

Excessive deficit procedure: implementation

1996/0248(CNS) - 07/07/1997 - Final act

OBJECTIVE: within the framework of the stability pact for ensuring budgetary discipline in stage III of EMU, to speed up and clarify the implementation of the excessive deficit procedure, so that it acts as a genuine deterrent. **COMMUNITY MEASURE:** Council Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure. **CONTENT:** the regulation, which sets out provisions to speed up and clarify the excessive deficit procedure in order to prevent excessive deficit in public administrations: - sets time limits for the key steps of the procedure so that any sanctions are imposed within the calendar year following the year in which the excessive deficit occurs; - defines the "exceptional and temporary" circumstances when the reference value can be breached. The Commission considers, in principle, that a breach of the reference value following serious economic recession is only exceptional if GDP in real terms falls by at least 2% per annum; - determines the scale of pecuniary sanctions. With regard to the implementation of sanctions, the regulation provides for a non-interest bearing deposit to be required whenever sanctions are triggered. The annual deposits include a fixed component, equal to 0.2% of GDP, and a variable component equal to one-tenth of the excess of the deficit over the 3% reference value, capped at 0.5% of GDP. Interest on the deposits and the fines imposed on the Member States with an excessive deficit are divided between the Member States with no excessive deficit in proportion to their contribution to the overall GDP of the eligible Member States. **ENTRY INTO FORCE:** 1 January 1999.