



BACKGROUND INFO

Starting in 2008, the global financial crisis and its impact have tested the architecture of EMU and exposed economic vulnerabilities in some EU Member States, both within and outside the euro area. The shocks brought about by the global crisis affected four main areas of euro zone's functioning: macroeconomic policy (build-up of macroeconomic imbalances), fiscal policy (build-up of fiscal imbalances), financial sector (build-up of financial imbalances) and the overall institutional framework. The crisis has unveiled several weaknesses of the institutional framework of the Economic and Monetary Union (EMU) that are currently being tackled in order to make it work better, not least concerning the economic union. To this end, several crucial steps have been taken in the last two years, aimed at addressing the identified weaknesses.

These institutional changes of the euro area framework are of particular interest for countries with derogation, and among them Poland being the largest country in this group with strong trade, financial and investment linkages with the euro area. Thus, this conference aims at presenting and discussing the recent European economic governance enhancements and simultaneously answering the question of implications of these changes from the Polish and other derogation countries' perspective. As the macroeconomic and fiscal imbalances laid at the heart of the crisis, this will be reflected in the content of the first two sessions of the conference.

The **first session** will focus on the latest developments in the economic governance with particular respect to surveillance of macroeconomic imbalances. Specifically, the new Macroeconomic Imbalances Procedure will be discussed in the context of the European Semester and other instruments implemented such as the, so called, six-pack.

The **second session** will be devoted to fiscal issues, in particular to fiscal policy coordination and surveillance. The new fiscal surveillance framework (six-pack, fiscal compact) as well as existing and planned Polish fiscal rules will be considered in the context of the nexus between fiscal consolidation and economic growth.

The crisis has proved the importance of sustainability of the nominal and real convergence for the overall stability of the euro zone as well as for smooth functioning within the common currency area. Therefore, the **panel discussion will** focus on convergence issues (real convergence, sustainability of convergence), growth prospects in euro area and non euro area countries, as well as potential implications of the crisis for revisiting the balance of costs and benefits of the euro adoption.