



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 12 December 2008
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CONCL 5

COVER NOTE

from: Presidency

to: Delegations

Subject: **BRUSSELS EUROPEAN COUNCIL
11 AND 12 DECEMBER 2008**

PRESIDENCY CONCLUSIONS

Delegations will find attached the conclusions of the Presidency of the European Council meeting in Brussels (11 and 12 December 2008).

The European Council on 11 and 12 December 2008 approved a European Economic Recovery Plan, equivalent to about 1,5 % of the GDP of the European Union (a figure amounting to around EUR 200 billion). The plan provides a common framework for the efforts made by Member States and by the European Union, with a view to ensuring consistency and maximising effectiveness. The European Council also reached agreement on the energy/climate change package which should enable this package to be finalised with the European Parliament by the end of the year. This decisive breakthrough will enable the European Union to honour the ambitious commitments entered into in this area in 2007 to maintain its leading role in the search for an ambitious and comprehensive global agreement at Copenhagen next year. The European Council demonstrated its intent, through concrete decisions, to give new impetus to the European Security and Defence Policy in order to meet the new security challenges. Lastly, the European Council discussed the factors designed to respond to the concerns expressed during the Irish referendum and established an approach to enable the Treaty of Lisbon to come into force before the end of 2009.

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The meeting of the European Council was preceded by an exposé by the President of the European Parliament, Mr Hans-Gert Pöttering, followed by an exchange of views.

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I. The Treaty of Lisbon

1. The European Council re-affirms that the Treaty of Lisbon is considered necessary in order to help the enlarged Union to function more efficiently, more democratically and more effectively including in international affairs. With a view to enabling the Treaty to enter into force by the end of 2009, the European Council, while respecting the aims and objectives of the Treaties, has defined the following path.

2. On the composition of the Commission, the European Council recalls that the Treaties currently in force require that the number of Commissioners be reduced in 2009. The European Council agrees that provided the Treaty of Lisbon enters into force, a decision will be taken, in accordance with the necessary legal procedures, to the effect that the Commission shall continue to include one national of each Member State.

3. The European Council has carefully noted the other concerns of the Irish people presented by the Taoiseach as set out in Annex 1 relating to taxation policy, family, social and ethical issues, and Common Security and Defence Policy (CSDP) with regard to Ireland's traditional policy of neutrality. The European Council agrees that, provided Ireland makes the commitment in paragraph 4, all of the concerns set out in the said statement shall be addressed to the mutual satisfaction of Ireland and the other Member States.

The necessary legal guarantees will be given on the following three points:

- nothing in the Treaty of Lisbon makes any change of any kind, for any Member State, to the extent or operation of the Union's competences in relation to taxation;

- the Treaty of Lisbon does not prejudice the security and defence policy of Member States, including Ireland's traditional policy of neutrality, and the obligations of most other Member States;

- a guarantee that the provisions of the Irish Constitution in relation to the right to life, education and the family are not in any way affected by the fact that the Treaty of Lisbon attributes legal status to the EU Charter of Fundamental Rights or by the justice and home affairs provisions of the said Treaty.

In addition, the high importance attached to the issues, including workers' rights, set out in paragraph (d) of Annex 1 will be confirmed.

4. In the light of the above commitments by the European Council, and conditional on the satisfactory completion of the detailed follow-on work by mid-2009 and on presumption of their satisfactory implementation, the Irish Government is committed to seeking ratification of the Treaty of Lisbon by the end of the term of the current Commission.

II. Economic and financial questions

5. The economic and financial crisis is a global crisis. That is why the European Union is working together with its international partners. The Summit held in Washington on 15 November 2008 at the initiative of the EU drew up an ambitious programme of work with a view to coordinated recovery of the world economy, more effective regulation of financial markets, better global governance and the rejection of protectionism.
It should be implemented in accordance with the schedule laid down. The Council is requested to organise the preparation of this work together with the Commission and report to the Spring 2009 European Council on progress made, with a view to the next Summit on 2 April 2009 in London.
6. The EU has determined, in a coordinated manner, the emergency measures required to restore the smooth operation of the financial system and confidence among market players.
The European Council stresses the need for Member States to be able to finalise these measures without delay. It calls for their full and rapid implementation, with the assistance of all parties involved, in accordance with the framework established by the Council on 2 December 2008. The European Council urges banks and financial institutions to make full use of the facilities granted to them to maintain and support lending to the economy and pass on key interest rate reductions to borrowers. It should be ensured in this context that measures within the common framework, particularly guarantee mechanisms, are actually applied so as to help lower the cost of financing for financial institutions, for the benefit of enterprises and households.

