

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 welcomed an **agreement reached with the European Parliament** on 20 February on the "two-pack" of draft regulations aimed at further improving economic governance in the eurozone.

The "two-pack" includes:

- a [regulation](#) on 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 which are experiencing severe financial disturbance or which request financial assistance. Under this Regulation, a Member State experiencing severe financial disturbance or receiving precautionary financial assistance will come under enhanced surveillance, whilst a member state receiving (non-precautionary) financial assistance will also be subject to a macroeconomic adjustment programme.

Proposals were presented by the Commission in November 2011, following the adoption of an initial "six-pack" of economic governance measures. The Council finalised its position on the "two-pack" in February 2012 and negotiations with the Parliament started in July 2012.

The compromise approved by the Committee of Permanent Representatives on 28 February paves the way for the adoption of the texts at first reading. If the Parliament approves the package as agreed in the trilogue, the Council will also proceed with adoption once the texts have been finalised.

The compromise agreed with the Parliament introduces the following elements:

- by 31 July 2013, the Commission will examine and report on ways to balance productive public investment needs with fiscal discipline objectives.
- reference to various documents on the further development of the EU's economic and monetary union.
- the Commission will draw up guidelines in the form of a harmonised framework for the specification of the content of draft budgetary plans;
- the Commission will set up a group of experts to analyse the possible merits, risks, requirements and obstacles in relation to a partial substitution of national debt issuance by joint issuance in the form of a debt redemption fund and eurobills. The group will be composed of experts in law and economics, public finances, financial markets and sovereign debt management. It will report back by March 2014 and the Commission will make proposals if appropriate.