



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	The General Secretariat of the Council
to:	Council
Subject:	European Council (23-24 June 2011) - 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 European Council marked a new stage in the development of Europe's economic governance. Following a collective assessment of Member States programmes, it endorsed country-specific recommendations to be taken into account in the upcoming national decisions on budgets and structural reforms. In this context it noted the pledge of Member States taking part in the Euro Plus Pact to enhance the ambition and precision of their commitments in next year's exercise. [The European Council welcomed the agreement reached on the future ESM, on the amended EFSF and on the package of legislative proposals on economic governance.]

After an extensive debate, the European Council set orientations for the development of the EU's migration policy, as regards the governance of the Schengen area, the control of external borders, the development of partnerships with the countries of the Southern Neighbourhood and the completion of the Common European Asylum System by 2012.

The European Council agreed that the accession negotiations with Croatia be concluded by the end of June 2011, thus confirming its strong commitment in terms of the enlargement perspective of the Western Balkans.

The European Council discussed developments in its Southern Neighbourhood and adopted a separate Declaration on this subject.

I. ECONOMIC POLICY

1. This European Council marks the conclusion of the first **European semester**, allowing for a collective EU assessment of national measures foreseen by Member States. In the light of this first experience, the European Council considers that the European semester can become an effective governance method to support EU and national policy-making in an integrated, transparent and timely manner. The simultaneous presentation of Stability and Convergence Programmes and National Reform Programmes enables the EU to assess national growth and fiscal strategies together and to address possible, risks, imbalances or trade-offs.
2. Based on the assessment provided by the Commission, the European Council discussed the policies and measures presented by Member States. These constitute a good starting point for sustaining Europe's recovery, for addressing fiscal challenges and for driving more ambitious reforms at national level. The European Council notes the clear determination of all Member States to do everything that is required to fully implement the Stability and Growth Pact. Member States have made good progress in defining action to attain the headline targets and goals of the Europe 2020 Strategy. Some of the targets are on track but others (concerning employment, energy efficiency, R&D, poverty and tertiary education) require additional efforts. Priority should also be given to ensuring a sound macroeconomic environment, restoring fiscal sustainability, correcting macroeconomic imbalances and repairing the financial sector.
3. The European Council endorses the country-specific recommendations approved by the Council and invites all Member States to reflect them in their national decisions as regards their budgets and structural reforms and to address the shortcomings revealed by this exercise.

4. National efforts must be supported by action at European Union level, particularly with the aim of unlocking Europe's full potential for **economic growth and job creation**. In this context, work should accelerate to deliver the Europe 2020 flagship initiatives and the Single Market Act, focusing on the priorities identified by the Council on 30 May and 20 June. In particular, the regulatory burden on SMEs needs to be further reduced and where possible micro-enterprises should be exempted from certain future regulations. The Commission is invited to prepare a roadmap on the completion of the digital Single Market by 2015.

5. Most of the Member States participating in the **Euro Plus Pact** have presented commitments representing over 100 separate measures in total.¹ These commitments constitute a good first step towards achieving the objectives of the Pact and must now be implemented at the national level. The European Council will revert to this at its December 2011 meeting before the launch of the next European semester. Progress made by Member States in implementing the Council's country-specific recommendations and their commitments under the Pact will be assessed by the European Council in March 2012 on the basis of the Annual Growth Survey of the Commission.

6. In preparing their next commitments, Member States will ensure:
 - a broader scope: the commitments should better focus on frontloading growth-enhancing reforms to foster competitiveness, for instance in network industries and the service sector, and more attention should be paid to the reinforcement of financial stability;

 - a more concrete approach: Member States should strive to make their future commitments as specific and measurable as possible, giving details on how and when commitments will be met, in order to render progress measurable over time and facilitate benchmarking with other Member States as well as Europe's strategic partners;

¹ See EUCO 21/11.

- a higher degree of ambition: Member States should announce where forward-looking reform projects initiated as a reaction to the Pact and take account of best practices;
- pragmatic coordination of tax policies: the Commission and the Finance Ministers of the participating Member States are invited to report back by December 2011 on their structured discussions on tax policy issues, including exchanges of best practices, avoidance of harmful practices and proposals to fight fraud and tax evasion.

