

Stability and Growth Pact review: Cities and regions recommend investment-friendly revision of EU's fiscal rules



Karl-Heinz Lambertz welcomes broad consultation on the Economic Governance Framework

More flexibility in applying the Stability and Growth Pact (SGP) remains the European Committee of the Regions' (CoR) main recommendation for the [Economic Governance Framework](#) review, launched today by the European Commission. The CoR recommends excluding EU cohesion policy co-financing from the deficit calculations to ensure the full mobilisation of national, regional and local public investment.

The European Committee of the Regions welcomes the European Commission's approach to start the review of the EU's fiscal rules consulting all stakeholders concerned. The current set of rules has shown its limits especially in stimulating public investment during the financial crisis and the recovery phase. Local and regional authorities are responsible for one third of public expenditure and undertake more than half of public investment. Their investments have still not fully recovered and remain about a quarter below the peak of 2009 from 2.1 of GDP to 1.6% of GDP in 2018, accounting for about EUR 80 billion of missing public investments in 2018 alone.

A "golden rule" of public accounting and more flexibility of the SGP rules for all Member States (preventive/corrective arm) and especially those in greater need for more public investment have been [recurring recommendations](#) by the cities and regions represented in the CoR.

"The past few years have shown that respecting current rules came at the cost of reduced national, local and regional public investment directly affecting Europe's citizens. Cohesion policy is the most important investment tool cities and regions have not only to deliver on green issues, but also to create decent jobs, invest in infrastructures and human capital, and reduce territorial disparities. In the SGP we need to differentiate between investment that helps our cities, regions and economies grow and other expenditure. We need to introduce a golden rule to protect long-term and growth-enhancing investments, and exclude co-financing of cohesion policy projects by member states and local and regional authorities from the deficit calculations under the SGP", said CoR President **Karl-Heinz Lambertz**.

The European Committee of the Regions will start a new five-year term mandate on 12 February, and will actively participate in the consultation launched by the European Commission.

Contact:

Carmen Schmidle

Tel. +32 2 282 2366

carmen.schmidle@cor.europa.eu