7. The financial markets remain fragile. We must remain vigilant and continue to implement, as a priority, measures to create greater stability, supervision and transparency of the financial sector, particularly those envisaged by the ECOFIN Council road map. In this context, the European Council hopes that negotiations with the European Parliament will lead to the rapid adoption of the legislative decisions on which the Council has agreed a general approach¹. It also calls for decisions to be taken quickly on the other priority issues identified, in particular credit rating agencies, financial supervision and accounting standards.

8. The financial crisis is now impacting on the economy. The euro area, and indeed the Union as a whole, are threatened with recession. In these exceptional circumstances, Europe will act in a united, strong, rapid and decisive manner to avoid a recessionary spiral and sustain economic activity and employment. It will mobilise all the instruments available to it and act in a concerted manner to maximise the effect of the measures taken by the Union and by each Member State. In that context, Member States' policies on social protection and inclusion also have a vital part to play.

9. The European Council agrees on a European Economic Recovery Plan, described below. The plan will provide a coherent framework for action to be taken at the level of the Union as well as for measures adopted by each Member State, taking account of their individual circumstances. In line with the Commission communication of 26 November 2008, it is based on an effort equivalent in total to around 1,5 % of European Union GDP. It also envisages the initiation of priority action to enable our economies to adjust more rapidly to current challenges.

10. In this context, the European Central Bank and the other central banks have considerably reduced their interest rates: they are thereby supporting non-inflationary growth and contributing to financial stability.

¹ Draft Directives on capital requirements, solvency of insurance companies, undertakings for collective investment in transferable securities and protection of savers' deposits.

11. As regards action by the European Union, the European Council supports in particular:
- an increase in intervention by the European Investment Bank of EUR 30 billion in 2009/2010, especially for small and medium-sized enterprises, for renewable energy and for clean transport, in particular for the benefit of the automotive industry, as well as the creation of the 2020 European Fund for Energy, Climate Change and Infrastructure ("Marguerite Fund") in partnership with national institutional investors;
 - simplification of procedures and faster implementation of programmes financed by the Cohesion Fund, Structural Funds and the European Agricultural Fund for Rural Development with a view to strengthening investment in infrastructure and in energy efficiency;
 - on the basis of a list of specific projects which will be presented by the Commission, taking into account a suitable geographical balance, the mobilisation of the possibilities, in the context of the Community budget, for strengthening investment in these sectors and, through regulatory incentives, developing broadband internet, including in areas that are poorly served;
 - rapid additional action by the European Social Fund to support employment, especially for the benefit of the most vulnerable groups in the population, paying particular attention to the smallest undertakings by reducing non-wage labour costs;
 - mobilisation to promote employment in key sectors of the European economy, in particular by the European Globalisation Adjustment Fund, including through the improvement and speeding up of its procedures;
 - the possibility, for the Member States that so wish, of applying reduced VAT rates in certain sectors: the European Council requests the ECOFIN Council to settle this issue by March 2009;

- a temporary exemption of two years beyond the *de minimis* threshold for State aid in respect of an amount of up to EUR 500 000 and the adaptation of the framework, as required to increase support for enterprises, especially SMEs, and full implementation of the action plan for a Small Business Act adopted by the Council on 1 December 2008;
- the use for 2009 and 2010 of the accelerated procedures in the public procurement directives, which is justified by the exceptional nature of the current economic situation, in order to reduce from 87 to 30 days the length of the tendering process for the most commonly-used procedures for major public projects;
- a continued general and significant reduction in administrative burdens on business.

