

25 EU nations to sign German-led fiscal pact

All European Union countries except Britain and the Czech Republic have agreed to sign a new fiscal compact treaty designed to stop overspending in the eurozone and put an end to the bloc's crippling debt crisis

 17 eurozone members

 Other EU members signing treaty

 Not signing treaty



UK: Prime Minister

David Cameron

blocked treaty in December over national interests. Has since softened stance by agreeing to policing of pact by European Court



Czech Rep.

Ratification hampered by lack of political consensus





France: Unlikely to ratify treaty until after May 6 presidential election





Ireland: May need referendum before treaty can be adopted

KEY PROVISIONS OF EU FISCAL COMPACT

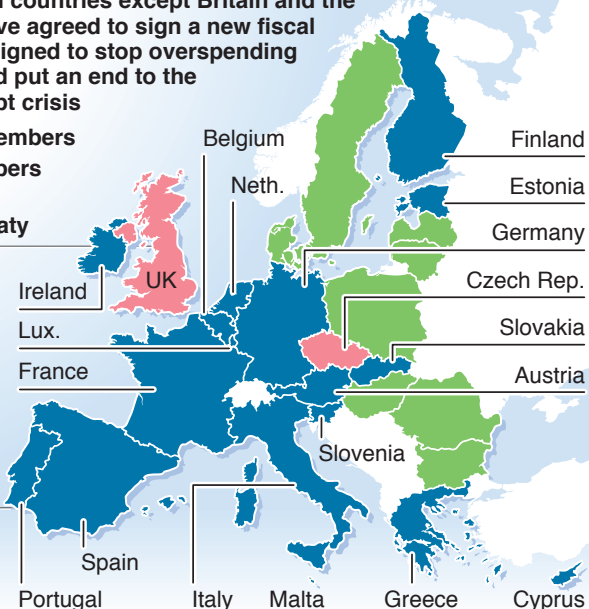
 **Debt brakes:** National budgets must be in balance or in surplus (structural deficit should not exceed 0.5% of GDP). Existing EU rules limit annual deficits at 3% of GDP

 Limit can only be broken during deep recession or in exceptional circumstances

 **Automatic correction mechanism:** Triggered if limit is broken, ensuring deficit is brought back into line

 **European Court of Justice:** If any country's debt brake is deemed too soft, ECJ can impose fine of up to 0.1 percent of GDP, payable to new **European Stability Mechanism** bailout fund

 **Tighter sanctions:** Eurozone countries must commit to supporting financial sanctions against deficit sinners, unless qualified majority of them vote to stop sanctions



Pact due to be signed on March 1

Treaty will come into force when ratified by at least 12 eurozone countries