President,

Honourable Members,

I am pleased to have this opportunity to discuss with you the preparations for tomorrow’s meeting of the European Council.

As you know, President Van Rompuy has taken the initiative to organise regular thematic discussions in the European Council with the aim of ensuring that all EU policies contribute to promoting the objectives of improved competitiveness, job creation and strong and sustainable economic growth. These debates are important in themselves in ensuring that key horizontal challenges which the Union faces are worked through and direction given at the highest level and beyond the Council formation in which they are normally treated but also inasmuch as they can feed into a more wide-ranging discussion on the economic and social challenges Europe faces, and indeed into the Europe 2020 strategy discussions.
Tomorrow's European Council will discuss and establish the direction for further work on two policy areas which are crucial for Europe's economy: energy and elements of taxation.

On energy, the Council will build on discussions under the Irish Presidency, including at the informal meeting of energy ministers in Dublin recently.

Ensuring the uninterrupted supply of affordable and sustainable energy is of critical interest to individual citizens, who are affected directly by any interruption or threatened interruption in supply, and the impact of high energy prices.

They are equally essential for ensuring that industry - and the jobs that go with it - remains in Europe, are a important factor in attracting new industrial investment, and can, I think, therefore be considered as a key condition for a return to growth.

To secure the objective of affordable and sustainable energy, and to ensure the reliability of supply, we have to meet our objective of completing the internal energy market by 2014 and of developing greater interconnection. Tomorrow's European Council will set out the additional work which is required in order to meet these objectives within the agreed timeframe.

Interconnections - and the modernisation of energy infrastructure generally - require very significant investment.

This is largely expected to come from the private sector, which means we must be able to offer a predictable and reliable climate and energy policy framework in which investment can be encouraged. The European Council will set priorities for action needed to facilitate investment, using the TEN-E or structural funds, as well as through the EIB, and will also address the regulatory environment and where priorities lie for improvement.
Particular stress will be placed on the need to improve energy efficiency - the cheapest energy is that which we do not use! Innovative financing methods, more systematic supply diversification and improved liquidity in the internal energy market can all contribute to reducing energy costs. The Commission has agreed to prepare an analysis of the composition and drivers of energy prices and costs by the end of the year.

Tomorrow's European Council will also discuss tax issues, and in particular the problem of tax evasion.

It is crucial, in the current difficult economic climate, to tackle tax evasion and fraud. At a time of fiscal consolidation, we must take action to protect revenues if we are to ensure the confidence of citizens in the fairness and effectiveness of our tax systems.

This is an issue which has rightly become the focus of public attention, and is an issue to which the Presidency attaches particular importance. That is why we support the initiative of President Van Rompuy to put this issue on the agenda of tomorrow's European Council. It is why Minister Noonan as Chair of ECOFIN, together with Commissioner Semeta, took the initiative of spelling out key areas where concrete action can be delivered in the short term.

We welcome the close interest of the Parliament in this issue. And I would like to take this opportunity to acknowledge the work which Mojca KLEVA and Ildiko GALL-PELCZ have put into their respective reports on this subject.

Tomorrow's discussions will in part build on the very positive outcome on these issues at last week's ECOFIN Council. For example the announcement of a pilot facility for the automatic exchange of information between administrations is a useful contribution to further work in this area both within the EU and internationally.
At the EU level, the Commission intends in June to propose amendments to the Directive on administrative cooperation in order for the automatic exchange of information to cover the full income range. At the international level, the EU will play a key role in supporting and promoting the automatic exchange of information as the new international standard, taking account of existing EU arrangements.

Following the agreement at ECOFIN last week on a mandate to update the EU's agreements with Switzerland, Liechtenstein, Monaco, Andorra and San Marino, we hope that negotiations will begin very soon to ensure that these countries continue to apply measures equivalent to those in the EU.

There is also consensus on the scope of the revised Directive on the taxation of savings income, which should enable it to be adopted by the Council by the end of the year.

Further work includes measures to counter VAT fraud, where the Council is due to adopt directives on the quick reaction mechanism and on the reverse charge mechanism by the end of June, and cooperation in the area of tackling aggressive tax planning and profit shifting, both within the EU and more widely.

President,
Honourable Members

Tomorrow's European Council is a relatively short meeting, but the two main issues to be addressed are critical for the future competitiveness of Europe. We look forward to constructive discussions and concrete results which we will be taking forward in the months to come.

I thank you for your attention.