

**Debate the Council conclusions of 29 October and economic governance**

**Plenary session Strasbourg, 24 November 2010**

**Intervention by Prof. Danuta Hübner**

To start, let me say that long term conditions of competitiveness in individual member states will differ for years to come. Structural causes for imbalances will therefore continue to work while economic governance will still be rather weak as a process in the making.

In this context, it is of the utmost importance that the Commission with a sense of urgency tests with the first annual growth survey at the launch of the European semester in 2011 as many elements of new economic governance as possible, in particular the scoreboard relevance and its operational ability.

I understand that system of fully automatic sanctions would require a treaty change and the proposed system can take us only as far as we can go within the confines of the Treaty. That is why I trust that the Commission and Council will do their utmost to avoid additional stages in the treatment that would unnecessarily delay the procedure.

The EU's economic health is not a simple sum of national situations. Additionally, as the system is based on picking up individual member states who do not behave, fixing their ill behaviour can have negative externalities. In particular, the treatment of imbalances can have an impact on other member states of the Eurozone and the rest of the EU. These potential effects should be accounted for in individual treatments so that the economic health of the Union as a whole improves.

And lastly, I understand that a complete and in-depth impact assessment of the economic governance blueprint would require time we do not have. What helps here is that over the last two years the Commission has acquired substantial and in-depth knowledge and understanding of the 27 economies. Nevertheless, two efforts must be undertaken now: ensuring compatibility of all elements of

European economic governance and looking carefully through "European glasses" at relations between the twin, internal and external, imbalances.