# Disaggregated textual analysis of EU legal provisions on fiscal governance

## Keys of major provisions

|  |  |
| --- | --- |
| Major provision | MP |
| * granting authority to Council (enforcement-related) | ACM(E) |
| * setting constraints on the Council | CCM |
| * granting discretion to Member States | AMS |
| * setting constraints/demands on Member States | CMS |
| * granting authority to Commission (enforcement-related) | ACOM(E) |
| * setting constraints on the Commission | CCOM |

For amending legislation, we record only changes to these major provisions. The symbol = means that there is no change in terms of number of major provisions.

## Treaty Provisions

### Treaty on European Union: Title VI - Economic and Monetary Policy. Chapter 1 Economic Policy (1 November 1993)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | ARTICLE 102 a  Member States *shall conduct* their economic policies with a view to contributing to the achievement of the objectives of the Community, as defined in Article 2, and in the context of the broad guidelines referred to in Article 103(2). | CMS |
| 2 | *The Member States and the Community shall act in accordance with the principle of an open market economy* with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 3a. | CMS |
| 3 | ARTICLE 103  1. *Member States shall regard their economic policies as a matter of common* concern and shall co-ordinate them within the Council, in accordance with the provisions of Article 102a. | CMS |
| 4 | 2. The Council shall, acting by a qualified majority on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Community, and shall report its findings to the European Council.  The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Community.  On the basis of this conclusion, the Council shall, acting by a qualified majority, adopt a recommendation setting out these broad guidelines. The Council shall inform the European Parliament of its recommendation. | recommendation only  information only |
| 5 | 3. In order to ensure closer co-ordination of economic policies and sustained convergence of the economic performances of the Member States, the Council shall, on the basis of reports submitted by the Commission, monitor economic developments in each of the Member States and in the Community as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment.  For the purpose of this multilateral surveillance, *Member States shall forward information to the Commission about important measures* taken by them in the field of their economic policy and such other information as they deem necessary. | vague  CMS |
| 6 | 4. Where it is established, under the procedure referred to in paragraph 3, that the economic policies of a Member State are not consistent with the broad guidelines referred to in paragraph 2 or that they risk jeopardizing the proper functioning of economic and monetary union, the Council may, acting by a qualified majority on a recommendation from the Commission, make the necessary recommendations to the Member State concerned. *The Council may*, acting by a qualified majority on a proposal from the Commission, *decide to make its recommendations public*.  The President of the Council and the Commission shall *report* to the European Parliament on the results of multilateral surveillance. The President of the Council may be invited to appear before the competent Committee of the European Parliament if the Council has made its recommendations public | ACME  CCM  Commission to report but no powers |
| 7 | 5. The Council, acting in accordance with the procedure referred to in Article 189c, may *adopt detailed rules* for the multilateral surveillance procedure referred to in paragraphs 3 and 4 of this Article. | ACM  CCM (cooperation) |
| 8 | ARTICLE 103 a  1. Without prejudice to any other procedures provided for in this Treaty, the Council may, acting *unanimously* on a proposal from the Commission, *decide* upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products. | Unanimity, no pooling |
| 9 | 2. Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by exceptional occurrences beyond its control, the Council may, acting *unanimously* on a proposal from the Commission, *grant*, under certain conditions, Community financial assistance to the Member State concerned. | Unanimity, no pooling |
| 10 | Where the severe difficulties are caused by natural disasters, the Council shall act by qualified majority. The President of the Council shall inform the European Parliament of the decision taken. | ACM  information only |
| 11 | ARTICLE 104  1. Overdraft facilities or any other type of credit facility with the ECB or with the central banks of the Member States (hereinafter referred to as ‘national central banks’) in favour of Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the ECB or national central banks of debt instruments. |  |
| 12 | 2. Paragraph 1 shall not apply to publicly-owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the ECB as private credit institutions. |  |
| 13 | ARTICLE 104 a  1. Any measure, not based on prudential considerations, establishing privileged access by Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States to financial institutions shall be prohibited. |  |
| 14 | 2. The Council, acting in accordance with the procedure referred to in Article 189c, shall, *before 1 January 1994*, *specify definitions* for the application of the prohibition referred to in paragraph 1. | ACM  CCM (cooperation)  CCM (time) |
| 15 | ARTICLE 104 b  1. The Community shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law or public undertakings of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. |  |
