Surveillance of budgetary positions and surveillance and coordination of economic policies

1996/0247(SYN) - 16/10/1996 - Legislative proposal

OBJECTIVE: the proposal for a Council Regulation forms part of the stability pact for ensuring budgetary discipline in stage three of EMU. It aims at strengthening the surveillance and coordination of budgetary positions. SUBSTANCE: to avoid any risk of excessive deficit, the Commission proposes reinforcing the budgetary aspects of multilateral surveillance (Article 103(5) of the Treaty on European Union) by establishing a preventive, early-warning system for identifying and correcting budgetary slippages before they bring the deficit above the ceiling of 3% of GDP. This enhanced monitoring would rely on an obligation on Member States having adopted the single currency to submit stability programmes setting out national medium-term budgetary objectives and other relevant information. National medium-term budgetary targets should be set close to balance or in surplus, but a certain differentiation between countries would be appropriate. These medium-term targets will enable Member States to respect the 3% ceiling in all circumstances, apart from unusually severe economic downturns or other exceptional conditions. Stability programmes should be made public. Departures from the budgetary objectives of close to balance or surplus set in the stability programmes would prompt a warning from the Commission. This could lead to Council recommendations to the Member State concerned with a view to taking the necessary measures so as to avoid the risk of breaching the 3% ceiling. The Commission also proposes the introduction of a Regulation on speeding up and clarifying the implementation of the excessive deficit procedure.