



**Re-Define Press Release – European Council
9th December 15:15 CET**

Please find below **Re-Define's** Comments on the outcome of the European Council. All comments are attributable to **Sony Kapoor**, Managing Director of Re-Define an Economic Think Tank.

General

"The absence of any credible growth plan means that the economic situation in the Euro area would continue to deteriorate."

"In agreeing to give up more national sovereignty EU leaders have signalled a strong political commitment to the Euro." "This may help repair some of the damage done by the irresponsible talk of euro exits."

"The possibility of additional ECB support remains unclear, there are no credible plans for restoring growth and the institutional reform discussions are incomplete and uncertain. This is not the sort of stuff that inspires confidence."

On the fiscal compact

"At this time, the Fiscal Compact is a statement of intent, nothing more and nothing less."

"A fiscal union is needed as a complement to a monetary union. This is only an agreement for fiscal coordination, nothing more."

"There is a huge difference between a member state's commitment to meet fiscal targets and its actual ability to do. This does nothing to address the latter."

"Such strict fiscal rules would undoubtedly hobble governments in their efforts to tackle economic shocks."

"While tighter fiscal straitjackets may avoid a repeat of the Greek and Italian problems, these would do little to stop another Ireland and Spain from getting into trouble again."

"The whole discussion on the fiscal compact has conveniently neglected the fact that both Ireland and Spain were stellar fiscal performers."

On the UK's decision to isolate itself

"This is a sad day for British diplomacy. Mr Cameron overplayed his hand and his bluff was called."

"No one was expecting the UK to bid itself into the fiscal compact. It would undoubtedly have secured the kind of opt out that it already has on joining the Euro."

"No matter what happens now, the UK has isolated itself and lost critical influence for no gain whatsoever."

"There is something surreal in the UK's claim to have been trying to defend the City's interest when on important regulations to do with the capital, liquidity and structure of financial institutions the UK is actually going further than the EU plans to."

"The UK's refusal to play ball has meant the EU institutional structures would fragment even more. This is the last thing the EU needs."

"It's far from obvious to anyone looking at UK demands to see how exactly they promoted the UK's national interest. In pursuing these ambiguous and fuzzy demands, the UK has lost concrete influence and may come to regret this."

"No one was expecting the UK to bind itself into the fiscal compact. It would undoubtedly have secured the kind of opt out that it already has on joining the Euro."

On stabilization tools, ESM, IMF, ECB and the Eurocrisis

"The details of when and how the additional resources to the IMF would be provided are much more important than the in-principle agreement."

"The presently expedient rolling back of the Private Sector Involvement clause of the ESM may turn out to be a mistake over the longer term."

"The additional flexibility of the ESM decision making would, if agreed to, stop any one member state from holding the Euro zone hostage."

"As things stand now the combined firepower of the EFSF the ESM and the newly announced IMF facility adding up to a possible Euro 600 billion would still not be enough to restore full confidence in the Euro area economies."

"After Mr Draghi's hawkish comments yesterday and the weak conclusions of the European Council today, it is hard to see how confidence in the Euro zone could rebound."

"In terms of stabilizing the economic situation in the Euro zone this summit has been underwhelming, characterized by overpromising and under delivery."

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