

Economic governance: common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit in the euro area. 'Two pack'

2011/0386(COD) - 21/05/2013 - Final act

PURPOSE : to improve the economic governance of the euro area ('two pack').

LEGISLATIVE ACT : Regulation (EU) n° 473/2013 of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area.

CONTENT : following the adoption in November 2011 of an initial "six-pack" of economic governance measures, this Regulation sets out provisions for **enhanced monitoring of budgetary policies in the euro area** and for **ensuring that national budgets are consistent** with the economic policy guidance issued in the context of the SGP and the European Semester for economic policy coordination. The Stability and Growth Pact aims to secure

budgetary discipline across the Union and sets out the framework for preventing and correcting excessive government deficits. The European Semester includes the formulation, and the surveillance of the implementation, of the broad guidelines of the economic policies of the Member States and of the Union.

Common budgetary timeline: setting up a common budgetary timeline for Member States whose currency is the euro will **better synchronise the key steps in the preparation of national budgets**. The main steps are as follows:

1) Member States shall, in the context of the European Semester, make public, **preferably by 15 April but no later than 30 April each year**, their national medium-term fiscal plans in accordance with their medium-term budgetary framework. Such plans shall be presented together with their national reform programmes and the stability programmes.

National medium-term fiscal plans and national reform programmes shall include indications on how the reforms and measures set out are expected to contribute to the achievement of the targets and national commitments established within the framework of the Union's strategy for growth and jobs.

2) A draft budgetary plan for the forthcoming year must be submitted by each Member State **by 15 October**.

3) The budget for the central government shall be adopted or fixed upon **by 31 December**.

Member States shall have in place **independent bodies** for monitoring compliance with numerical fiscal rules incorporating in the national budgetary processes their medium-term budgetary objective.

Assessment of the draft budgetary plan : the Commission shall adopt an opinion on the draft budgetary plan as soon as possible and in any event by 30 November.

Where the Commission identifies particularly serious non-compliance with the budgetary policy obligations laid down in the SGP, the Commission shall request that a **revised draft budgetary plan** be submitted as soon as possible and in any event within three weeks of the date of its opinion. The Commission's request shall be reasoned and shall be made public.

At the request of the **parliament of the Member State concerned or of the European Parliament**, the Commission shall present its opinion to the parliament making the request.

Reporting on debt issuance : Member States shall report to the Commission and the Eurogroup, ex ante and in a timely manner, on their national debt issuance plans.

Correction of excessive deficit: if the Council decides that an excessive deficit exists in a Member State, the Member State concerned shall present to the Commission and to the Council an **economic partnership programme** describing the policy measures and structural reforms that are needed to ensure an effective and lasting correction of the excessive deficit.

The economic partnership programme shall identify a number of specific priorities aiming to enhance competitiveness and long-term sustainable growth and addressing structural weaknesses in the Member State concerned. Those priorities shall be consistent with the Union's strategy for growth and jobs.

The Council, acting on a proposal from the Commission, shall **adopt an opinion** on the economic partnership programme, which shall be monitored by the Council and by the Commission.

Reporting requirements for Member States in excessive deficit procedure : the new Regulation provides for strict monitoring through reporting requirements for preventing and correcting excessive government deficits.

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, where appropriate, the President of the Council, the Commission, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss, inter alia, the specification of the content of the draft budgetary plan.

The competent committee of the European Parliament may offer an opportunity to participate in an **exchange of views** to a Member State which is the subject of a Commission recommendation or of a Council opinion in accordance with the Regulation. **The European Parliament shall be duly involved in the European Semester.**

Review on the application of the Regulation : by 14 December 2014, and every five years thereafter, the Commission shall submit a report on the application of the Regulation.

By 31 July 2013, it shall report on the possibilities offered by the Union's existing fiscal framework to balance productive public investment needs with fiscal discipline objectives in the preventive arm of the SGP, while complying with it fully.

ENTRY INTO FORCE : 30/05/2013.

DELEGATED ACTS : the Commission will have the power to adopt delegated acts in order to specify the extent of the reporting obligations for Member States subject to an excessive deficit procedure. The power to adopt acts is delegated to the Commission for a period of three years from 30 May 2013 (which may be tacitly extended for an identical period.)). The European Parliament or the Council may object to a

delegated act within two months of notification of that act (which may be extended by two months). If Parliament or Council or Council express objections, the delegated act shall not enter into force.