

PRESS RELEASE

Chambers insist on strong, strict Stability and Growth Pact: Loose rules will not ensure Member States' commitment

EUROCHAMBRES, the European Association of Chambers of Commerce and Industry, criticised the reported compromise reached by the European Ministers of Finance yesterday. The compromise weakens the rules, and at the same time gives further leeway to the Member States and curtails the European Commission's role to safeguard the Pact.

Paul Skehan, Deputy Secretary General of EUROCHAMBRES said: *"The review of the Pact should be based on economic objectives and principles. Instead, political considerations seem to be the decisive factors. A lite-Pact will not restore credibility in the Pact, Europe and its institutions."*

The major problem of the Pact has been the lack of commitment by the Member States to apply the rules. A real review must increase the dependability of the Pact and provide a system under less political control and influence.

Mr Skehan said: *"The Member States' track record of sticking to the rules has not been convincing. Why should that be different after loosening the rules? If the European Council confirms the compromise it will have negative effects on Europe's debt levels, tax and interest rates and will potentially cost jobs."*

Chambers argue for

- **A lower but more flexible GDP deficit reference value:** The Pact should enforce a lower maximum deficit, but should allow for it to be achieved over a medium term period. The deficit should be assessed on the basis of the structural deficit during a whole business cycle.
- **Strengthened, corrective measures:** The execution of sanctions under the excessive deficit procedure should become an automatic procedure enforced by the Commission. Only a qualified majority of the Council should be able to stop the process.
- **No redefinition of "exceptional circumstances" and "country specific circumstances":** They are not needed if the business cycle is taken better into account and the preventive arm is strengthened.

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