

### Box 7.1: History of the SGP

- 1992 **Maastricht Treaty signed:** EU Member States sign the Maastricht Treaty, paving the way for the creation of the euro as the common currency of the EU. The Treaty limits government deficits to 3% of GDP and public debt levels to 60%, so as to enable countries to share a single currency.
- 1997 **Stability and Growth Pact:** EU Member States agree to strengthen the monitoring and coordination of national fiscal and economic policies to enforce the deficit and debt limits established by the Maastricht Treaty. The Stability and Growth Pact is born.
- 1998 **Preventive rules:** The SGP's preventive rules enter into force in respect of EU Member States whose budget deficit is less than 3% of GDP.
- 1999 **Corrective rules:** The SGP's corrective rules, also called the Excessive Deficit Procedure, enter into force in respect of EU Member States whose budget deficit exceeds 3% of GDP.
- 2005 **SGP amendment:** EU lawmakers amend the SGP to allow it to better consider individual national circumstances and to add more economic rationale to the rules that have to be complied with. Surveillance and coordination are strengthened. The excessive deficit procedure is clarified and made faster.
- 2011 **Six Pack:** The SGP is made more comprehensive and predictable with a major enhancement of the EU's economic governance rules through a collection of new laws, known as the 'Six Pack' consisting of five Council Regulations and one Directive. The monitoring of both budgetary and economic policies is organised under the European Semester and further details on the implementation of the SGP's rules are laid down in a 'Code of Conduct'.
- 2013 **Fiscal Compact:** The importance of the budgetary targets set by the SGP's preventive arm (the Medium-Term Objectives), are strengthened by a law known as the 'Fiscal Compact', which is part of an inter-governmental treaty known as the Treaty on Stability, Coordination and Governance (TSCG).  
**Two Pack:** Adherence to the SGP is further strengthened by new laws, known as the 'Two Pack,' which reinforce economic coordination between Member States and introduce new monitoring tools. Further details on the implementation of the 'Two Pack' provisions are laid down in a 'Code of Conduct'.
- 2014 **SGP review:** A review of the 'Six Pack' and 'Two Pack' rules, which was called for in the legislation, determines that the legislation has contributed to the progress of fiscal consolidation in the EU. The review highlights some strengths as well as possible areas for improvement, which will be discussed with the European Parliament and Member States.
- 2015 **SGP Flexibility:** The Commission issues guidance on how it will apply the SGP rules to strengthen the link between structural reforms, investment and fiscal responsibility in support of jobs and growth.

Source: Based on [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm)