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EPP Working Group calls for the reducing of public deficits; welcomes Commission proposals

Brussels, 12 October 2010



In yesterday's meeting of the Working Group on Economic Policy of the European People's Party (EPP), which was chaired by **Gunnar Hökmark**, MEP, and **Rumiana Jeleva**, EPP Vice President, the participants reiterated the necessity for reducing public deficits and welcomed the Commission's

proposals on this matter. The EPP Working Group also made recommendations on how the Commission can improve its proposals:

"The EPP working group on Economic Policy:

Underlines that unless concrete measures to bring down public deficits are enforced now, macro economic instability and public deficits will continue to threaten jobs and welfare systems across Europe, as well as ultimately the legitimacy of the European ideal itself.

Welcomes the proposals from the European Commission to impose tougher measures on member states that run excessively lax budgetary and debt policies. The Stability and Growth Pact (SGP) must be reinforced and country specific recommendations to all EU member states should be accompanied by clear sanctions and incentives, some of these sanctions and incentives would be automatic. A stronger preventive and corrective arm of the SGP is indispensable for sound and prudent fiscal policies in the member states. While expressing our support for a greater focus on member states debt levels, the EPP reminds that avoiding budgetary deficits must remain at the core of the SGP.

Recalls that many member states entered the financial crisis with high budget deficits. Against this background it is of vital importance that the SGP also is complemented with rules calling for surplus in good economic times.

Highlights that unacceptable deficits should lead to the reduction of funds corresponding to the same amount and regrets that the Commission has not included this proposal in its economic governance package. The SGP should go beyond monetary and economic fines and have a strong political sanction system and this might ultimately include suspension of voting rights in the EU Council and should be subject to national judiciary control.

Calls on national parliaments and member states to take responsibility by rapidly

cutting debt and deficits level and ensuring long term prudent fiscal policies. Strengthening national budget surveillance at EU level is an important measure allowing for better economic policy coordination between all EU countries. EPP stresses that national budget plans first of all should be examined by national parliaments before it is sent to the European Commission. Remembers that the lack of reliable statistics made it more difficult to detect macro economic imbalances and violations of the SGP and thus contributed to the financial crisis; therefore calls for a reinforced role for EUROSTAT and independent statistics.

Welcomes the proposed Excessive Imbalance Procedure (EIP) aiming to prevent and correct macroeconomic imbalances by establishing a scoreboard of economic and financial indicators.

Moreover, the EPP highlights that concrete structural reforms at EU level, that exploits member states comparative advantages stimulating economic growth, are the best way to create a more competitive Europe.

Concludes that the long term sustainability of public finances is essential for stability and economic growth. Action to bring down public deficits, while fostering the European economy and encouraging enterprises, must stand at the top of our agenda."

Note to editors:

The EPP is the largest and most influential European-level political party of the centre-right, which currently includes 73 member-parties from 39 countries, the Presidents of the Commission, Council, and Parliament, 15 EU and 5 non-EU heads of state and government, 13 members of the European Commission and the largest Group in the European Parliament.

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