



ECONOMIC AND FINANCIAL COMMITTEE

THE PRESIDENT

Brussels, 17 June 2004

Meeting of the EFC, 21-22 June 2004

### **Ad item 4d: Guidelines for the Examination of Convergence Programmes of several new Member States**

So as to allow an effective and interesting discussion of the Convergence Programmes (CPs), the following suggestions intend to provide some guidance for the conduct of the seven examinations.

#### **Principal idea: an exchange of views on key strategic challenges to economic policy in the new member states**

The principal idea of these informal examination sessions is to hold a dialogue on short-, medium- and long-term economic policy strategies and challenges of the new Member States.

Apart from providing a basis for the drafting of the Council Opinions on the Convergence Programmes in the principle areas covered by the programmes (*the opinions will be discussed and finalised by the EFC on June 28*), this dialogue provides an opportunity to hold a broader and more frank and open discussion on progress and key future economic challenges in the new member states.

Therefore, a good amount of time should be devoted to questions and discussions by EFC members. Introductory statements by the Member State, the Commission and the ECB should be kept short and focused, and raise a few key issues for the following discussion (instead of being descriptive or repeating analysis contained in the documents).

#### **Possible areas for the discussion**

##### **1. Issues arising directly from the convergence programmes**

- **Macro-economic forecast 2004-2007** (e.g. economic growth, components of growth, external balances and international competitiveness)

- **Public Finance** (e.g. fiscal developments in 2004 and fiscal objectives 2004-2007 (general government deficit, cyclically-adjusted budget balance), key developments and plans on revenue and expenditure side, budget management)
- **Monetary and Exchange rate policy** (e.g. inflation forecast, key instruments of monetary and exchange rate policy, development of capital and financial markets)
- **Structural reforms** (e.g. pension and health care reforms, price and trade liberalisation, privatisation, business environment, productivity developments, reform of public administration)

**2. More general considerations of country strategy and selective key economic policy challenges in a broader European context** (suggestions)

- Key successes in economic transition over the past decade and remaining main challenges
- Progress with economic convergence and outlook for the next phase of the integration process
- External sustainability and competitiveness (e.g. prospects for sustaining net foreign direct investment (FDI) inflows)
- Specific challenges to monetary and exchange rate policy; risks from rapid expansion of domestic credit growth
- Risks of financial market volatility and challenges to financial supervision
- Country competitive strategy and specialisation in the context of EU-25