

EUROPEAN COMMISSION
DIRECTORATE GENERAL ECONOMIC AND FINANCIAL AFFAIRS
Economies of the Member States
Member States V: Czech Republic, Lithuania, Poland, Slovenia, Slovakia (ECFIN.B.5)

Fiscal surveillance on the road to EMU

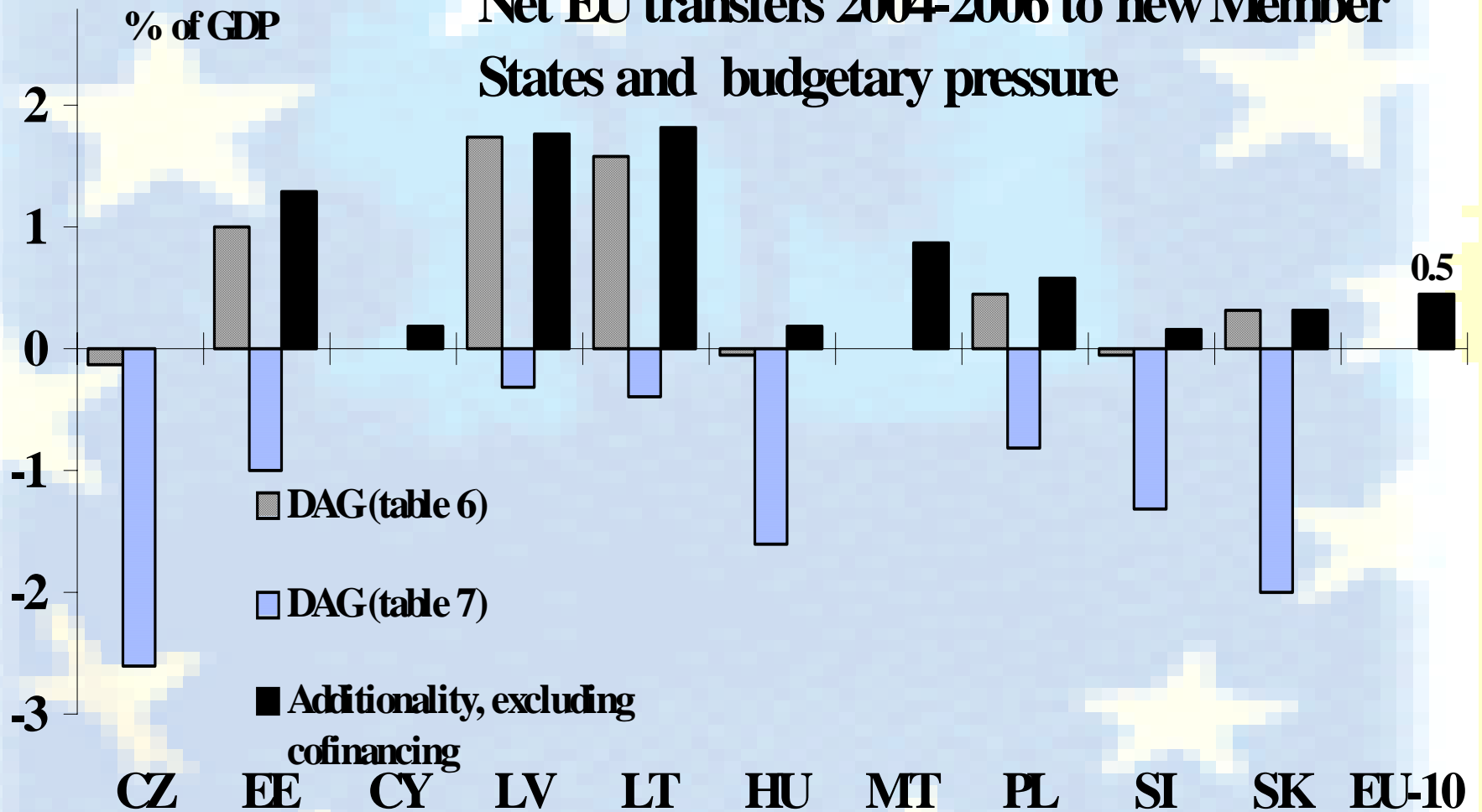
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Discussant

