Key points of Franco-German agreement

German Chancellor Angela Merkel and French President Nicolas Sarkozy want a new treaty to strengthen budget discipline in the eurozone

NEW BUDGET RULES



Automatic sanctions against countries that ignore EU deficit limit of 3 percent of

GDP. "Golden rule" to force eurozone states to balance their budgets written into their constitutions

BONDHOLDER PROTECTION



Germany and France agree that future eurozone bailout fund - European Stability

Mechanism (ESM) - will no longer ask private investors to take losses in future bailouts, as in Greece

MONTHLY GROWTH SUMMITS

As euro heads into recession, monthly summits of eurozone leaders proposed until crisis

has passed to discuss ways of promoting growth, labour market reform and social welfare systems

EUROPEAN CENTRAL BANK



Merkel and Sarkozy reaffirm Strasbourg agreement made in November, confirming they

have confidence in ECB and will refrain from making demands over its crisis management steps

MAJORITY VOTING

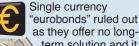


Decisions in ESM to be made by maiority vote

of 85% instead of unanimously as at present. This is to avoid eurozone being blocked by a single country as happened recently with Slovakia

Source: Wire agencies

EUROZONE BONDS



term solution and it would be "crazy" for France and Germany to pay for debts of countries without

control of their issue

Picture: Getty Images