



Fiscal union: EP representatives "cautiously optimistic"

Committees: Committee on Economic and Monetary Affairs / Committee on Constitutional Affairs

The draft international agreement on enhanced economic governance lacks measures to promote growth and alone would not solve the crisis, the three EP representatives on the drafting group said on Thursday. The MEPs were nonetheless "cautiously optimistic" that some of their demands would be included in the final version of the text.

"Fiscal compact" drafting group members Elmar Brok (EPP, DE), Roberto Gualtieri (S&D, IT) and Guy Verhofstadt (ALDE, BE), briefed the Constitutional Affairs Committee on the progress of negotiations and agreed that what the draft agreement lacks most is "a clear reference to growth".

EP will fight to add a growth dimension to fiscal discipline

"There are two things we now have to look at: transposition into domestic law and the use of the deficit procedure", said Mr Brok. One weakness in the latest draft of the agreement is the role given to the European Court of Justice, which is entrusted with the task of fining Member States that fail to implement the provisions, "something that was not the EP's intention", he said.

A positive development is the possibility for the EP President to be invited to Euro summits, according to Brok. "We fear the fiscal measures alone are not going to solve the crisis - growth must be included in the text too", he concluded, stressing that the EP would fight for this in the coming weeks.

"Cautious optimism"

"It is a delicate moment to draw conclusions, as the process is not yet over", said Mr Gualtieri, adding that "there is cautious optimism that at least some of the points we raised on the institutional dimension could be taken on board" in the final version of the agreement. In particular, at the EP's request, the agreement will have to be incorporated in the EU legal framework within 5 years of its entry into force.

Mr Gualtieri also observed that the EP representatives' proposals may have succeeded in "avoiding the risk of contradiction with EU legislation", in particular by introducing a reference to the "six-pack" provisions on fiscal discipline.

For an EU redemption fund

Mr Verhofstadt said that the enhanced role that the agreement assigns to the European Commission, which will have to assess countries' compliance with the agreement, "is not ideal", but is a step in the right direction in as much as it increases the involvement of EU institutions.

"We have enough on fiscal discipline now", he continued, calling for "a system in which you can lower interest rates for Member States in trouble" as a way to support growth. He mentioned the idea of an "EU redemption fund", to ease the weight of sovereign debt, as recently proposed by the German Council of Economic Experts.

Press release

A fifth draft of the fiscal compact may be made available before tomorrow's "sherpa" meeting, which will have to finalise the text before next Monday's informal European Summit.

Committee on Constitutional Affairs

In the chair: Carlo Casini (EPP, IT)

Procedure: debate

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