

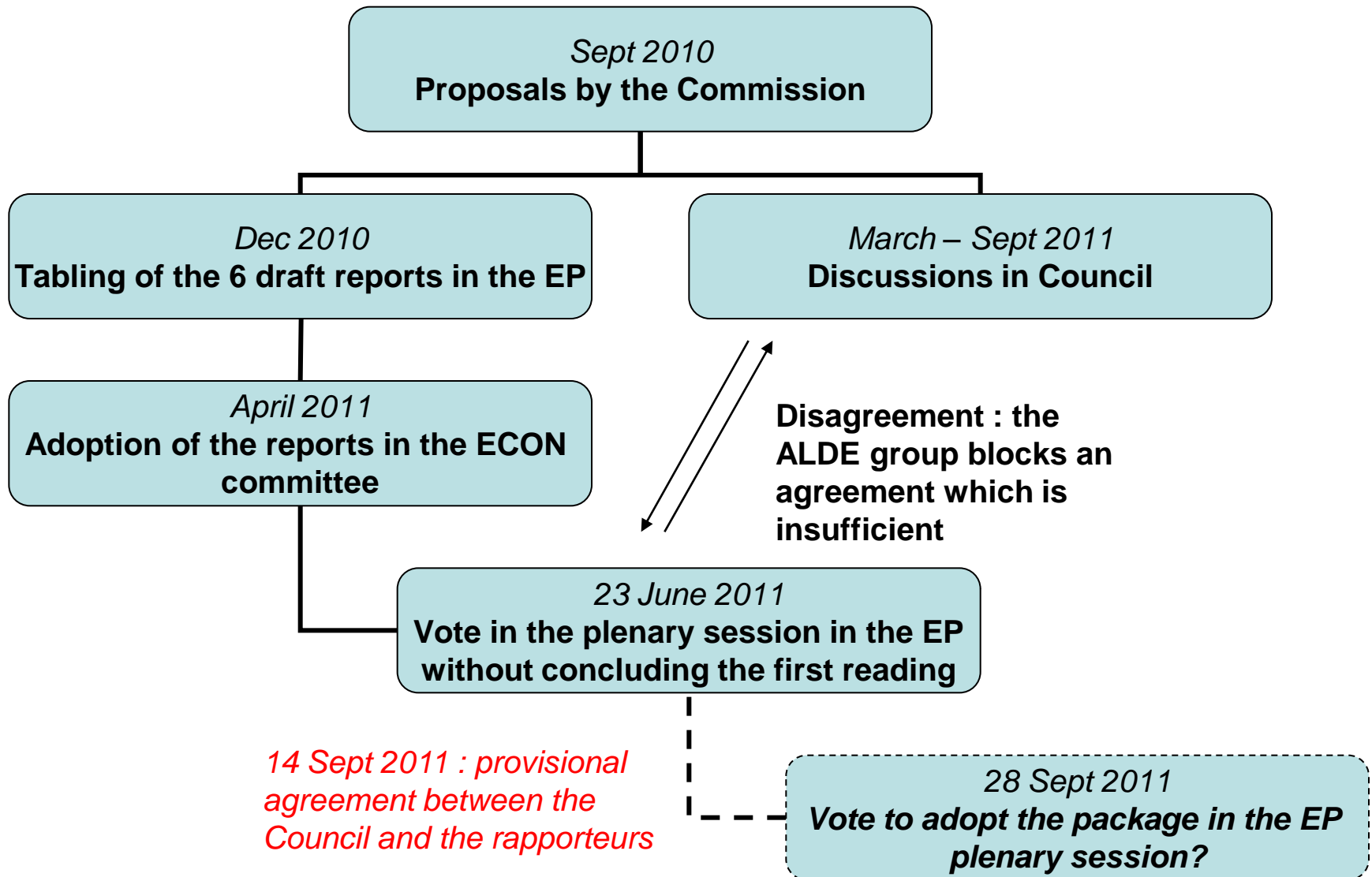
# The « 6 pack »