The European Council invites the European Parliament, the Council and the Commission to adopt the necessary decisions, including, where appropriate, as regards the regulatory framework, in full compliance with the current financial perspective and the procedures of the Interinstitutional Agreement, in accordance with as speedy a timetable as possible.

12. For their part, Member States have already taken a number of important measures, in response to their specific circumstances and reflecting their different scope for action. An increased, coordinated effort is required, given the scale of the crisis, within the framework of a common approach based on the following guidelines:

- measures to support demand must aim to produce immediate effects, be of limited duration and be targeted at the sectors most affected and the most important as regards the structure of the economy (e.g. the automotive industry and the construction sector);
- depending on national circumstances, these measures may take the form of increased public spending, judicious reductions in tax burdens, a reduction in social security contributions, aid for certain categories of enterprises or direct aid to households, especially those which are most vulnerable;
- they are to be accompanied by increased efforts to implement the structural reforms envisaged in the Lisbon Strategy. These reforms should be oriented towards increased funding for investment and infrastructure, improving the competitiveness of enterprises, greater support for SMEs, and the promotion of employment, innovation, research and development, as well as education and training.

13. The European Council emphasises that the revised Stability and Growth Pact remains the cornerstone of the EU's budgetary framework. It affords the flexibility for all the Recovery Plan measures to be implemented. Aware that the latter will temporarily deepen the deficits, the European Council reaffirms its full commitment to sustainable public finances and calls on the Member States to return as soon as possible, in accordance with the Pact and keeping pace with economic recovery, to their medium-term budgetary targets.
14. In the current circumstances, the application by the Commission of the competition rules must also respond to the need for fast and flexible action. In this context, the European Council welcomes inter alia the Commission's adoption of new guidelines for financial institutions and calls for their rapid implementation.
15. The European Council is convinced that this ambitious recovery plan, which converges with similar initiatives implemented by the other main economies of the planet, will make a decisive contribution to the European economy's rapid return to the path of growth and job-creation. It will evaluate, from its March 2009 meeting, how well the recovery plan has been implemented and may add to it or adapt it as necessary.
16. The European Council invites the Council and the Commission to initiate a dialogue with the oil producing countries to seek ways of achieving a lasting stabilisation of energy prices.
17. The European Council endorses the objective of arriving this year, within the World Trade Organisation, at an agreement on the modalities leading to the conclusion of the Doha Development Agenda with an ambitious, global and balanced result.

18. Europe must continue to invest in its future. That is the price of its future prosperity. The European Council calls for the launching of a European plan for innovation, combined with the development of the European Research Area and with reflection on the future of the Lisbon Strategy beyond 2010, encompassing all the conditions for sustainable development and the main technologies of the future (inter alia energy, information technology, nanotechnologies, space technology and services derived from it, and life sciences).

III. Energy and climate change

19. The European Council applauds the results of the work undertaken with the European Parliament, under the co-decision procedure, which has given rise to broad agreement in principle on the bulk of the four proposals in the energy/climate legislative package. It also applauds the full agreement on the legislative proposals concerning light vehicles' CO₂ emissions and fuel quality and the Renewables Directive.
20. The European Council discussed the issues raised by the implementation of the package, and the questions still outstanding. It reached agreement on the points contained in 17215/08.
21. The European Council invites the Council to seek agreement with the European Parliament on the basis of the above, to enable a first-reading agreement to be reached on the whole package by the end of the year.

22. This package will implement the ambitious energy and climate commitments entered into by the European Union in March 2007 and March 2008, especially the target of a 20 % reduction in greenhouse gas emissions by 2020. The European Council confirms the European Union's commitment to increasing this reduction to 30 % within the framework of an ambitious and comprehensive global agreement in Copenhagen on climate change for the period after 2012 on condition that the other developed countries undertake to achieve comparable emission reductions and that the economically more advanced developing countries make a contribution commensurate with their respective responsibilities and capabilities.
23. The Commission will present to the European Council in March 2010 a detailed analysis of the results of the Copenhagen Conference, including the move from 20 % to 30 % reduction. On this basis the European Council will make an assessment of the situation, including its effects on the competitiveness of the European industry and the other economic sectors.
24. In the context of this agreement and of the Economic Recovery Plan, it is imperative to intensify action to improve the energy efficiency of buildings and energy infrastructure, to promote green products and to support the automotive industry's efforts to produce more eco-friendly vehicles.
25. The Union's efforts to combat climate change are coupled with resolute action to enhance its energy security, including interconnections and the connection of the most isolated European countries. In this respect, the European Council asks the Council, on the basis of the guidelines defined in its October 2008 conclusions, to conduct a rapid examination of the Energy Security and Solidarity Action Plan presented by the Commission, in preparation for its March 2009 meeting.

