

Public finances in economic and monetary Union EMU in 2004

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The committee adopted the own-initiative report drawn up by Othmar KARAS (EPP-ED, AT) on public finances in EMU - 2004. The report pointed out that higher deficits were "largely the result of a discretionary loosening of budgetary policy by some Member States." It noted that some governments had not taken sufficient measures to combat their deficits, and said that there were "sufficient grounds for concern regarding their prospects for bringing their deficits below 3% of GDP in the immediate future." It underlined that there should be no exception to the rules and procedures of the Stability Pact.

MEPs urged Member States to reduce their deficits to significantly less than 3% of GDP to allow for sufficient financial reserves to be built up to face up to difficult times without breaking the Pact's rules. They also recommended a greater emphasis in the Pact on economic developments and an increased focus on safeguarding the sustainability of public finances. They warned that excessive deficits put price stability, low interest rates and government investment levels at risk, and also reduced the capacity to face the challenge of demographic changes and ageing populations in the EU.

Lastly, the committee highlighted the need to improve budgetary statistics with more accurate and standardised definitions, and greater powers for Eurostat to coordinate, monitor and carry out on-the-spot control of the figures provided by Member States.