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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Revision of the Specifications on the implementation of the Stability and Growth Pact and Guidelines on the format and content of Stability and Convergence Programmes (Code of Conduct of the Stability and Growth Pact) - Council endorsement

On 15 May 2017, the Economic and Financial Committee (EFC) agreed on a revision of the Code of Conduct of the Stability and Growth Pact. This revision updates and replaces the previous version endorsed by the Council in 2012.

This revision includes the following elements:

- The EFC agreement¹ on a "Commonly agreed position on Flexibility within the Stability and Growth Pact: Flexibility for cyclical conditions, structural reforms and investment" (Annex 5), which provided a comprehensive guidance on the best use of the flexibility that is built into the existing rules of the preventive arm of the SGP, without changing or replacing the existing rules.

¹ The text of the agreement was endorsed by the ECOFIN Council on 12 February 2016.

- The EFC agreement² on "Improving the predictability and transparency of the SGP: a stronger focus on the expenditure benchmark in the preventive arm" (Annex 3).
- The EFC agreement³ on "Improving the assessment of effective action in the context of the Excessive Deficit Procedure – A specification of the methodology", which increased the focus on the expenditure benchmark in the corrective arm of the Pact (Annex 4).

The Council is invited to endorse the revised text of the the Code of Conduct of the Stability and Growth Pact, as reflected in document ST 9344/17, at its meeting on 16 June 2017.

² The text of the agreement was endorsed by the ECOFIN Council on 6 December 2016.

³ The text of the agreement was endorsed by the ECOFIN Council on 6 December 2016.