| 16 | 2. If necessary, the Council, acting in accordance with the procedure referred to in Article 189c, may *specify definitions* for the application of the prohibitions referred to in Article 104 and in this Article. | ACM  CCM (cooperation) |
| 17 | ARTICLE 104 c  1. Member States shall avoid excessive government deficits. | CMS |
| 18 | 2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:  (a) whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless:  - either the ratio has declined substantially and continuously and reached a level that comes close to the reference value;  - or, alternatively, the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value;  (b) whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.  The reference values are specified in the Protocol on the excessive deficit procedure annexed to this Treaty. | vague |
| 19 | 3. If a Member State does not fulfill the requirements under one or both of these criteria, the Commission shall prepare a report. The report of the Commission shall also take into account whether the government deficit exceeds government investment expenditure and take into account all other relevant factors, including the medium-term economic and budgetary position of the Member State.  The Commission may also prepare a report if, notwithstanding the fulfillment of the requirements under the criteria, it is of the opinion that there is a risk of an excessive deficit in a Member State. | vague |
| 20 | 4. The Committee provided for in Article 109c shall formulate an opinion on the report of the Commission. |  |
| 21 | 5. If the Commission considers that an excessive deficit in a Member State exists or may occur, the Commission shall address an opinion to the Council. | address only |
| 22 | 6. The Council shall, acting by a qualified majority on a recommendation from the Commission, and having considered any observations which the Member State concerned may wish to make, *decide* after an overall assessment whether an excessive deficit exists. | ACME |
| 23 | 7. Where the existence of an excessive deficit is decided according to paragraph 6, the Council *shall make recommendations* to the Member State concerned with a view to bringing that situation to an end within a given period. Subject to the provisions of paragraph 8, these recommendations shall not be made public. | ACME  recommendation considered as it leads to notice |
| 24 | 8. Where it establishes that there has been no effective action in response to its recommendations within the period laid down, the *Council may make its recommendations public* | ACME |
| 25 | 9. If a Member State persists in failing to put into practice the recommendations of the Council, the Council may *decide to give notice* to the Member State to take, within a specified time limit, measures for the deficit reduction which is judged necessary by the Council in order to remedy the situation. | ACME |
| 26 | In such a case, the Council *may request* the Member State concerned to submit reports in accordance with a specific timetable in order to examine the adjustment efforts of that Member State. | ACME |
| 27 | 10. The rights to bring actions provided for in Articles 169 and 170 may not be exercised within the framework of paragraphs 1 to 9 of this Article. |  |
| 28 | 11. As long as a Member State fails to comply with a decision taken in accordance with paragraph 9, the Council *may decide* to apply or, as the case may be, intensify one or more of the following measures:  - to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities; | ACME |
| 29 | - to invite the European lnvestment Bank to reconsider its lending policy towards the Member State concerned; | ACME |
| 30 | - to require the Member State concerned to make a non-interest-bearing deposit of an appropriate size with the Community until the excessive deficit has, in the view of the Council, been corrected; | ACME |
| 31 | - to impose fines of an appropriate size.  The President of the Council shall inform the European Parliament of the decisions taken. | ACME  information only |
| 32 | 12. The Council *shall abrogate* some or all of its decisions referred to in paragraphs 6 to 9 and 11 to the extent that the excessive deficit in the Member State concerned has, in the view of the Council, been corrected. | CCM |
| 33 | If the Council has previously made public recommendations, it shall, as soon as the decision under paragraph 8 has been abrogated, *make a public statement* that an excessive deficit in the Member State concerned no longer exists. | CCM |
| 34 | 13. When taking the decisions referred to in paragraphs 7 to 9, 11 and 12, the Council shall act on a recommendation from the Commission by a majority of two thirds of the votes of its members weighted in accordance with Article 148(2), excluding the votes of the representative of the Member State concerned |  |
| 35 | 14. Further provisions relating to the implementation of the procedure described in this Article are set out in the Protocol on the excessive deficit procedure annexed to this Treaty.  The Council shall, acting *unanimously* on a proposal from the Commission and after consulting the European Parliament and the ECB, *adopt the appropriate provisions* which shall then replace the said Protocol. | Unanimity, no pooling |
| 36 | Subject to the other provisions of this paragraph the Council shall, *before 1 January 1994*, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, *lay down detailed rules* and definitions for the application of the provisions of the said Protocol. | ACM  CCM (time)  Consultation EP disregarded |