7. The European Council discussed the implementation the **comprehensive package** it approved last March.
8. [Euro area Heads of State or government welcome and endorse the agreement reached on the European Stability Mechanism Treaty. They call on all Member States to take all needed steps for the rapid entry into force of the amended EFSF and for ratification of the ESM treaty by the end of 2012.]
9. The European Council recalls the key importance of fully transparent bank stress tests to be concluded in full respect of the methodology and guidelines issued by the European Banking Authority. It calls on all participants to ensure the highest quality of the outcome. It underlines the importance to ensure that all measures are taken to quickly address any possible banking vulnerabilities resulting from these stress tests.
10. [The European Council welcomes the agreement reached on the legislative package for the strengthening of economic governance in the EU].

II. MIGRATION

11. The **free movement of persons** is one of the most tangible and successful achievements of European integration as well as fundamental right of citizens. Political guidance and cooperation in the Schengen area need to be further strengthened, enhancing mutual trust between Member States, which are equally responsible for guaranteeing that all Schengen rules are applied in accordance with the agreed common standards. Europe's external borders must be effectively and consistently managed, on the basis of common responsibility, solidarity and increased practical cooperation.
12. An effective and reliable monitoring and evaluation system is necessary to ensure that this is the case. The ongoing revision of the Schengen evaluation system will provide for the strengthening, adaptation and extension of the criteria based on the EU acquis, including the effective application of fundamental principles and norms. The evaluation should be EU-based and involve experts from the Member States, the Commission and competent agencies. The Commission is invited to regularly assess the results of evaluations and where necessary propose measures to respond to any deficiencies which are identified.
13. A safeguard mechanism should be introduced in order to respond to exceptional circumstances putting the overall functioning of Schengen cooperation at risk, without jeopardising the principle of free movement of persons. Such an EU mechanism could only be triggered in exceptional, clearly defined situations, when parts of the external border are under unexpected and heavy pressure or when a Member State fails to comply with its obligations. It should comprise a series of measures to be applied in a gradual, differentiated and coordinated manner, including inspection visits, technical and financial support, as well as assistance, coordination and intervention from Frontex.

As a last resort, in the framework of such a safeguard mechanism, it could be decided to allow the exceptional reintroduction of internal border controls in a truly critical situation where a Member State is no longer in a position to control its section of the external border. Such a measure would be taken on the basis of specified objective criteria and a common assessment, for a strictly limited scope and period of time, taking into account the need to be able to react in urgent cases. The Commission is invited to submit a proposal for such a safeguard mechanism in early autumn.

14. Responsibility for the control and surveillance of the **external borders** lies with the Member States which, in performing this function, are also acting in the common interest of all Member States. In order to ensure that Europe's external borders are effectively managed and that the same standards apply everywhere, all relevant instruments must be used in an optimal manner and be adapted where necessary. The European Border Surveillance System will be further developed as a matter of priority in order to become operational by 2013 and allow Member States' authorities carrying out border surveillance activities to share operational information and improve cooperation.
15. These efforts will also be strengthened by pushing forward rapidly with work on “smart borders”, to ensure that new technologies are harnessed to meet the challenges of border control. In particular, an entry/exit system and a registered travellers' programme should be introduced. The European Council welcomes the agreement reached on the agency for the operational management of large- scale IT systems in the area of freedom, security and justice.

