The Commission adopts a recommendation on the rule of law in Poland, proposes new fiscal adjustment paths for Spain and Portugal and recommends cancelling the fine of 0.2% of GDP for failure to correct their excessive deficit.

Rule of Law in Poland

Following an intensive dialogue with the Polish authorities, the Commission has adopted today a 'Rule of Law Recommendation' on the current situation in Poland, setting out the Commission's concerns around the functioning of the Constitutional Tribunal, and recommending concretely how these concerns can be addressed. The Commission believes that there is a systemic threat to the rule of law in Poland. The fact that the Constitutional Tribunal is prevented from fully ensuring an effective constitutional review adversely affects its integrity, stability.
and proper functioning, which is one of the essential safeguards of the rule of law in Poland. Where a constitutional justice system has been established, its effectiveness is a key component of the rule of law.

This next step under the Rule of Law Mechanism follows the Commission's adoption of an Opinion on the situation in Poland on 1 June, and the adoption by the Polish Parliament of a new Law on the Constitutional Tribunal on 22 July. The Commission has assessed the overall situation, including in the light of the new law, and reaches the conclusion that even if certain of its concerns have been addressed by that law, important issues of concern regarding the rule of law in Poland remain.

**Fiscal situation of Spain and Portugal**

Following the Council's decision of 12 July 2016 that neither Spain nor Portugal had taken effective action to correct their excessive deficits, the Commission was legally obliged to present the Council within 20 days a proposal for a fine. The default amount established by the legislation is 0.2% of GDP, but this can be reduced on the grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned within 10 days. Spain and Portugal submitted such reasoned requests.

Today the Commission - acknowledging the reasoned requests, both countries' reform efforts and their commitments to comply with the Rules of the Stability and Growth Pact - recommends to the Council to cancel the fine and to set new fiscal paths for both countries.

Spain shall put an end to the present excessive deficit by 2018, while Portugal shall do so by 2016. For both countries, effective action will be measured on 15 October 2016.