

OLLI REHN
VICE-PRESIDENT OF THE
EUROPEAN COMMISSION

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Brussels, 11 November 2011

Dear Minister Rostowski,



On the occasion of yesterday's publication of the Commission services' autumn forecast, I would like to recall the Council recommendations addressed to Poland under the Stability and Growth Pact as.

The Council Recommendation of 7 July 2009 under Article 104(7) of the Treaty set 2012 as the time limit for Poland to correct the excessive deficit. Specifically, to this end, the Polish authorities should bring the general government deficit below 3 % of GDP in a credible and sustainable manner by taking action in a medium-term framework. In particular, they should ensure an average annual fiscal effort of at least 1¼ percentage points of GDP over the period 2010-2012.

In 2012, the year by which Poland is expected to correct the excessive deficit, our forecast projects the general government deficit at 4.0 % of GDP, that is, significantly above the 3% of GDP reference value of the Treaty. This forecast is made on the back of still robust economic growth. More importantly, medium term growth prospects, as measured by average potential growth over the EDP period, has been revised up significantly compared to the time the current Council recommendation under Art. 104(7) was issued back in 2009. Taking into account this revision, the estimated annual average structural effort recorded over the EDP period falls short of what recommended by the Council.

Moreover, the first European Semester underlined that sound public finances must be complemented with structural reforms in order to bring Europe back on a path of sustained growth, as reflected in the Council's recommendations of 12 July 2011 addressed to Poland. I therefore expect the necessary budgetary correction to be carried out with due regard to these recommendations.

Mr Jan Vincent-Rostowski
Minister of Finance
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I am committed to rigorously apply the new rules of economic governance from day one of their entering into force. As it stands, this would be in mid-December.

Given that the budgetary year 2012 will start soon, a Commission recommendation for a Council decision under Art. 126(8) followed by new recommendations under Art. 126(7) of the Treaty would become unavoidable in the absence of corrective measures that are spelled out in detail and adopted by mid-December. The Commission may also consider recommending to the Council to suspend the outstanding commitments from the Cohesion Fund.

I therefore call on you to treat as a matter of urgency the adoption of a 2012 budget that ensures a timely and lasting correction of the excessive deficit and the implementation of structural reforms according to the Council recommendations.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'J. Barroso', written in a cursive style.