

# **Economic governance: strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area. 'Two pack'**

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The Council **discussed two draft regulations** on economic governance, namely:

- a [\*\*regulation\*\*](#) for enhanced monitoring and assessment of draft budgetary plans of euro area member states, especially those subject to an excessive deficit procedure;
- a **regulation** on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance.

This second package of proposals was presented by the Commission in November following adoption of the so-called "**six-pack**" of economic governance proposals.

The Council assessed progress made by an ad hoc working group which was set up in December 2011 to work on the proposals and discussed two issues (one related to each proposal):

**Submission of budgetary plans:** whether all euro area member states should submit their budgetary plans to the Commission and the Euro Group for monitoring purposes, or only those subject to an excessive deficit procedure. While a broad majority of member states favoured reporting by all member states, some countries considered the proposed reporting requirements to be excessive for countries not subject to an excessive deficit procedure.

The Council concluded that the **reporting should involve all member states**. It asked the ad hoc working group to consider the concerns raised, as well as the timing of the reporting requirement.

**Recommendation to seek financial assistance:** whether the Council should be empowered to adopt, on the basis of a Commission proposal, a recommendation to a member state to seek financial assistance. Some member states expressed concerns that this could impinge on the decision-making procedures of the European Stability Mechanism (ESM), and pose difficulties with regard to confidentiality.

The Council concluded that it should be able to issue such a recommendation and accordingly asked the ad hoc working group to **analyse the decision-making procedures**.

Discussions on the two proposals are linked with the negotiation of a fiscal compact treaty and amendments to the ESM treaty. Therefore, the texts of the two legislative proposals will not be finalised until the two treaties have been approved.