



Economic governance review: Taking stock at a time of new challenges

Review of effectiveness of economic governance framework

The EU has developed very comprehensive and detailed rules for economic and fiscal surveillance. These have evolved over time to respond to new challenges and to reflect the experience gained in implementing the surveillance framework.

The framework is laid down in a range of secondary legislation, as well as in other documents that provide more details and transparency on how surveillance is carried out in practice.

1992 **Maastricht Treaty** - Establishes benchmark for deficits below 3% of GDP and debt below 60% of GDP

1997 **Stability and Growth Pact** - Strengthens the monitoring and coordination of national fiscal and economic policies to enforce rules established in the Maastricht Treaty

As a response to the vulnerabilities exposed by the economic and financial crisis in 2008-2009, the EU took a series of measures to strengthen its economic governance and surveillance framework.

2011 **Six-pack and two-pack legislation** - Strengthens fiscal surveillance and broadens the scope of the surveillance to include macroeconomic imbalances

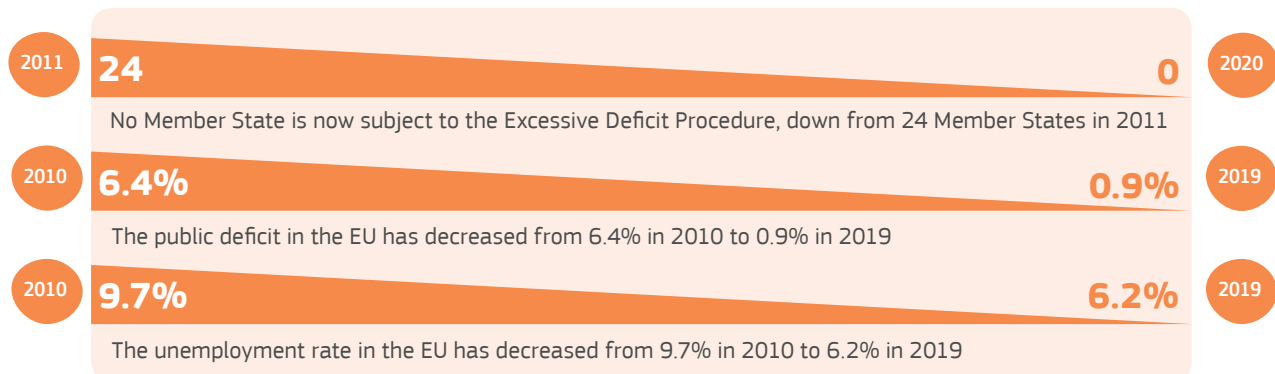
2013

Times have changed

The economic climate and our common priorities have evolved since the introduction of the six-pack and two-pack legislation.

New economic context

The EU economic situation has evolved favourably over the past years.



New challenges

Europe aims to become the world's first climate-neutral continent and seize the new opportunities of the digital age.



The **European Green Deal** provides a roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and making the transition just and inclusive for all.



A **Europe that is fit for the digital age** will ensure that digital technologies are based on our shared values and leave no one behind. Artificial intelligence and data will be the first workstreams.

Key findings of review

The review finds that the six-pack and two-pack legislation has helped Member States to achieve their economic and fiscal policy objectives. At the same time, it identifies possible areas for improvement.

Strengths of the framework:

- ✓ Correction of excessive deficits
- ✓ Correction of macroeconomic imbalances
- ✓ Reduction of vulnerabilities to shocks
- ✓ Economic convergence in the EU
- ✓ Coordination of economic policies

Areas for improvement:

- Debt remains high in some Member States
- Pro-cyclical fiscal policies
- Complexity of the rules and political ownership
- Quality of public finances, especially investment