IV. Common Agricultural Policy

26. The European Council underlines the importance of the agreement reached in the Council on the "Health Check" of the Common Agricultural Policy.
27. The European Council expressed its support for Ireland's effort to deal with the situation relating to pigmeat and its prompt precautionary action. It invites the Commission to support farmers and slaughterhouses in Ireland by way of co-financed measures to remove relevant animals and products from the market.

V. External relations and European Security and Defence Policy

European Neighbourhood Policy

28. The European Council endorses the guidelines evolved at the ministerial meeting in Marseilles on 3 and 4 November 2008, which made it possible to define the working methods of the Union for the Mediterranean. Within the framework of the structures put in place, it calls for the further ambitious implementation of this initiative in all its dimensions.
29. Likewise, the Eastern Partnership will bring about a significant strengthening of EU policy with regard to the Eastern partners of the European Neighbourhood Policy¹ in a bilateral and multilateral framework, to complement the other forms of cooperation already existing in the Union's neighbourhood, such as the Black Sea Synergy, which will have to be taken into account. The Eastern Partnership should help the partner countries to make progress in their reform processes, thereby contributing to their stability and helping to bring them closer to the EU. The European Council welcomes the proposals put forward by the Commission in its communication of 3 December 2008 and instructs the Council to study them and to report back with a view to this ambitious initiative being approved at its meeting in March 2009 and the Eastern Partnership being launched at a summit meeting with the partner countries organised by the incoming Czech Presidency.

¹ Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine.

European Security and Defence Policy

30. The European Council states its determination to give, by means of the attached declaration¹, a fresh impetus to the European Security and Defence Policy. Compliant with the principles of the United Nations Charter and the decisions of the United Nations Security Council, this policy will continue to develop in full complementarity with NATO in the agreed framework of the strategic partnership between the EU and NATO and in compliance with the decision-making autonomy and procedures of each. To this end, the European Council shares the analysis of the report on the implementation of the European Security Strategy of 2003 and endorses the declarations adopted by the Council², which agree on new goals for strengthening and optimising European capabilities in the years ahead and emphasise the EU's desire to work for the cause of international peace and security, while making a tangible contribution to the security of its citizens.
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¹ See Annex 2.

² See references in Annex 6.

**Statement of the Concerns of the Irish People on the Treaty of Lisbon
as set out by the Taoiseach**

- a) Ensuring that Ireland's requirements regarding maintenance of its traditional policy of neutrality are met;
- b) Ensuring that the terms of the Treaty of Lisbon will not affect the continued application of the provisions of the Irish Constitution in relation to the right to life, education and the family;
- c) Ensuring that in the area of taxation the Treaty of Lisbon makes no change of any kind to the extent or operation of the Union's competences;
- d) Confirming that the Union attaches high importance to:
 - social progress and the protection of workers' rights;
 - public services, as an indispensable instrument of social and regional cohesion;
 - the responsibility of Member States for the delivery of education and health services;
 - the essential role and wide discretion of national, regional and local Governments in providing, commissioning and organising non-economic services of general interest which is not affected by any provision of the Treaty of Lisbon, including those relating to the common commercial policy.

