

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

MAJORITY VOTING



Decisions in ESM to be made by majority 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

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

EUROZONE BONDS



Single currency "eurobonds" ruled out as they offer no long-term solution and it would be "crazy" for France and Germany to pay for debts of countries without control of their issue

