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

2010/0279(COD) - 23/06/2011 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted, by 368 votes to 80 with 209 abstentions a legislative resolution amending, in the first reading of the ordinary legislative procedure, 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. The vote on the resolution has been postponed to a later sitting. The main amendments are as follows:

Economic governance : Parliament recalls 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 government deficit (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.

The coordination of the economic policies of the Member States within the Union should be developed in the context of the broad economic policy guidelines and the employment guidelines,

Strengthening of Commission's role: the Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.

Subject matter and scope : it is clarified that the Regulation lays down a system of sanctions for effective correction of excessive macroeconomic imbalances in the euro area

Sanctions: the amended text states that an interest-bearing deposit shall be imposed by a Council decision, acting on a recommendation by the Commission, if a Council decision on corrective action is 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 a Council decision, acting on a recommendation by the Commission, if:

- two successive Council recommendations in the same imbalance procedure are adopted where the Council considers, that the Member State has submitted an insufficient corrective action plan;
- two successive Council decisions in the same imbalance procedure are adopted declaring non-compliance.

The fine shall be imposed by means of converting the interest-bearing deposit imposed into a yearly finance.

The decisions shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the recommendation within ten days of the Commission adopting it. The Council may amend the recommendation acting by qualified majority.

The interest-bearing deposit or the yearly fine to be recommended by the Commission shall **be 0.1% of the GDP** of the Member State concerned in the preceding year.

The Commission may, on grounds of **exceptional economic circumstances** or following a reasoned request by the Member State concerned addressed to the Commission within ten days of conditions referred to in the text being met , propose to reduce the amount of the interest-bearing deposit or the fine or to cancel it.

Allocation of the fines: fines shall be assigned to the European Financial Stability Facility. By the moment another stability mechanism to provide financial assistance is created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole, the fines shall be assigned to that last mechanism.

Economic Dialogue: in order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to the Regulation.

The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions to participate in an exchange of views.

Review: within three years after the entry into force of the Regulation and every five years thereafter, the Commission shall publish a report on the application of the Regulation., and shall evaluate, inter alia: (a) the effectiveness of the regulation; (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the Treaty.

Where appropriate, this report shall be accompanied by a proposal for amendments to the Regulation. The report and any accompanying proposals shall be forwarded to the European Parliament and the Council.