Declaration of the European Council

Treaty of Lisbon – Transitional measures concerning the Presidency of the European Council and the Presidency of the Foreign Affairs Council

In the event that the Treaty of Lisbon enters into force at a date when a six-monthly Presidency of the Council has already begun, the European Council agrees that, as a matter of transition, in order to take into account the preparatory work and ensure harmonious continuity of work:

- the competent authorities of the Member State holding the six-monthly Presidency of the Council at that time will continue to chair all the remaining meetings of the Council and the European Council, as well as third-country meetings, until the end of the period of office;
- the following six-monthly Presidency of the Council will be in charge of taking the necessary specific measures relating to the organisational and material aspects of the Presidency of the European Council and of the Foreign Affairs Council during its period of office, in conformity with the Treaty. On these issues, close consultation will be established between this Presidency and the President (elect) of the European Council and the High Representative (designate) of the Union for Foreign Affairs and Security Policy.

Declaration of the European Council

Treaty of Lisbon – Transitional measures concerning the composition of the European Parliament

In the event that the Treaty of Lisbon enters into force after the European elections of June 2009, transitional measures will be adopted as soon as possible, in accordance with the necessary legal procedures, in order to increase, until the end of the 2009-2014 legislative period, in conformity with the numbers provided for in the framework of the IGC which approved the Treaty of Lisbon, the number of MEPs of the twelve Member States for which the number of MEPs was set to increase. Therefore, the total number of MEPs will rise from 736 to 754 until the end of the 2009-2014 legislative period. The objective is that this modification should enter into force, if possible, during the year 2010.

Declaration of the European Council

Treaty of Lisbon – Appointment of the future Commission

The European Council agrees that the process of appointment of the future Commission, in particular the designation of its President, will be initiated without delay after the European Parliament elections of June 2009.

**DECLARATION BY THE EUROPEAN COUNCIL ON THE ENHANCEMENT OF
THE EUROPEAN SECURITY AND DEFENCE POLICY (ESDP)**

1. Over the last ten years, the European Union has established itself as a global political player. It has assumed increasing responsibilities, as witnessed by its ever more ambitious and diversified civilian and military operations in the service of effective multilateralism and peace.
2. The Union's action continues to be based on a shared analysis of the threats and risks affecting the common interests of Europeans. The European Council here endorses the analysis presented by the Secretary-General/High Representative, in consultation with the Commission, in the document reviewing the implementation of the 2003 security strategy so as to improve it and add new elements to it. This document reveals the continuing existence of the threats identified in 2003 as well as the emergence of fresh risks likely to threaten the security of the EU, directly or indirectly, which it has to tackle globally.

3. In order to rise to these challenges, the European Council intends to make good the shortfall in the resources available in Europe by gradually improving civilian and military capabilities. This effort is also the prerequisite for allowing Europeans to assume in a credible and effective manner their responsibilities under a renewed transatlantic partnership, to which the European Council reaffirms its commitment. To this end, it subscribes to the declaration on capabilities adopted by the Council, which sets numerical and precise targets to enable the EU, in the coming years, to conduct simultaneously, outside its territory, a series of civilian missions and military operations of varying scope, corresponding to the most likely scenarios.¹

4. This renewed goal requires a commitment to develop robust, flexible and interoperable capabilities. This will entail, on a voluntary basis, innovative forms of specialisation, pooling and sharing of major equipment projects, with priority being given to planning, crisis management, space and maritime security. In this respect the declaration on capabilities highlights several concrete projects in key sectors. The European Council voices its determination to support this effort in the long term and calls on the Member States to convert these commitments into national requirements in terms of equipment.

¹ Europe should actually be capable, in the years ahead, in the framework of the level of ambition established, inter alia of deploying 60 000 men in 60 days for a major operation, within the range of operations envisaged within the headline goal for 2010 and within the civilian headline goal for 2010, of planning and conducting simultaneously:

- two major stabilisation and reconstruction operations, with a suitable civilian component, supported by a maximum of 10 000 men for at least two years;
- two rapid response operations of limited duration using inter alia the EU's battle groups;
- an emergency operation for the evacuation of European nationals (in less than ten days), bearing in mind the primary role of each Member State as regards its nationals and making use of the consular lead State concept;
- a maritime or air surveillance/interdiction mission;
- a civilian-military humanitarian assistance operation lasting up to 90 days;
- around a dozen ESDP civilian missions (inter alia police, rule of law, civil administration, civil protection, security sector reform and observation missions) of varying formats, inter alia in a rapid reaction situation, including a major mission (possibly up to 3 000 experts), which could last several years.