## The Economic Governance Package

- This is the **1st time** that the European Parliament has partaken in the definition of economic governance
- Via the adoption of 6 texts, of which 4 are through **codecision**

In the Parliament, 6 rapporteurs : Feio (EPP), Ferreira (S&D), Ford (ECR), Goulard (ALDE), Haglund (ALDE) et Wortmann-Kool (EPP)

# A reminder of the legislative stages



# Outcome of the negotiations

- The summer of 2011 has shown that it is essential to:
  - find a credible solution to reassure the markets now
  - pursue thorough reforms for the future
- The agreement reached today goes further than that proposed in June 2011 : **we were right to insist on greater discipline, convergence and democracy**

# What is in the package?

## I. To harmonise national budgetary frameworks

*Ford report*

## II. To reinforce budgetary discipline: a revised Stability and Growth Pact

*Wortmann-Kool, Feio and Goulard reports*

## III. To favour the convergence of Member States' economies: controlling macro-economic imbalances

*Ferreira and Haglund reports*

## IV. A step towards « Eurobonds »

*Goulard report*

# I. To harmonise national budgetary frameworks

*Ford report*

- More demanding rules concerning the adoption of national budgets
- **The independence of national statistical institutes**
- Sanctions if figures sent to the EU have been **falsified**

## II. To reinforce budgetary discipline

- **Prevent future deficits by reducing the amount of haggling**

*Wortmann-Kool report*

- **Greater automaticity**

### Note on the voting procedures in the Council

*In the preventive arm of the SGP:* If the recommendation by the Commission is neither adopted nor examined then the Commission can retable its recommendation after one month. The text is then considered adopted unless a simple majority of the Member States are opposed.

*For the sanctions and the control of macro-economic imbalances:* vote by « reversed » qualified majority

- **Greater transparency with « comply or explain » : the Council must explain itself if it does not follow the Commission's recommendations**

- **Posterior corrections : gradual dissuasive sanctions**

*Feio et Goulard*

## II. To reinforce budgetary discipline

- Clarification of the application of **debt criteria**:
  - Maximum 60% of GDP
  - Pace of degression
  - Taking into account « relevant factors » on a case by case basis

*Feio  
report*

- **Progressive sanctions:**

- An interest bearing deposit
- A non-interest bearing deposit
- A fine if the Member State still does not take the necessary measures to attempt to correct its excessive deficit

*Goulard  
report*

# III. To favour the convergence of Member States' economies

*Ferreira  
report*

- The introduction of a **new procedure** to detect macro-economic imbalances
  
- **Fairness** : all Member States are monitored
  - Deficits are taken into account
  - Surpluses are taken into account

# III. To favour the convergence of Member States' economies

*Haglund*

In the macro-economic arm:

- Sanctions only if **no efforts to correct** are made by the Member State
- **Adjustable sanctions:** deposit with interest then only a fine
- The assessment of surplus/deficit Member States may differ

# IV. A step towards Eurobonds

*Goulard report*

- The Commission commits itself to publish a report before the end of 2011 on Eurobonds, with legislative proposals for:
  - **Joint debt**
  - Limited to a **proportion of the debt**
  - With a **liquidity premium** in order to contain the costs for 'AAA' Member States
- The objectives are to:
  - Benefit from **advantages of a global currency**
  - Use the market as an **incentive to reduce indebtedness**

# Focus on « Economic Dialogue »

*All the reports*

The establishment of a transparent « **economic dialogue** » in the European Parliament:

- **With the Member States:** the European Parliament may offer the opportunity to national finance ministers to come and explain their situations
- **Between the European Institutions with the « comply or explain » mechanism:** The Council must explain itself publically if it does not follow the recommendations of the Commission

# The « European Semester »

*Wortmann-Kool report*

The inclusion of the « **European Semester** »  
in legislation:

- Dialogue between the European level and the national parliaments