

Box 8

Statement of the Governing Council on the ECOFIN Council conclusions regarding the correction of excessive deficits in France and Germany

25 November 2003

In its previous meeting, the Governing Council took the view that the recommendations of the European Commission for the next steps in the excessive deficit procedure pushed the room for the interpretation of the rules and procedures to the limit.

The ECOFIN Council decided today not to act on the basis of the Commission recommendations regarding France and Germany. The Governing Council deeply regrets these developments and shares the views made public by the Commission on the ECOFIN Council conclusions.

The Conclusions adopted by the ECOFIN Council carry serious dangers. The failure to go along with the rules and procedures foreseen in the Stability and Growth Pact risks undermining the credibility of the institutional framework and the confidence in sound public finances of Member States across the euro area.

The Governing Council takes note of the commitments by France and Germany to correct their excessive deficits as rapidly as possible and at the latest by 2005 and strongly urges the governments concerned to live up to their responsibilities. It is now absolutely imperative that effective action be taken to limit negative effects on confidence.

The public can rest assured that the Governing Council remains staunchly committed to maintaining price stability.