For its operations and missions, the European Union uses, in an appropriate manner and in accordance with its procedures, the resources and capabilities of Member States, of the European Union and, if appropriate for its military operations, of NATO.

5. Restructuring of the European defence technological and industrial base, in particular around centres of European excellence, avoiding duplication, in order to ensure its soundness and its competitiveness, is a strategic and economic necessity. It calls for a strengthening of corporate governance mechanisms, for an increased research and technology drive and for making the European armaments market more dynamic. In this connection, the European Council calls for early finalisation of the Directives on intra-Community transfer of defence goods and on defence procurement.

The European Council also supports the decision to launch an initiative, based on the Erasmus programme, to promote exchanges of young European officers.

6. The European Council would encourage the efforts of the Secretary-General/High Representative to establish a new, single civilian-military strategic planning structure for ESDP operations and missions.
7. The European Council states the Union's determination to continue its support for the United Nations and for the efforts made by regional security organisations, including the African Union, to promote international peace and security. It also reaffirms the goal of strengthening the strategic partnership between the EU and NATO in order to address current needs, in a spirit of mutual enhancement and respect for their decision-making autonomy. To this end, it backs the setting up of an informal EU-NATO high-level group to improve cooperation between the two organisations on the ground in a pragmatic manner. It recalls the need to exploit fully the approved framework that enables European allies which are not members of the EU to be associated with the ESDP, in compliance with EU procedures.

8. Lastly, the European Council endorses the declaration on international security adopted by the Council, which decides on specific actions to enable the EU to play a more active role in combating terrorism, proliferation of weapons of mass destruction, organised crime and cyber-attacks. It asks the Council and the Member States to give substance to it by adopting appropriate policies and instruments.
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European Council Declaration on the Middle East

The Middle East Peace Process will remain a top priority for the European Union in 2009. A just, lasting and comprehensive peace is urgently needed. The EU will do all it can both practically and politically to drive the peace process forward next year, working closely with our international partners, and in particular in the Quartet, to promote a solution to the Israel/Palestine conflict on the basis of two states living in peace and security. The EU will also support talks between Israel and Syria, and if possible Lebanon. The European Council welcomes efforts to reinvigorate the Arab Peace Initiative (including the Arab Foreign Ministers' letter to President-elect Barack Obama) as part of a comprehensive approach for a peace between Israel and the whole region. We urge the United States under its new Administration to join us in making the Middle East Peace Process an immediate and central priority.

European Council Declaration on Zimbabwe

The European Council expressed its serious concerns over the worsening humanitarian situation in Zimbabwe. It demanded the immediate release of people held incommunicado such as human rights defender Mrs Mukoko. It called for immediate access of humanitarian aid, notably in view of the expanding cholera epidemic.

More than ever before, it is urgent that a solution be found by all legitimate political parties that reflects the outcome of the elections earlier this year.

European Council Declaration on sport

The European Council recognises the importance of the values attached to sport, which are essential to European society.

It stresses the need to take account of the specific characteristics of sport, over and above its economic dimension.

It welcomes the establishment of a constructive dialogue at the first European Sport Forum organised by the European Commission.

It calls for the strengthening of that dialogue with the International Olympic Committee and representatives of the world of sport, in particular on the question of combined sports training and education for young people.

List of reference documents submitted to the European Council

- Report by the Secretary-General/High Representative on the European security strategy (17104/08)
- Council declaration of 8 December 2008 on the enhancement of the capabilities of the European Security and Defence Policy (16840/08)
- Council declaration of 8 December 2008 on international security (16751/08).
- Council conclusions of 8 December 2008 on the inclusion of Roma (15976/1/08 REV 1)
- Council conclusions of 8 December 2008 on the integrated maritime policy (16503/1/08 REV 1)
- Council conclusions of 8 December 2008 on enlargement (16981/08)
- Declaration of 22 October 2008 by the European Parliament, the Council and the Commission on communicating Europe in partnership (13712/08)
