



EUROPEAN COMMISSION

Brussels, 3. 9. 2012
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Dear President,

The Commission would like to thank the Riksdag for its Opinion on the Green Paper on the feasibility of introducing Stability Bonds {COM (2011) 818 final} and apologises for the long delay in replying.

The Commission has noted that the Riksdag questions the basic concept of euro area Member States assuming responsibility for each other's debts and highlights the issue of moral hazard, in particular the risk of lack of budgetary discipline in individual Member States. The Riksdag is of the opinion that an initiative on stability bonds would reduce the incentive to maintain budgetary discipline, to undertake necessary structural reforms, which would send the wrong signal.

The Commission agrees with the Riksdag that moral hazard is a real concern. That is the reason why the Commission has made explicit three important aspects that need to be taken into account when developing a framework for Stability Bonds:

- an increased surveillance and intrusiveness in the design and implementation of national fiscal policies;*
- the fact that the very existence of Stability Bonds could fundamentally alter budgetary processes, notably via the allocation mechanisms, and offer a tool to effectively enforce a rule-based framework for fiscal policies;*
- the possibility to set conditions for entering the system of Stability Bonds, with the effect of reinforcing the credibility of concrete fiscal policies.*

The Commission looks forward to continuing the political dialogue with the Riksdag on this important issue.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Herr Per WESTERBERG
Talmannen
Riksdagen
Sveriges riksdag
SE – 100 12 STOCKHOLM*