

Excessive deficit procedure: implementation

1996/0248(CNS) - 28/11/1996 - Text adopted by Parliament, 1st reading/single reading

In adopting the report by Mr Efthymios CHRISTODOULOU (PPE, G), Parliament approved, with amendments, two draft Regulations: one concerning the introduction of an early-warning system to avoid excessive deficits, the other concerning time limits and sanctions. Regarding the early-warning system (cooperation procedure), Parliament insisted that national budgetary policies need to be set so as to allow adequate government investment to help sustain growth and employment. It considered that stability programmes should be incorporated in the national budgetary procedures and submitted to the national parliaments in accordance with an appropriate timetable, whilst emphasizing that Parliament be properly informed. Moreover, similar procedures should also exist for countries that are not members of EMU. Finally, Parliament called for the establishment of an Employment Committee analogous to the Monetary Committee and for the maintenance in operation of the Cohesion Fund during stage III, for as long as the parameters for development differentials which justified its creation (per capita GDP lower than 90% of the Community average) remain in force. With regard to time limits and sanctions (consultation procedure), Parliament reaffirmed the above principles. It proposed some changes to the time limits and adopted an amendment to authorize the breaching of the reference value fixed for the public deficit where unusual events induced the Member State concerned to engage in excessively high levels of expenditure in order to safeguard its territorial sovereignty. In addition, it underlined that in the event of an excessive deficit, the amount of the deposit prior to payment of any fine should not be considered as part of the government expenditure of the Member State concerned.