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**UNICE URGES ECOFIN COUNCIL TO ENFORCE RULES OF STABILITY AND GROWTH PACT**

The ECOFIN Council will tomorrow (12<sup>th</sup> February) consider whether to issue an early warning to Germany and Portugal, as recommended by the European Commission. Both countries have missed the budgetary targets established in their stabilisation programmes by a wide margin. UNICE, the voice of business in Europe, urges economic and financial ministers to respect the rules of the stability and growth pact; failure to do this would send the wrong political signal and have negative consequences for Europe's economy.

The stability and growth pact is designed to avoid a conflict arising between national budgetary positions and monetary stability in the euro-zone. Credible policy co-ordination is necessary if the benefits of the single currency are to be achieved.

The rules of the stability and growth pact are clear. This is the first real test of these rules. **UNICE urges member states to apply the rules, which they have all signed up to.** Without such rigorous application, the credibility of the stability and growth pact will be undermined. This would have negative consequences for the stability of the macro-economic framework. "Undermining the stability and growth pact would be a bad political signal, just over a month before the Barcelona summit, where heads of state and government meet to evaluate progress in making Europe the most competitive region in the world by 2010" says Philippe de Buck, UNICE's Secretary General.

Note to the editor:

UNICE is the official voice of more than 16 million small, medium and large companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are 34 central industrial and employers federations from 27 countries, working together to achieve growth and competitiveness in Europe.

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