

Economic governance: requirements for budgetary frameworks of the Member States.

'Six pack'

2010/0277(NLE) - 08/11/2011 - Final act

PURPOSE: to strengthen economic governance in the EU – and more specifically in the euro area – as part of the EU's response to the current difficulties on sovereign debt markets (budgetary frameworks of the Member States).

LEGISLATIVE ACT: Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

CONTENT: on the basis of a compromise reached with the European Parliament, the Council adopted a package of **six legislative proposals** (“six-pack”) aiming to strengthen economic governance in the EU – and more specifically in the euro area.

The measures set out to ensure the degree of coordination necessary to avoid the accumulation of excessive imbalances and to ensure sustainable public finances. This will help the EU's monetary union to function properly in the long term.

They consist of:

- a [regulation](#) amending regulation 1466/97 on the surveillance of Member States budgetary and economic policies;
- a [regulation](#) amending regulation 1467/97 on the EU's excessive deficit procedure;
- a [regulation](#) on the enforcement of budgetary surveillance in the euro area;
- a [regulation](#) on the prevention and correction of macroeconomic imbalances;
- a [regulation](#) on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- **a directive on requirements for the Member States' budgetary frameworks.**

Alongside the reform of the Stability and Growth Pact, this directive sets out to ensure that the objectives of EU budgetary coordination are reflected in the Member States' budgetary frameworks. Accounting, statistical and forecasting practices are brought into line with EU standards. Member states must adopt multi-annual fiscal planning to ensure that medium-term budgetary objectives set at EU level are achieved. They must also introduce rules to promote compliance with the deficit and debt thresholds.

Its main elements are the following:

Accounting and statistics: as concerns national systems of public accounting, Member States shall have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government and containing the information needed to generate accrual data with a view to preparing data based on the ESA 95 standard. Those public accounting systems shall be subject to internal control and independent audits. Member States shall ensure timely and regular public availability of fiscal data for all sub-sectors of general government.

Forecasts: Member States shall ensure that fiscal planning is based on realistic macroeconomic and budgetary forecasts using the most up-to-date information. Budgetary planning shall be based on the most

likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. Significant differences between the chosen macrofiscal scenario and the Commission's forecast shall be described with reasoning, in particular if the level or growth of variables in external assumptions departs significantly from the values contained in the Commission's forecasts.

The Commission shall make public the methodologies, assumptions and relevant parameters that underpin its macroeconomic and budgetary forecasts.

Numerical fiscal rules: each Member State shall have in place numerical fiscal rules which are specific to it and which effectively promote compliance with its obligations deriving from the TFEU in the area of budgetary policy over a multiannual horizon for the general government as a whole. Such rules shall promote in particular: (a) compliance with the reference values on deficit and debt set in accordance with the TFEU; (b) the adoption of a multiannual fiscal planning horizon, including adherence to the Member State's medium-term budgetary objective.

Medium-term budgetary frameworks: Member States shall establish a credible, effective medium-term budgetary framework providing for the adoption of a fiscal planning horizon of at least 3 years, to ensure that national fiscal planning follows a multiannual fiscal planning perspective.

Transparency of general government finances: Member States shall establish appropriate mechanisms of coordination across sub-sectors of general government to provide for comprehensive and consistent coverage of all sub-sectors of general government in fiscal planning, country-specific numerical fiscal rules, and in the preparation of budgetary forecasts and setting-up of multiannual planning as laid down, in particular, in the multiannual budgetary framework.

In order to promote fiscal accountability, the budgetary responsibilities of public authorities in the various sub-sectors of general government shall be clearly laid down.

For all sub-sectors of general government, Member States shall publish relevant information on contingent liabilities with potentially large impacts on public budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including the extent thereof.

Member States shall also publish information on the participation of general government in the capital of private and public corporations in respect of economically significant amounts.

Report: by 14 December 2018 the Commission shall publish a review of the suitability of this Directive. By 31 December 2012, the Commission shall assess the suitability of the International Public Sector Accounting Standards for the Member States.

ENTRY INTO FORCE: 13/12/2011.

TRANSPOSITION: 31/12/2013.