### Treaty on European Union: Protocol on excessive deficit procedure (1 November 1993)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 1  The reference values referred to in Article 104c(2) of this Treaty are:  -  3% for the ratio of the planned or actual government deficit to gross domestic product at market prices;  -  60% for the ratio of government debt to gross domestic product at market prices. | CMS |
| 2 | Article 2  In Article 104c of this Treaty and in this Protocol:  -  government means general government, that is central government, regional or local government and social security funds, to the exclusion of commercial operations, as defined in the European System of Integrated Economic Accounts;  -  deficit means net borrowing as defined in the European System of Integrated Economic Accounts;  -  investment means gross fixed capital formation as defined in the European System of Integrated Economic Accounts;  -  debt means total gross debt at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government as defined in the first indent. |  |
| 3 | Article 3  In order to ensure the effectiveness of the excessive deficit procedure, the governments of the Member States shall be responsible under this procedure for the deficits of general government as defined in the first indent of Article 2. The Member States *shall ensure* that national procedures in the budgetary area enable them to meet their obligations in this area deriving from this Treaty. | CMS |
| 4 | The Member States *shall report* their planned and actual deficits and the levels of their debt promptly and regularly to the Commission. | CMS |
| 5 | Article 4  The statistical data to be used for the application of this Protocol shall be provided by the Commission. |  |

