a word about tomorrow. In the morning we will sign the Accession Treaty with Croatia. In the European Council itself, we will not only continue the discussion of tonight, but also look at our economic policies, energy, enlargement, and external relations.

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