



**EUROPEAN COUNCIL
THE PRESIDENT**

**Brussels, 12 July 2010
PCE 161/10**

**Communiqué from Herman Van Rompuy,
President of the European Council,
following the meeting of
the Task force on economic governance**

Today, the Task force on economic governance met for the third time since it was set up by the European Council on 25 and 26 March.

The discussions, which were based on the orientations approved by the European Council on 17 June and took account of the Commission communication of 30 June, concerned the Stability Pact and macro-economic surveillance.

In order to strengthen the Stability and Growth Pact, we agreed on the following:

- much greater attention must be paid to debt, both in defining budgetary objectives (countries with higher debt must have more ambitious budgetary objectives) and in surveillance procedures (excessive public deficit);
- the "European semester", which starts in 2011, will make possible better coordination and surveillance of budgetary and macro-economic policies;
- the chief parameters of reform of the sanctions system were discussed. Such sanctions could be applied in a way that also covers the preventive arm of the Stability and Growth Pact. The scope of financial and non-financial sanctions will have to be broadened to cover the Community budget too. The sanctions will have to be progressive and different options for more firmly establishing their automatic nature were discussed.

In the case of macro-economic surveillance, a broad consensus was reached on creating a three-pronged competitiveness surveillance mechanism, which must take account of the specific nature of the euro area:

- a warning mechanism based on key indicators (a scoreboard);
- if the indicators exceed certain levels, there will be an in-depth assessment of the situation;
- if corrective measures seem necessary, recommendations will be made as part of an excessive imbalance procedure.

P R E S S

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