### Treaty on European Union (after Amsterdam Treaty): Title VI - Economic and Monetary Policy. Chapter 1 Economic Policy (1 May 1999)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 98 (ex Article 102a)  Member States shall conduct their economic policies with a view to contributing to the achievement of the objectives of the Community, as defined in Article 2, and in the context of the broad guidelines referred to in Article 99(2). | CMS |
| 2 | The Member States and the Community shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 4. | CMS |
| 3 | Article 99 (ex Article 103)  1. Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council, in accordance with the provisions of Article 98. | CMS |
| 4 | 2. The Council shall, acting by a qualified majority on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Community, and shall report its findings to the European Council. The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Community. On the basis of this conclusion, the Council shall, acting by a qualified majority, adopt a recommendation setting out these broad guidelines. The Council shall inform the European Parliament of its recommendation. | recommendation only  information only |
| 5 | 3. In order to ensure closer coordination of economic policies and sustained convergence of the economic performances of the Member States, the Council shall, on the basis of reports submitted by the Commission, monitor economic developments in each of the Member States and in the Community as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment.  For the purpose of this multilateral surveillance, Member States shall forward information to the Commission about important measures taken by them in the field of their economic policy and such other information as they deem necessary. | vague  CMS |
| 6 | 4. Where it is established, under the procedure referred to in paragraph 3, that the economic policies of a Member State are not consistent with the broad guidelines referred to in paragraph 2 or that they risk jeopardising the proper functioning of economic and monetary union, the Council may, acting by a qualified majority on a recommendation from the Commission, make the necessary recommendations to the Member State concerned. The Council may, acting by a qualified majority on a proposal from the Commission, decide to make its recommendations public.  The President of the Council and the Commission shall report to the European Parliament on the results of multilateral surveillance. The President of the Council may be invited to appear before the competent committee of the European Parliament if the Council has made its recommendations public. | ACME  CCM  Commission to report but no powers |
| 7 | 5. The Council, acting in accordance with the procedure referred to in Article 252, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4 of this Article. | ACM  CCM (cooperation) |
| 8 | Article 100 (ex Article 103a)  1. Without prejudice to any other procedures provided for in this Treaty, the Council may, acting unanimously on a proposal from the Commission, decide upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products | Unanimity, no pooling |
| 9 | 2. Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by exceptional occurrences beyond its control, the Council may, acting unanimously on a proposal from the Commission, grant, under certain conditions, Community financial assistance to the Member State concerned. | Unanimity, no pooling |
| 10 | Where the severe difficulties are caused by natural disasters, the Council shall act by qualified majority. The President of the Council shall inform the European Parliament of the decision taken. | ACM  information only |
| 11 | Article 101 (ex Article 104)  1. Overdraft facilities or any other type of credit facility with the ECB or with the central banks of the Member States (hereinafter referred to as "national central banks') in favour of Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the ECB or national central banks of debt instruments. |  |
| 12 | 2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the ECB as private credit institutions. |  |
| 13 | Article 102 (ex Article 104a)  1. Any measure, not based on prudential considerations, establishing privileged access by Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States to financial institutions, shall be prohibited. |  |
| 14 | 2. The Council, acting in accordance with the procedure referred to in Article 252, shall, before 1 January 1994, specify definitions for the application of the prohibition referred to in paragraph 1. | ACM  CCM (cooperation)  CCM (time) |
| 15 | Article 103 (ex Article 104b)  1. The Community shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. |  |
| 16 | 2. If necessary, the Council, acting in accordance with the procedure referred to in Article 252, may specify definitions for the application of the prohibition referred to in Article 101 and in this Article. | ACM  CCM (cooperation) |
| 17 | Article 104 (ex Article 104c)  1. Member States shall avoid excessive government deficits. | CMS |
| 18 | 2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:  (a)whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless:  -either the ratio has declined substantially and continuously and reached a level that  comes close to the reference value;  -or, alternatively, the excess over the reference value is only exceptional and temporary  and the ratio remains close to the reference value;  (b) whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.  The reference values are specified in the Protocol on the excessive deficit procedure annexed to this Treaty. | vague |
| 19 | 3. If a Member State does not fulfill the requirements under one or both of these criteria, the Commission shall prepare a report. The report of the Commission shall also take into account whether the government deficit exceeds government investment expenditure and take into account all other relevant factors, including the medium term economic and budgetary position of the Member State.  The Commission may also prepare a report if, notwithstanding the fulfillment of the requirements under the criteria, it is of the opinion that there is a risk of an excessive deficit in a Member State. | vague |
| 20 | 4. The Committee provided for in Article 114 shall formulate an opinion on the report of the Commission. |  |
| 21 | 5. If the Commission considers that an excessive deficit in a Member State exists or may occur, the Commission shall address an opinion to the Council. | address only |
| 22 | 6. The Council shall, acting by a qualified majority on a recommendation from the Commission, and having considered any observations which the Member State concerned may wish to make, decide after an overall assessment whether an excessive deficit exists. | ACME |
| 23 | 7. Where the existence of an excessive deficit is decided according to paragraph 6, the Council shall make recommendations to the Member State concerned with a view to bringing that situation to an end within a given period. Subject to the provisions of paragraph 8, these recommendations shall not be made public | ACME  recommendation considered as it leads to notice |
| 24 | 8. Where it establishes that there has been no effective action in response to its recommendations within the period laid down, the Council may make its recommendations public. | ACME |
| 25 | 9. If a Member State persists in failing to put into practice the recommendations of the Council, the Council may decide to give notice to the Member State to take, within a specified time limit, measures for the deficit reduction which is judged necessary by the Council in order to remedy the situation | ACME |
| 26 | In such a case, the Council may request the Member State concerned to submit reports in accordance with a specific timetable in order to examine the adjustment efforts of that Member State. | ACME |
| 27 | 10. The rights to bring actions provided for in Articles 226 and 227 may not be exercised within the framework of paragraphs 1 to 9 of this Article. |  |
| 28 | 11. As long as a Member State fails to comply with a decision taken in accordance with paragraph 9, the Council may decide to apply or, as the case may be, intensify one or more of the following measures:  -to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities; | ACME |
| 29 | -to invite the European Investment Bank to reconsider its lending policy towards the  Member State concerned; | ACME |
| 30 | -to require the Member State concerned to make a non interest bearing deposit of an appropriate size with the Community until the excessive deficit has, in the view of the Council, been corrected; | ACME |
| 31 | -to impose fines of an appropriate size.  The President of the Council shall inform the European Parliament of the decisions taken. | ACME  information only |
| 32 | 12. The Council shall abrogate some or all of its decisions referred to in paragraphs 6 to 9 and 11 to the extent that the excessive deficit in the Member State concerned has, in the view of the Council, been corrected. | CCM |
| 33 | If the Council has previously made public recommendations, it shall, as soon as the decision under paragraph 8 has been abrogated, *make a public statement* that an excessive deficit in the Member State concerned no longer exists. | CCM |
| 34 | 13. When taking the decisions referred to in paragraphs 7 to 9, 11 and 12, the Council shall act on a recommendation from the Commission by a majority of two thirds of the votes of its members weighted in accordance with Article 205(2), excluding the votes of the representative of the Member State concerned. |  |
| 35 | 14. Further provisions relating to the implementation of the procedure described in this Article are set out in the Protocol on the excessive deficit procedure annexed to this Treaty.  The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the ECB, adopt the appropriate provisions which shall then replace the said Protocol. | Unanimity, no pooling |
| 36 | Subject to the other provisions of this paragraph, the Council shall, before 1 January 1994, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, lay down detailed rules and definitions for the application of the provisions of the said Protocol. | ACM  CCM (time)  Consultation EP disregarded |

