

Basic information	
2013/2696(DEA)	Procedure completed - delegated act enters into force
DEA - Delegated acts procedure	
Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area	
Supplementing 2011/0386(COD)	
Subject	
5.10.01 Convergence of economic policies, public deficit, interest rates 5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU) 5.20.02 Single currency, euro, euro area	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	REHN Olli	

Key events			
Date	Event	Reference	Summary
27/06/2013	Non-legislative basic document published	C(2013)04164	
27/06/2013	Initial period for examining delegated act 2 month(s)		
04/07/2013	Committee referral announced in Parliament		
29/10/2013	Delegated act not objected by Parliament		

Technical information	
Procedure reference	2013/2696(DEA)
Procedure type	DEA - Delegated acts procedure
Procedure subtype	Examination of delegated act
Amendments and repeals	Supplementing 2011/0386(COD)
Stage reached in procedure	Procedure completed - delegated act enters into force
Committee dossier	ECON/7/13201

Documentation gateway			
European Commission			
Document type	Reference	Date	Summary
Non-legislative basic document	C(2013)04164	27/06/2013	

Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

2013/2696(DEA) - 13/11/2012

The Council **adjusted its position** in negotiations with the European Parliament on two draft regulations aimed at further improving economic governance in the euro area.

This second "two-pack" of proposals includes:

- a **regulation** for enhanced monitoring and assessment of draft budgetary plans of euro area Member States, especially those subject to an excessive deficit procedure;
- a **regulation** on enhanced surveillance of euro area Member States that are experiencing severe financial disturbance or request financial assistance.

The proposals were presented by the Commission in November 2011, following adoption of an initial "six-pack" of economic governance measures. The Council agreed a general approach on the proposals in February 2012. The Parliament established its negotiating position on 4 July 2012, introducing significant changes to the texts. Negotiations between Council and Parliament started on 11 July 2012, and seven trilogues have been held since. **Progress has been achieved on the regulation on enhanced surveillance, while negotiations on the regulation concerning the assessment of draft budgets have so far proved more difficult.**

The Council's objective is to facilitate rapid agreement with the Parliament, so as to enable the regulations to be adopted at first reading before the end of the year, in line with the October European Council's conclusions.

Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

2013/2696(DEA) - 05/03/2013

The Council welcomed an **agreement reached with the European Parliament** on 20 February on the "two-pack" of draft regulations aimed at further improving economic governance in the eurozone.

The "two-pack" includes:

- a **Regulation on enhanced monitoring and assessment of draft budgetary plans of euro area Member States, especially those subject to an excessive deficit procedure.** The Regulation provides that by 15 October annually, each Member State will have to submit its draft budget for the following year. If an examination of the draft budget reveals a serious non-compliance with the budgetary obligations laid down in the Stability and Growth Pact, the Commission will request a revised draft budget;
- a **Regulation on enhanced surveillance of euro area member states which are experiencing severe financial disturbance or which request financial assistance.**

Proposals were presented by the Commission in November 2011, following the adoption of an initial "six-pack" of economic governance measures. The Council finalised its position on the "two-pack" in February 2012 and negotiations with the Parliament started in July 2012.

The compromise approved by the Committee of Permanent Representatives on 28 February paves the way for the adoption of the texts at first reading. If the Parliament approves the package as agreed in the trilogue, the Council will also proceed with adoption once the texts have been finalised.

The compromise agreed with the Parliament introduces the following elements:

- by 31 July 2013, the Commission will examine and report on ways to balance productive public investment needs with fiscal discipline objectives.
- reference to various documents on the further development of the EU's economic and monetary union.
- the Commission will draw up guidelines in the form of a harmonised framework for the specification of the content of draft budgetary plans.
- the Commission will set up a group of experts to analyse the possible merits, risks, requirements and obstacles in relation to a partial substitution of national debt issuance by joint issuance in the form of a debt redemption fund and eurobills. The group will be composed of experts in law and economics, public finances, financial markets and sovereign debt management. It will report back by March 2014 and the Commission will make proposals if appropriate.

Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

2013/2696(DEA) - 30/11/2011

The Council **took note of a presentation by the Commission on a second package of proposals** for the strengthening of economic governance, aimed at enabling the EU's monetary union to function better in the longer term.

The package includes:

- a regulation for enhanced surveillance of euro area member states, especially of those subject of an excessive deficit procedure;
- a **regulation** on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance;
- a **green paper on stability bonds** ("eurobonds"), assessing the options for the joint issuance of bonds in the euro area.

Presentation of the package follows the recent adoption of a **first package of proposals** on the strengthening of coordination so as to ensure sustainable public finances and avoid the accumulation of excessive economic imbalances in the member states.

Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

2013/2696(DEA) - 24/01/2012

The Council **discussed two draft regulations** on economic governance, namely:

- a **regulation** for enhanced monitoring and assessment of draft budgetary plans of euro area member states, especially those subject to an excessive deficit procedure;
- a **regulation** on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance.

This second package of proposals was presented by the Commission in November following adoption of the so-called "**six-pack**" of economic governance proposals.

The Council assessed progress made by an ad hoc working group which was set up in December 2011 to work on the proposals and discussed two issues (one related to each proposal):

Submission of budgetary plans: whether all euro area member states should submit their budgetary plans to the Commission and the Euro Group for monitoring purposes, or only those subject to an excessive deficit procedure. While a broad majority of member states favoured reporting by all member states, some countries considered the proposed reporting requirements to be excessive for countries not subject to an excessive deficit procedure.

The Council concluded that the **reporting should involve all member states**. It asked the ad hoc working group to consider the concerns raised, as well as the timing of the reporting requirement.

Recommendation to seek financial assistance: whether the Council should be empowered to adopt, on the basis of a Commission proposal, a recommendation to a member state to seek financial assistance. Some member states expressed concerns that this could impinge on the decision-making procedures of the European Stability Mechanism (ESM), and pose difficulties with regard to confidentiality.

The Council concluded that it should be able to issue such a recommendation and accordingly asked the ad hoc working group to **analyse the decision-making procedures**.

Discussions on the two proposals are linked with the negotiation of a fiscal compact treaty and amendments to the ESM treaty. Therefore, the texts of the two legislative proposals will not be finalised until the two treaties have been approved.

Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

2013/2696(DEA) - 21/02/2012

The Council agreed a **general approach** on two draft regulations on economic governance, namely:

- a **regulation** for enhanced monitoring and assessment of draft budgetary plans of euro area member states, especially those subject to an excessive deficit procedure;
- a **regulation** on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance.

This will enable the presidency, on behalf of the Council, to start negotiations with the European Parliament, with a view to reaching agreement at first reading before the end of the Danish presidency.

The two regulations would introduce provisions for **enhanced monitoring of euro area countries' budgetary policies**:

- Member states would be required to submit annually to the Council and the Commission their draft budgetary plans for the next year by 15 October.
- Closer monitoring would apply to member states in excessive deficit procedure in order to enable the Commission to better assess whether there is a risk of non-compliance with the deadline to correct the excessive deficit.

Member states experiencing severe difficulties with regard to their financial stability or receiving financial assistance on a precautionary basis would be subject to even tighter monitoring than member states in excessive deficit procedure.

Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

2013/2696(DEA) - 10/07/2012

The Council was informed by the presidency on the process to be followed with a view to reaching an agreement with the European Parliament on two draft Regulations on economic governance, namely:

- a **Regulation** for enhanced monitoring and assessment of draft budgetary plans of euro area Member States, especially those subject to an excessive deficit procedure;
- a **Regulation** on enhanced surveillance of euro area member states that are experiencing severe financial disturbance or request financial assistance.

The Council confirmed that the **general approach** agreed at its meeting on 21 February remains the starting position for the negotiations (*please refer to the procedure summary of that date*). The Parliament established its **negotiating position** on 13 June and introduced significant changes to the proposals (*please refer to the procedure summary of that date*).

The **first "trilogue" meeting** with the European Parliament is scheduled for 11 July. An ad hoc Council working group, created to work on the proposals, discussed the modifications introduced by the Parliament on 4 July.