

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 Commission has presented a **review of the various legislative texts known as the “[six-pack](#)” and “two-pack” to strengthen the economic** governance of the European Union. This review analyses to what extent the new rules introduced have been effective in achieving the objectives of ensuring closer coordination of economic policies.

The legislative packages aim to:

- more closely coordinate economic policies through a strengthening of budgetary surveillance under the Stability and Growth Pact;
- introduce a [new procedure in the area of macroeconomic imbalances](#);
- establish a [framework](#) for dealing with **countries experiencing difficulties with financial stability**;
- to proceed with codification in legislation, in the form of the European Semester, of integrated economic and budgetary surveillance.

Taking into account the short experience of their operation, with the six-pack entering into force in end-2011 and the two-pack only in mid-2013, **the Commission considers it difficult to draw conclusions on the effectiveness of the regulations.**

Alongside [Regulation \(EU\) No 473/2013](#) the main objective of the second two-pack regulation is **to strengthen monitoring and surveillance for Member States threatened with, or experiencing, serious difficulties regarding their financial stability**. It aims to establish transparent, efficient, streamlined, and predictable surveillance processes for the Member States under enhanced surveillance, macroeconomic adjustment programme and post-programme surveillance.

Assessment: at the date of entry into force of the Regulation in May 2013, the Euro area Member States in receipt of financial assistance linked to a **macroeconomic adjustment programme** were

Greece, Ireland, Portugal and Cyprus. Cyprus and Greece, where programmes are still ongoing. Overall, **considerable achievements** have been made in reducing fiscal deficits in current and former programme countries, and overall public debt is stabilising.

Based on the experience with these countries, the integrated set of rules indeed **increases the transparency, predictability, practicality and efficiency of country surveillance and monitoring** of Member States that are experiencing or is threatened with serious financial difficulties. However, since the

Regulation entered into force only after all current and completed programmes had started, **the effectiveness assessment is necessarily incomplete.**

In addition, **it is not possible to assess the effectiveness of the regulation with regard to enhanced surveillance**, as no euro area Member State has yet been placed under enhanced surveillance. The ability to assess the effectiveness of post-programme surveillance is also limited by the fact that Ireland, Spain and Portugal have been under post-programme surveillance for less than a year.

The review notes that **the programmes have achieved the objectives of the regulation** to rapidly re-establish a sound and sustainable economic and financial situation and to restore financial market access. For the future, the Regulation foresees inter alia **improvements in the information of the European Parliament** and a set of requirements aiming at better taking into account the social impact of programmes and better protecting fundamental policies, such as health care and education.

In conclusion, if the review has revealed some strengths, it also shows possible areas for improvement, concerning **transparency and complexity of policy making**, and their impact on growth, imbalances and convergence.

According to the Commission, a proper involvement of **national Parliaments** remains crucial in ensuring the legitimacy of Member States' action. At EU level, **the European Parliament** has a key role to play, notably through “economic dialogues”, which have ensured that institutional actors have been regularly held to account on the main issues related to economic governance.

The Commission plans to discuss these points with the European Parliament and the Council in the coming months.