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EUROPEAN COUNCIL
THE PRESIDENT

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Brussels, 28 September 2011
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PRESSE 336
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**President of the European Council, Herman Van Rompuy,
welcomes today's agreement
on the economic legislative package**

"I welcome today's vote in the European Parliament on a package of six legislative proposals on economic governance.

The so-called "six-pack" will strengthen economic governance in the EU – and more specifically in the euro area – as part of the EU's response to the current turmoil on sovereign debt markets. The work of the Task force on economic governance that I had the honour to chair paved the way to this fundamental agreement.

The measures set out to ensure the degree of coordination and surveillance necessary to avoid the accumulation of excessive imbalances and to ensure sustainable public finances. This will enable the EU's monetary union to function properly in the long term.

I would like to thank particularly the Presidency of the Council for the intensive negotiations with the Parliament that lead to today's agreement."

Background

The measures set out in the legislative package aim to:

- Enhance budgetary discipline under the EU's Stability and Growth Pact, in order to ensure a satisfactory decline of public debt in the member states (four proposals). This will involve enhancing the surveillance of fiscal measures, strengthening national fiscal frameworks, and applying enforcement for non-compliant member states more consistently, more effectively and at an earlier stage.

P R E S S

Dirk De Backer - Spokesperson of the President - ☎
Jesús Carmona - Deputy Spokesperson of the President - ☎

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- Broaden the surveillance of the member states' economic policies beyond the budgets, so as to cater adequately for macroeconomic imbalances (two proposals). An alert mechanism will be introduced for the early detection of imbalances, to be assessed using a "scoreboard" of economic indicators, as well as an "excessive imbalance procedure" with enforcement for non-compliant Member States.
 - When adopting recommendations and decisions in the context of budgetary and macroeconomic surveillance, the Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly.
 - Under certain conditions, a decision on non-compliance of member states with the preventive arm of the Stability and Growth Pact is adopted by the Council if not rejected by simple majority.
 - In the context of macroeconomic imbalances, the texts provide a new tool for early identification of excessive imbalances. Combined with a possibility to impose financial sanctions to those countries that do not take corrective action to reduce excessive imbalances, the Excessive Imbalance Procedure is a major step forward to prevent future crisis.
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