Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

2010/0279(COD) - 19/04/2011

The Committee on Economic and Monetary Affairs adopted the report drafted by Carl HAGLUND (ADLE, FI) on the proposal for a regulation of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area.

It recommended that the European Parliament's position adopted at first reading, under the ordinary legislative procedure, should be to amend the Commission proposal as follows:

Economic governance: Members recall that the improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular: (i) a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market; (ii) fostering international trade and competitiveness; (iii) an effective framework for preventing and correcting excessive budgetary positions (the Stability and Growth Pact); (iv) a robust framework for preventing and correcting macro-economic imbalances; (v) minimum requirements for national budgetary frameworks; (vi) enhanced financial market regulation and supervision, including macro-prudential supervision by the European Systemic Risk Board; (viii) and a credible permanent crisis resolution mechanism.

Subject matter and scope: this Regulation shall also apply to a Member State whose currency is not the euro and which has notified the Commission of its willingness to apply this Regulation. Such a notification shall be published in the Official Journal of the European Union.

Sanctions: according to the amended text, an **interest-bearing deposit** shall be imposed by the Council, acting on a proposal by the Commission, if a Council recommendation on corrective action is adopted, where the Council concludes that the Member State concerned has not taken the recommended corrective action following a recommendation.

A yearly fine shall be imposed by the Council, acting on a proposal by the Commission, if:

- a second Council recommendation in the same imbalance procedure is adopted where the Council concludes that the Member State has submitted an insufficient corrective action plan, even after the first Council recommendation on amending its corrective action plan or if;
- a second Council recommendation in the same imbalance procedure is adopted where the Council concludes that the Member State has not taken the recommended corrective action even after the first Council recommendation on corrective action. The fine shall be imposed by means of converting the interest-bearing deposit imposed into a yearly fine.

The interest-bearing deposit or the yearly fine to be proposed by the Commission shall be **0.1% of the GDP** of the Member State concerned in the preceding year. In the case of deliberate and severe non-compliance with Council or Commission recommendations the **fine may be raised up to 0.3% of GDP**.

The committee proposes that in the event that a Member State **manipulates financial data, falsifies statistics or deliberately provides misleading information**, in particular resulting in a violation of the European statistical rules, are based, the Council, acting on a proposal from the Commission, may adopt a decision requiring the Member State to pay a fine. Such a fine shall be a **one-off payment of 0.5% of the GDP** of the Member State concerned in the preceding year. The decision shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the proposal within ten days of adoption by the Commission. The Council may amend the Commission's proposal in accordance with Article 293(1) TFEU.

The total yearly amount of the cumulative fines imposed on a Member State, excluding the fine referred to in paragraph 4a, shall not exceed 0.5% of its GDP.

The non-interest-bearing deposit should be released upon correction of the excessive deficit while the interest on such deposits and the fines collected should be allocated to the permanent stability mechanism.

Until the establishment of this mechanism the interest and the fines should be allocated as provisioning for risk-sharing financial instruments for EU relevant projects financed by the European Investment Bank in conformity with provisions of the Protocol (nº 5) on the Statute of the European Investment Bank annexed to the Treaties.

Voting within the Council: in order to increase public scrutiny, accountability and national ownership, when discussing and adopting the decisions on fines, Council deliberations shall be open to the public.

Economic dialogue: in order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission on the one hand, and the national parliaments, governments and other relevant bodies of the Member States on the other, and to ensure greater transparency and accountability, the **competent committee of the European Parliament** may conduct hearings and organise public debates on macroeconomic and budgetary surveillance undertaken by the Council and the Commission.