Basic information

2020/2075(INI) INI - Own-initiative procedure	Procedure completed
The review of the macroeconomic legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability **Subject** 5 Economic and monetary system 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	MARQUES Margarida (S&D)	22/01/2020
	Shadow rapporteur NIEDERMAYER Luděk (EPP) KELLEHER Billy (Renew) DELLI Karima (Greens/EFA) TERHEŞ Cristian (ECR) BECK Gunnar (ID)	

Committee for opinion	Rapporteur for opinion	Appointed
AFCO Constitutional Affairs	CHAIBI Leila (GUE/NGL)	08/06/2020

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	GENTILONI Paolo

Key events

Date	Event	Reference	Summary
27/05/2020	Committee referral announced in Parliament		
21/06/2021	Vote in committee		
22/06/2021	Committee report tabled for plenary	A9-0212/2021	

07/07/2021	Debate in Parliament		
08/07/2021	Decision by Parliament	T9-0358/2021	Summary
08/07/2021	Results of vote in Parliament		

Technical information	
Procedure reference	2020/2075(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/02940

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE689.500	11/03/2021	
Committee opinion	AFCO	PE680.738	16/04/2021	
Amendments tabled in committee		PE691.374	23/04/2021	
Committee report tabled for plenary, single reading		A9-0212/2021	22/06/2021	
Text adopted by Parliament, single reading		T9-0358/2021	08/07/2021	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2021)626	27/10/2021	

The review of the macroeconomic legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability

2020/2075(INI) - 08/07/2021 - Text adopted by Parliament, single reading

The European Parliament adopted by 461 votes to 94, with 133 abstentions, a resolution on the review of the macroeconomic legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability.

Put on hold in 2020 due to the COVID-19 pandemic, Parliament called on the Commission to relaunch the public debate on the review of the European economic governance framework and to come forward with comprehensive, forward-looking legislative proposals as a result of the review.

Fiscal policy towards a sustainable and inclusive recovery

Parliament welcomed the activation of the general escape clause of the Stability and Growth Pact, which is fully justified by the economic and social impact of the pandemic. The general escape clause has allowed Member States to adopt very sizeable expenditure and revenue measures to minimise the economic and social impact of the pandemic. The **fiscal support should be phased out gradually** to support the efforts of the Member States to sustain the recovery and strengthen economic and social resilience. The general escape clause of the Stability and Growth Pact will continue to be applied in 2022 and is expected to be deactivated as of 2023.

Once the general escape clause is deactivated and while a reviewed framework is not yet in place, Parliament called for the use of all the existing flexibilities provided for in the current economic governance framework such as the 'unusual event clause' on a country-specific basis to prevent premature fiscal consolidation and limit the risks of long-term scarring.

The resolution considered that **NextGenerationEU (NGEU) loans should be recorded as national debt** and called on the Commission to provide NGEU-loan-financed expenditure with the same treatment as for the European Fund for Strategic Investments (EFSI).

Parliament called for a continued expansionary fiscal stance for as long as needed to support the recovery from the COVID-19 pandemic and drive the transformative changes making the economies greener, more digital and inclusive. It considered the common European budgetary response to be crucial for the recovery and called for a swift and efficient use of NGEU resources, while fully respecting the agreed criteria.

A review of the macroeconomic legislative framework

The success of a proper and responsible setting up of both monetary and fiscal policies in helping to deliver the required support to post-COVID-19 economies, the former by preserving favourable financing conditions and the latter by supporting firms, workers and people, showing the readiness of these policies to respond to this crisis; considers that premature withdrawal of fiscal policy should be also avoided to not counteract the stimulus of the recovery programme.

Parliament noted that the impact of the COVID-19 shock has increased savings and some investment choices have been delayed. Once the restrictions are eased and the economy rebounds, interest rates might have an increase driven by higher inflation expectations. The importance of promoting public and private investments to unlock additional capital, especially in the context of the EU recovery is highlighted in the resolution.

Sovereign debt sustainability analysis (SDSA)

Parliament noted that sovereign debt levels have considerably increased, reaching nearly 102 % of the euro area aggregate debt-to-GDP ratio, with a further increase forecast for 2021 and 2022, and that some Member States already have a sizeable debt legacy. The economic governance framework should be reviewed in the context of the current economic environment and, while building on experiences of the existing framework and fully respecting the Treaties, it should be fact based and future oriented.

Parliament called on the Commission to pursue a comprehensive and transparent sovereign debt sustainability analysis (SDSA) in order to support policymakers' decision to set an appropriate country-specific, clear and transparent adjustment path.

EU fiscal policy coordination framework

Parliament considered that, during the review process, the Commission should reflect on the role of fiscal policy in the European economy addressing the shortcomings already identified in the EU fiscal framework before the outbreak, and also in view of the legacies of the pandemic.

Members called for well-defined, transparent, simple, flexible and enforceable rules, embedded in a credible and democratic framework, in line with the Union's strategic priorities, taking into account the specificities of Member States and promoting upward economic and social convergence.

Parliament took note of the proposal of the European Fiscal Board to rebuild the Union's fiscal framework on the basis of three principles: (1) a debt anchor – that is a debt ratio objective and a country-specific adjustment declining path towards it, (2) a single indicator of fiscal performance – that is an expenditure rule for countries with debt in excess of the debt ratio objective, and (3) a general escape clause supported by an opinion on the basis of independent analysis and advice.

The resolution also called for greater involvement of macroprudential authorities to better identify macroeconomic imbalances from a macroprudential perspective.

Governance

Parliament stressed the need to strengthen the democratic legitimacy, accountability and scrutiny of the economic governance framework.

Recalling that the European Semester is a well-established framework to coordinate the budgetary, economic, social and employment policies across the EU, Parliament called on the Commission for proposals to improve the Semester process and for it to be fully involved in the process.