### Treaty on European Union (after Amsterdam Treaty): Protocol on excessive deficit procedure (1 May 1999)

No change

### Treaty on European Union (after Nice Treaty): Title VI - Economic and Monetary Policy. Chapter 1 Economic Policy (1 February 2003)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 98  Member States shall conduct their economic policies with a view to contributing to the achievement of the objectives of the Community, as defined in Article 2, and in the context of the broad guidelines referred to in Article 99(2). | CMS |
| 2 | The Member States and the Community shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 4. | CMS |
| 3 | Article 99  1. Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council, in accordance with the provisions of Article 98. | CMS |
| 4 | 2. The Council shall, acting by a qualified majority on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Community, and shall report its findings to the European Council. The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Community. On the basis of this conclusion, the Council shall, acting by a qualified majority, adopt a recommendation setting out these broad guidelines. The Council shall inform the European Parliament of its recommendation. | recommendation only  information only |
| 5 | 3. In order to ensure closer coordination of economic policies and sustained convergence of the economic performances of the Member States, the Council shall, on the basis of reports submitted by the Commission, monitor economic developments in each of the Member States and in the Community as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment.  For the purpose of this multilateral surveillance, Member States shall forward information to the Commission about important measures taken by them in the field of their economic policy and such other information as they deem necessary. | vague  CMS |
| 6 | 4. Where it is established, under the procedure referred to in paragraph 3, that the economic policies of a Member State are not consistent with the broad guidelines referred to in paragraph 2 or that they risk jeopardising the proper functioning of economic and monetary union, the Council may, acting by a qualified majority on a recommendation from the Commission, make the necessary recommendations to the Member State concerned. The Council may, acting by a qualified majority on a proposal from the Commission, decide to make its recommendations public.  The President of the Council and the Commission shall report to the European Parliament on the results of multilateral surveillance. The President of the Council may be invited to appear before the competent committee of the European Parliament if the Council has made its recommendations public. | ACME  CCM  Commission to report but no powers |
| 7 | 5. The Council, acting in accordance with the procedure referred to in Article 252, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4 of this Article. | ACM  CCM (cooperation) |
| 8 | *Article 100 (\*)*  1. Without prejudice to any other procedures provided for in this Treaty, the Council, acting by a *qualified majority* on a proposal from the Commission, may decide upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products | ACM |
| 9 | 2. Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control, the Council, acting by a *qualified majority* on a proposal from the Commission, may grant, under certain conditions, Community financial assistance to the Member State concerned.  The President of the Council shall inform the European Parliament of the decision taken. | ACM  information only |
| ~~10~~ | ~~Where the severe difficulties are caused by natural disasters, the Council shall act by qualified majority. The President of the Council shall inform the European Parliament of the decision taken.~~ | ~~ACM~~  ~~information only~~ |
| 11 | Article 101  1. Overdraft facilities or any other type of credit facility with the ECB or with the central banks of the Member States (hereinafter referred to as "national central banks') in favour of Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the ECB or national central banks of debt instruments. |  |
| 12 | 2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the ECB as private credit institutions. |  |
| 13 | Article 102  1. Any measure, not based on prudential considerations, establishing privileged access by Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States to financial institutions, shall be prohibited. |  |
| 14 | 2. The Council, acting in accordance with the procedure referred to in Article 252, shall, before 1 January 1994, specify definitions for the application of the prohibition referred to in paragraph 1. | ACM  CCM (cooperation)  CCM (time) |
| 15 | Article 103  1. The Community shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. |  |
| 16 | 2. If necessary, the Council, acting in accordance with the procedure referred to in Article 252, may specify definitions for the application of the prohibition referred to in Article 101 and in this Article. | ACM  CCM (cooperation) |
| 17 | Article 104  1. Member States shall avoid excessive government deficits. | CMS |
