

Alignment with the EU economic governance framework and further simplification of that framework

2025/0311(COD) - 02/10/2025 - Legislative proposal

PURPOSE: to streamline certain elements of the EU's economic governance framework related to fiscal surveillance.

PROPOSED ACT: Regulation of the European Parliament and Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: the reform of the EU's economic governance framework, which entered into force on 30 April 2024, has given rise to **a number of inconsistencies** between the reformed EU economic governance framework and [Regulation \(EU\) No 473/2013](#) establishing common provisions for monitoring and assessing draft budgetary plans and for correcting excessive deficits in the euro area Member States (DBP Regulation) and [Regulation \(EU\) No 1173/2011](#) on the effective enforcement of budgetary surveillance in the euro area (Sanctions Regulation). The Commission is now proposing to amend these regulations to address these inconsistencies and further simplify the framework.

The proposed amendments contribute to the Commission's simplification agenda, as set out in its February 2025 Communication entitled 'A simpler and faster Europe: Communication on implementation and simplification'.

CONTENT: the Commission proposes to **streamline certain elements of the EU's economic governance framework related to budgetary surveillance**. In particular, it proposes to amend the Sanctions Regulation (Regulation (EU) No 1173/2011) and the draft Budgetary Plan Regulation (Regulation (EU) No 473/2013) with a view to ensuring consistency between these two Regulations, on the one hand, and the reformed EU governance framework, on the other.

The proposed amendments will also introduce a number of **simplifications** to the DBP and sanctions regulations, thus simplifying the broader EU economic governance framework, reducing administrative burden for Member States, and contributing to the Commission's simplification agenda.

Sanctions Regulations

The proposed changes consist of:

- updating or deleting a number of articles which have become obsolete following the 2024 reform;
- ensuring consistency between the regulation and the amended corrective arm, where the 2024 reform followed the principle of reducing the amount of financial sanctions and making their implementation more gradual.

The Commission thus proposes to align the regulation with the principle of graduated sanctions in the reformed Stability and Growth Pact, while maintaining the current approach for sanctions related to the manipulation of statistics. This will also result in simplifying the implementation of the excessive deficit procedure under the corrective arm of the Stability and Growth Pact.

DBP Regulations

The proposal aims to address three types of inconsistencies:

- (i) outdated references to Stability Programmes and National Reform Programmes, which have been merged into the medium-term fiscal-structural plans following the reform;
- (ii) outdated references to concepts such as medium-term objective, significant observed deviation from it or adjustment path towards it, which should be replaced with the new concepts introduced by the 2024 reform;
- (iii) outdated cross-references to articles of the preventive arm, corrective arm and directive which should be brought in line with the reformed framework.

For simplification purposes, the amendments to Regulation (EU) No 473/2013 include the deletion of (i) economic partnership programmes, (ii) certain data and reporting requirements that have not provided value-added to the surveillance process in the past, (iii) additional reporting requirements for euro area Member States subject to an EDP, as well as of the additional procedure for Member States at risk of non-compliance with the deadline for the correction of the excessive deficit.

The amendments will reduce the reporting burden on Member States, generating savings in administrative costs while maintaining effective fiscal oversight.