



**EUROPEAN COUNCIL
THE PRESIDENT**



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**Speech by President Herman Van Rompuy
during the signing ceremony of the
Treaty on Stability, Coordination and Governance
of the Economic and Monetary Union**

You are about to sign a Treaty which constitutes an important step in re-establishing the confidence in our Economic and Monetary Union.

It has been drafted with care, because the stakes are high. It has been drafted with speed, because a crisis requires a swift response. Yet once this Treaty enters into force, its effects will be deep and long-lasting.

I would like to highlight three points. First: stability. By signing, all of you commit to bring a strong fiscal rule into your national legislation, preferably at a constitutional level. It will have binding effects and a permanent character.

The transposition of this rule takes place under the control of the European Court of Justice. As contracting parties, you have agreed arrangements for the implementation of the relevant provision, article 8, which will be attached to the minutes of this signing ceremony.

This stronger self-constraint by each and everyone of you as regards debts and deficits is important in itself. It helps prevent a repetition of the sovereign debt crisis. It will thus also reinforce trust among Member States, which is politically important as well.

The restoration of confidence in the future of the Eurozone will lead to economic growth and jobs. This is our ultimate objective. The targets on deficits and debts are intermediate targets, no aim in itself.

P R E S S

Dirk De Backer - Spokesperson of the President - (+32 (0)2 281 9768 - +32 (0)497 59 99 19
Jesús Carmona - Deputy Spokesperson of the President - (+32 (0)2 281 9548 / 5150 - +32 (0)475 65 32 15
press.president@consilium.europa.eu <http://www.consilium.europa.eu/>

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Second point: coordination. The Treaty contains a commitment to deepen economic coordination and it provides the tools to do so. These tools will have to be exploited in all areas essential to the proper functioning of the euro area. It will bring us, as it were, an Economic and Monetary Union that is finally "walking on two legs". In my view, these provisions are promising and we will have to ensure that we will implement them.

Third point: governance. The Treaty formalises the existence of summits of the Eurozone, allowing those who share the single currency to take certain decisions while involving, where appropriate, the other contracting parties as well as informing the other members of the European Union. I think we here have achieved a fine balance between the 17, the 25 and the 27 -- workable for all.

There are two other legal and political balances we have achieved. One is between Union law and this Fiscal Compact.

Regrettably, it proved not possible to achieve our objectives via a regular revision of the EU Treaty, so we are working outside of it. Yet everything has been done to bring in the guarantees and qualities which only the EU's institutional actors can provide, in particular the European Commission and the Court of Justice. The so-called "repatriation clause", committing us to take steps to incorporate the substance of this Treaty into Union law five years after its entry into force, clearly sets the direction.

The other and final political balance partly falls outside this Treaty. Since the sovereign debt crisis erupted two years ago, we have all along dealt with it by moving forward on two parallel fronts: responsibility and solidarity. On the one side enhancing the responsibility of individual countries, on the other giving concrete form to the solidarity that each has towards the whole. This Treaty is a major step towards more responsibility, just like, for instance, the Treaty on the European Stability Mechanism is a major step towards more solidarity. We should not forget this bigger picture.

But first, after today's signature, comes the moment of ratification. You now all have to convince your parliaments and voters that this Treaty is an important step to bring the euro durably back into safe waters. I am most confident you will succeed.

The treaty is short and sharp, its benefits are clear, and above all, you are all gifted politicians -- otherwise you would not be here!

So let us bring the child to life under its full name: the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union!

Full text of the Treaty

<http://european-council.europa.eu/eurozone-governance/treaty-on-stability>