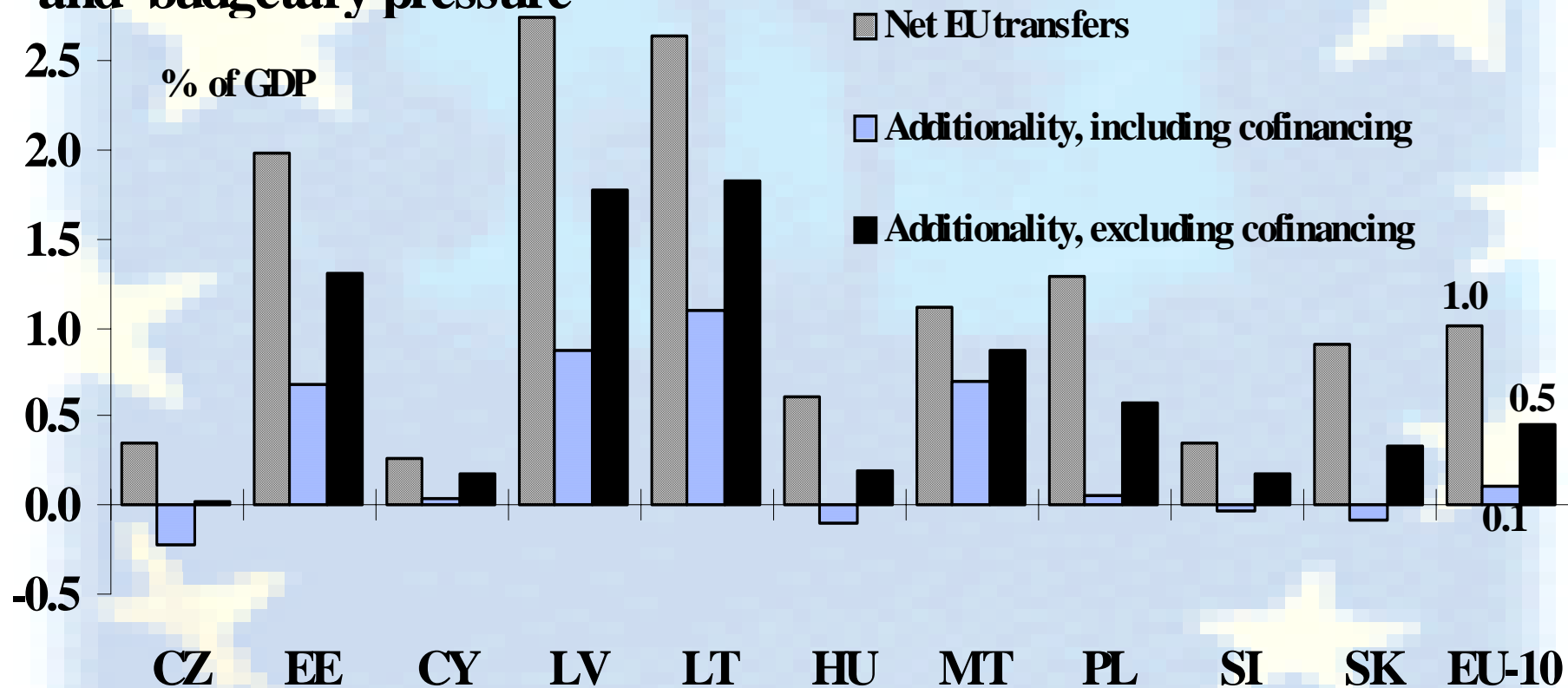
1. paper by Dabrowski, Antczak, Gorzelak - issues

1. **Fiscal costs of accession**
2. The advantages of early euro adoption
3. EU rules for budgetary surveillance – to be changed ?

Net EU transfers 2004-2006 to new Member States and budgetary pressure



Net EU transfers 2004-2006 to new Member States and budgetary pressure



EU financial framework and budgetary impact in new Member States 2004-2006

	Fin. framework (bn EUR)			Budgetary impact (% of GDP)				
	Comm.	Paym.	Paym.	Revenue (A)	Expenditure: addit. and co-finan. (B)			
	1999 prices (1)	1999 prices (2)	current prices (3)		total (5)=(6)+(7)	addition. (6)	co-finan. (7)	addition. (8)
Total EU transfers (I + II)	50.2	29.6	33.0	1.9	1.0	0.6	0.4	0.6
Pre-accession aid (I)	9.4	4.4	4.9	0.3	0.1		0.1	
Copenhagen Package (II)	40.9	25.1	28.1	1.6	0.9	0.6	0.3	0.6
Agriculture (a)	9.8	8.3	9.3	0.5	0.1		0.1	
Common Agricultural Policy	4.7	4.7	5.3	0.2				
Rural development	5.1	3.6	4.0	0.3	0.1		0.1	
Structural actions (b)	21.7	9.0	10.0	0.7	0.8	0.6	0.2	0.6
Structural Fund	14.2	7.2	8.1	0.6	0.7	0.6	0.2	0.6
Cohesion Fund	7.6	1.7	1.9	0.1	0.0		0.0	
Internal Policies and transition (c)	4.3	2.9	3.2	0.2				
Existing policies	2.6	1.5	1.7	0.1				
Nuclear safety	0.4	0.2	0.3	0.0				
Institution building	0.4	0.3	0.3	0.0				
Schengen	0.9	0.9	1.0	0.1				
Administration (d)	1.7	1.7	1.9		Expenditure: EU contribution (C)			
Compensations (e)	3.4	3.4	3.8	0.3	(9)=(3)/GDP			
Own EU resources (III)		14.7	16.3		0.8	0.8		0.8
Traditional own resources		1.7	1.9					
VAT resource		1.7	1.9					
GNP resource		9.9	11.0		0.7	0.7		0.7
UK rebate		1.3	1.5		0.1	0.1		0.1
Total government revenue, expenditure				1.9	1.8	1.4		1.4
Balance		transfers - resources (I+II-III)			revenue - expenditure (A-B-C)			
billion EUR (including administration)		14.8	16.7					
% of GDP (excluding administration)			1.0		0.1	0.5		0.5

(II) = (a+b+c+d+e)

(4) = (3)/GDP except for total EU transfers where (4) = (3-d)/GDP;

(6) = (4) where relevant; additionality for Structural Fund

(8) = (4) where relevant; additionality for Structural Fund

(7) = (4)*0.25/0.75 for rural development, structural fund and pre-accession aid; (7) = (4)*0.20/0.80 for Cohesion Fund

1. paper by Dabrowski, Antczak, Gorzelaak - questions

2. The advantages of early euro adoption:

- **Data, simulation set-up, result**

3. EU rules for budgetary surveillance – to be changed ?

- **Presence of non-Keynesian effects**
- **The feasibility of automatic sanctions**

2. paper by Brixi - questions

- **The role of the private sector.**
- **Is the creation of a reserve fund for contingent liabilities not very expensive ?**

3. paper by Watson - questions

- **The role of fiscal policy for stability reasons versus the comparative advantages of other policies.**
- **Debt well below 60% of GDP ? Not too strict ? Is a tight policy helped by early euro adoption ?**
- **The existence of non-Keynesian effects.**
- **The role of discretionary fiscal policy.**