

### Box 3.2: The Stability and Growth Pact timeline

The diagram below provides a summary of the changes that were implemented to the EU's Stability and Growth Pact over the years, from the Maastricht Treaty in 1992 until recent years.

#### Diagram 3.1: The history of the SGP

**1992** - The Maastricht Treaty is signed, introducing convergence criteria which countries must satisfy to adopt the Euro. These include a limit of 3% deficit-to-GDP benchmark and the 60% debt-to-GDP ratio, or sufficiently diminishing towards that level at a satisfactory pace.

**1997** - The SGP is established. Firm policy guidelines were provided for its implementation. Member States undertook to abide by the medium-term objective (MTO) of fiscal balances in surplus or close to balance.

**1998** - The SGP's preventive arm enters into force, so as to prevent, at an early stage, the occurrence of excessive general government deficits and to promote the surveillance and coordination of economic policies.

**1999** - The SGP's corrective rules enter into force, including the Excessive Deficit Procedure (EDP) to deter excessive general government deficits and, if they occur, to prompt correction.

**2005** - SGP is amended on two fronts, to consider different national circumstances (for instance differentiated MTO's) and strengthening surveillance, and to accelerate and clarify the implementation of the EDP.

**2011** - New laws are introduced, known as the 'Six Pack'. The European Semester, the 'expenditure benchmark' (placing a cap on the annual growth of public expenditure), and the Excessive Imbalance Procedure, and minimum requirements for national budgetary frameworks are introduced.

**2013** - Fiscal Compact and the 'Two Pack' enter into force. The latter introduces a common budgetary timeline and common budgetary rules for euro area countries. Draft budgets are based on independently produced/endorsed macroeconomic forecasts and an independent fiscal body must be established.

**2014 & 2015** - The 'Six Pack' and the 'Two-Pack' are reviewed. Guidelines on SGP flexibility are issued to strengthen the link between structural reforms, investment and fiscal responsibility in support of jobs and growth.

**2020 - present**: The Commission launches a public consultation on ways to improve the framework for EU macroeconomic surveillance. COVID-19 halted this process, which was however resumed in 2021, and in 2022 a Communication is issued on the proposed new framework.

Source: European Commission, *History of the Stability and Growth Pact*, available [here](#).