

**Question for written answer E-001012/2014  
to the Commission**

Rule 117

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Subject: Unlawful nature of the Fiscal Compact

On 2 March 2012 the European Union Member States (25) signed the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, known as the Fiscal Compact.

Article 3(1)(a) is the core of the Fiscal Compact and states that 'the budgetary position of the general government of a Contracting Party shall be balanced or in surplus'. Countries shall ensure rapid convergence towards this objective and the time-frame for such convergence will be defined by the Commission. Member States may only deviate from these objectives or their adjustment path in exceptional circumstances. In the event of significant observed deviations, a correction mechanism shall be triggered automatically.

Article 2(1) of the Treaty is worded as follows: 'This Treaty shall be applied and interpreted by the Contracting Parties in conformity with the Treaties on which the European Union is founded'. This concept is reiterated in paragraph 2: 'This Treaty shall apply insofar as it is compatible with the Treaties on which the European Union is founded and with European Union law' and the above-mentioned Article 3 also states that the constraint imposed in section (a) shall be 'without prejudice to their obligations under European Union law'.

Under the 'balanced budget' rule, the primary objective of the Fiscal Compact, it is understood that the annual debt of the general government must be equivalent to zero percent (Article 3), although the Treaties on which the European Union is founded (Article 2), Article 104 C and Protocol No. 5 of the Maastricht Treaty, and Article 126 (formerly 104) of the Lisbon Treaty on the Functioning of the European Union define the annual debt limit as 3%.

Therefore, the provisions of the Fiscal Compact with regard to the balanced budget rule are not in conformity with the Treaties on which the EU is founded.

Does the Commission not consider that the imposition of the balanced budget rule, as provided for in the Fiscal Compact, constitutes a breach of the Treaty instituting the EU and also Article 126 of the Lisbon Treaty?

Does the Commission not find the application of the Treaty to be unlawful because not in conformity and not compatible with previous Treaties?

What measures does the Commission intend to take to remedy this inconsistency, explained above, in the interests of harmonisation of the provisions of the different Treaties?