

Excessive deficit procedure: speeding up and clarifying the implementation

2023/0137(CNS) - 15/12/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following a special legislative procedure (consultation), the report by Esther de LANGE (EPP, NL) and Margarida MARQUES (S&D, PT) on the proposal for a Council regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure.

This Regulation lays down the provisions for **speeding up and clarifying the implementation of the excessive deficit procedure**. The objective of the excessive deficit procedure is to deter excessive government deficits and, if they occur, to further prompt their correction, where compliance with the budgetary discipline is examined on the basis of the government deficit and government debt criteria.

The committee responsible recommended that the European Parliament approve the Commission's proposal subject to amendments.

Assessment of excessive debt

When assessing the existence of an excessive deficit in accordance with Article 126(3) TFEU, the Commission should take into account, as a key relevant factor, **the degree of debt challenge in the Member State concerned**.

The Commission, when drawing up a **report** under Article 126(3) TFEU, should take into account, as a key relevant factor, the degree of debt challenge in the Member State concerned. A substantial public debt challenge established according to the most recent Debt Sustainability Monitor should be considered a key factor leading to the opening of an EDP as a rule.

The Commission should take into account all other relevant factors, in so far as they significantly affect the assessment of compliance with the deficit and debt criteria by the Member State concerned, that should include in particular the developments in the medium-term economic position and the developments in the medium-term budgetary position, and the delivery and commitment by the Member State on the implementation of the investments and reforms to address the common priorities of the Union as set out in the [EU Regulation on the preventive arm](#), the reforms and investments committed in the national plans of the Recovery and Resilience Facility, Cohesion Funds and future EU investments instruments that serve the same purpose.

Net expenditure

In order to simplify the Union fiscal framework and increase transparency, a single operational indicator anchored in debt sustainability should serve as a basis for setting the fiscal path and carrying out annual fiscal surveillance for each Member State.

According to Members, that single indicator should be based on nationally financed net primary expenditure, that is to say expenditure net of discretionary revenue measures and excluding interest expenditure as well as cyclical unemployment expenditure, expenditure on Union programmes fully matched by revenue from Union funds, national expenditure on co-financing of programmes funded by

the Union cap with a limit of 0.25% of GDP, cyclical elements of unemployed benefit expenditure, and costs related to the borrowing of funds for the loans related to the national Recovery and Resilience Facility Plans.

By 31 December 2028 and every five years thereafter, the Commission should publish a report on the application of this Regulation.