| 18 | 2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:  (a)whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless:  -either the ratio has declined substantially and continuously and reached a level that  comes close to the reference value;  -or, alternatively, the excess over the reference value is only exceptional and temporary  and the ratio remains close to the reference value;  (b) whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.  The reference values are specified in the Protocol on the excessive deficit procedure annexed to this Treaty. | vague |
| 19 | 3. If a Member State does not fulfill the requirements under one or both of these criteria, the Commission shall prepare a report. The report of the Commission shall also take into account whether the government deficit exceeds government investment expenditure and take into account all other relevant factors, including the medium term economic and budgetary position of the Member State.  The Commission may also prepare a report if, notwithstanding the fulfillment of the requirements under the criteria, it is of the opinion that there is a risk of an excessive deficit in a Member State. | vague |
| 20 | 4. The Committee provided for in Article 114 shall formulate an opinion on the report of the Commission. |  |
| 21 | 5. If the Commission considers that an excessive deficit in a Member State exists or may occur, the Commission shall address an opinion to the Council. | address only |
| 22 | 6. The Council shall, acting by a qualified majority on a recommendation from the Commission, and having considered any observations which the Member State concerned may wish to make, decide after an overall assessment whether an excessive deficit exists. | ACME |
| 23 | 7. Where the existence of an excessive deficit is decided according to paragraph 6, the Council shall make recommendations to the Member State concerned with a view to bringing that situation to an end within a given period. Subject to the provisions of paragraph 8, these recommendations shall not be made public | ACME  recommendation considered as it leads to notice |
| 24 | 8. Where it establishes that there has been no effective action in response to its recommendations within the period laid down, the Council may make its recommendations public. | ACME |
| 25 | 9. If a Member State persists in failing to put into practice the recommendations of the Council, the Council may decide to give notice to the Member State to take, within a specified time limit, measures for the deficit reduction which is judged necessary by the Council in order to remedy the situation | ACME |
| 26 | In such a case, the Council may request the Member State concerned to submit reports in accordance with a specific timetable in order to examine the adjustment efforts of that Member State. | ACME |
| 27 | 10. The rights to bring actions provided for in Articles 226 and 227 may not be exercised within the framework of paragraphs 1 to 9 of this Article. |  |
| 28 | 11. As long as a Member State fails to comply with a decision taken in accordance with paragraph 9, the Council may decide to apply or, as the case may be, intensify one or more of the following measures:  -to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities; | ACME |
| 29 | -to invite the European Investment Bank to reconsider its lending policy towards the  Member State concerned; | ACME |
| 30 | -to require the Member State concerned to make a non interest bearing deposit of an appropriate size with the Community until the excessive deficit has, in the view of the Council, been corrected; | ACME |
| 31 | -to impose fines of an appropriate size.  The President of the Council shall inform the European Parliament of the decisions taken. | ACME  information only |
| 32 | 12. The Council shall abrogate some or all of its decisions referred to in paragraphs 6 to 9 and 11 to the extent that the excessive deficit in the Member State concerned has, in the view of the Council, been corrected. | CCM |
| 33 | If the Council has previously made public recommendations, it shall, as soon as the decision under paragraph 8 has been abrogated, *make a public statement* that an excessive deficit in the Member State concerned no longer exists. | CCM |
| 34 | 13. When taking the decisions referred to in paragraphs 7 to 9, 11 and 12, the Council shall act on a recommendation from the Commission by a majority of two thirds of the votes of its members weighted in accordance with Article 205(2), excluding the votes of the representative of the Member State concerned. |  |
| 35 | 14. Further provisions relating to the implementation of the procedure described in this Article are set out in the Protocol on the excessive deficit procedure annexed to this Treaty.  The Council shall, acting *unanimously* on a proposal from the Commission and after consulting the European Parliament and the ECB, adopt the appropriate provisions which shall then replace the said Protocol. | Unanimity, no pooling |
| 36 | Subject to the other provisions of this paragraph, the Council shall, before 1 January 1994, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, lay down detailed rules and definitions for the application of the provisions of the said Protocol. | ACM  CCM (time)  Consultation EP disregarded |