16. The functioning of Frontex and other agencies needs to be continuously monitored to ensure their continued efficiency in assisting Member States in managing external borders, in fighting illegal immigration and in dealing with refugees. [The European Council welcomes the agreement reached on the revision of the Frontex Regulation, which will increase the effectiveness of that Agency's operational capacities.] In line with the Stockholm Programme, the framework for cooperation between national border guards will be further developed, notably by promoting common training and the sharing of capacities and standards. The Commission, in close cooperation with Frontex, is invited to present by the end of the year further ideas in that respect.
17. The European Council reaffirms the need for genuine and practical solidarity towards the Member States most affected by migratory flows. The EU and Member States will continue to provide the necessary operational and financial support as the situation evolves, building on the measures agreed by the Council on 11 April 2011. The necessary funds and technical and human resources will be provided in order to continue and, where required, step up activities in support of those Member States.
18. A consistent and strategic policy is required to manage mobility in a secure environment. The objective must be to address the root causes of migration at a structural level. To that end, and in the framework of the European Neighbourhood Policy, **partnerships** will be developed with the countries of the **Southern Neighbourhood**.
19. As a first step, as proposed in the Commission's recent communication, a wide-ranging structured dialogue on migration, mobility and security will be established with those countries, with the aim of delivering tangible benefits for them as well as for the European Union. Such dialogues should begin as a matter of urgency with partner countries willing and able to engage constructively on these matters. Mobility Partnerships will be differentiated according to partner countries' individual merits; be agreed with each partner country separately; be conditional on efforts and progress made in all areas (migration, readmission, mobility and security); and include an efficient monitoring mechanism. Ways should be sought to increase the share of funding devoted to those areas, within the existing envelopes.

20. The Commission is invited to present its evaluation of the Global Approach to Migration, setting the path towards a more consistent , systematic and strategic policy framework for our relations with all relevant third countries, and including concrete proposals for the development of the Union's key partnerships.
21. Recent developments have put European asylum policy under strain. Safe and efficient **asylum** procedures are needed for people in need of protection. This requires in turn that the EU acquis in this field is fully applied. It is crucial that the Common European Asylum System (CEAS) be completed by 2012, based on high protection standards combined with fair and effective procedures capable of preventing abuses and allowing for rapid examination of asylum applications in order to ensure the sustainability of the system. The recent presentation by the Commission of modified proposals relating to the asylum procedures directive and to the reception conditions directive should provide a new basis for negotiations to begin on two important building blocks of the CEAS. Changes should not, as a result, encourage the submission of unfounded claims or increase overall costs for Member States. These negotiations should now be taken forward with diligence on the basis of a balanced overall approach including all proposals on the table, including those relating to the Dublin Regulation and to the Eurodac system, in order to meet the key objectives set out above.

III. CROATIA

22. Accession negotiations with Croatia have reached their final stage. The ongoing examination of the remaining negotiating chapters by the Council is being conducted in full respect of strict conditionality and in line with the negotiating framework. In the light of the progress made and the Commission's positive assessment, the European Council calls for the conclusion of the accession negotiations with Croatia by the end of June 2011 on the basis of the draft common positions recently presented by the Commission, with a view to the signing of the Accession Treaty before the end of the year.
23. These developments bring a new momentum to the European perspective of the Western Balkans. The European Council will return to this matter at its December 2011 meeting. In this context, it welcomes the arrest and transfer to the Hague Tribunal of Ratko Mladic, by which Serbia has taken a new step towards the EU.

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OTHER ITEMS

The European Council:

- appointed Mr Mario Draghi **President of the European Central Bank** from 1 November 2011 to 31 October 2019;
- adopted a declaration on the **Southern Neighbourhood** (Annex I); endorsed the new approach to relations with the **European Union's neighbourhood** as set out in the Council's conclusions of 20 June 2011 and stressed the importance of the Eastern Partnership Summit in Warsaw on 29/30 September 2011;
- endorsed the **EU Strategy for the Danube Region** and called on all relevant actors to implement it without delay, as outlined in the Council's conclusions of 13 April 2011; Member States are invited to continue work in cooperation with the Commission on possible future macro-regional strategies, in particular as regards the Adriatic and Ionian region;
- endorsed the Presidency's report on **Roma inclusion** and called for the rapid implementation of the Council's conclusions of 19 May 2011 on the EU framework for national Roma integration strategies up to 2020;
- welcomed the annual report on EU **development** aid targets, noting that whilst the EU remains by far the largest donor in the world in 2010, the intermediate collective targets for 2010 have not been reached; it reaffirmed its commitment to achieve development aid targets by 2015 as set out in its June 2005 conclusions.

DECLARATION ON THE SOUTHERN NEIGHBOURHOOD

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