

Presidency Statement

COMMUNICATION ON THE AGREEMENT ON ECONOMIC GOVERNANCE PACKAGE FOR THE EU

The intensive work on the six legal acts improving economic governance in the EU has been finalised. Today Finance Ministers of the EU have reached an agreement on a few outstanding issues.

The package – five regulations and one directive – has been subject to intense negotiations between the Council and the European Parliament in co-operation with the European Commission. Earlier, the Parliament had tabled over 2 000 proposals for amendments to the six draft legal acts presented by the Commission in September 2010. In Wrocław Finance Ministers of the EU managed to resolve all the outstanding issues which will allow for a speedy formal finalization of the package. The critical changes include:

- enhancing the decision-making process of the Council in the so-called preventive part of the Stability and Growth Pact;
- improving the dialogue on macroeconomic issues between European institutions;
- surveillance of excessive macroeconomic imbalances covering countries with both current account deficits and surpluses, with their appropriate treatment.

The results of the meeting of Finance Ministers allow the Presidency to complete the necessary formal procedures. This will make it possible for the European Parliament to vote the package already at the September plenary session. Then the ECOFIN Council will formally adopt it on 4 October. This will enable the new economic governance rules enter into force as early as possible.

Economic governance legislative package is designed to strengthen economic governance in the EU, and especially in the euro area. Four of six proposals deal with fiscal issues, including a reform of both preventive and corrective part of the Stability and Growth Pact. A new directive on requirements for budgetary frameworks will ensure that national budgetary frameworks reflect the objective of increasing fiscal discipline in the EU. Moreover, the surveillance of the Member States' economic policies will be broadened through introduction of a mechanism for the prevention and correction of excessive macroeconomic imbalances. A new "excessive imbalance procedure" with corresponding potential sanctions for non-compliance will be established.

The new rules will improve budgetary discipline in the Member States and strengthen stability of the EU economy.

Main elements of the package are:

- strengthening of the debt criterion in the corrective part of the Stability and Growth Pact, in addition to the deficit criterion;
- sanctions for non-compliance of euro area countries with the Pact rules extended and applied at an earlier stage – sanctions will be imposed more automatically and the Commission will play a stronger role in the surveillance procedure;
- improved transparency in the decision-making process in the EU economic governance, and establishment of a new "economic dialogue" between the EU institutions;
- better ownership of EU commonly agreed rules and policies by national governments and Parliaments.

The agreement constitutes a strong signal towards the investors and financial markets. Being a visible evidence that the EU and its institutions are able to act unequivocally, also it clearly proves Europe's capability to respond decisively to the challenges.

The Polish Presidency would like to express its gratitude to all the parties that have contributed to this quantum leap in strengthening of not only the European economic governance but also the EU project itself.