Note: 35 major provisions – major provision n.10 deleted by the new treaty. One provision delegating authority to Council and two provisions setting constraints on Council deleted.

### Treaty on European Union (after Nice Treaty): Protocol on excessive deficit procedure (1 February 2003)

No change

### Treaty on European Union (after Lisbon Treaty): Title VI - Economic and Monetary Policy. Chapter 1 Economic Policy (1 December 2009)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 120  (ex Article 98 TEC)  Member States shall conduct their economic policies with a view to contributing to the achievement of the objectives of the Union, as defined in Article 3 of the Treaty on European Union, and in the context of the broad guidelines referred to in Article 121(2). | CMS |
| 2 | The Member States and the Union shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 119 | CMS |
| 3 | Article 121  (ex Article 99 TEC)  1. Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council, in accordance with the provisions of Article 120. | CMS |
| 4 | 2. The Council shall, on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Union, and shall report its findings to the European Council. The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union. On the basis of this conclusion, the Council shall adopt a recommendation setting out these broad guidelines. The Council shall inform the European Parliament of its recommendation. | recommendation only  information only |
| 5 | 3. In order to ensure closer coordination of economic policies and sustained convergence of the economic performances of the Member States, the Council shall, on the basis of reports submitted by the Commission, monitor economic developments in each of the Member States and in the Union as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment.  For the purpose of this multilateral surveillance, Member States shall forward information to the Commission about important measures taken by them in the field of their economic policy and such other information as they deem necessary. | vague  CMS |
| 6 | 4. Where it is established, under the procedure referred to in paragraph 3, that the economic policies of a Member State are not consistent with the broad guidelines referred to in paragraph 2 or that they risk jeopardising the proper functioning of economic and monetary union, the Commission *may address a warning* to the Member State concerned. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned. The Council may, on a proposal from the Commission, decide to make its recommendations public.  Within the scope of this paragraph, the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.  A qualified majority of the other members of the Council shall be defined in accordance with Article 238(3)(a). | ACOME  ACME |
| +1 | 5. The President of the Council and the Commission shall report to the European Parliament on the results of multilateral surveillance. The President of the Council may be invited to appear before the competent committee of the European Parliament if the Council has made its recommendation public. | CCM  CCOM (now considered because greater Commission power |
| 7 | 6. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4. | ACM  CCM (codecision) |
| 8 | Article 122  (ex Article 100 TEC)  1. Without prejudice to any other procedures provided for in the Treaties, the Council, on a proposal from the Commission, may decide, in a spirit of solidarity between Member States, upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products, notably in the area of energy. | ACM |
| 9 | 2. Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control, the Council, on a proposal from the Commission, may grant, under certain conditions, Union financial assistance to the Member State concerned. The President of the Council shall inform the European Parliament of the decision taken. | ACM  information only |
| 10 | Article 123  (ex Article 101 TEC)  1. Overdraft facilities or any other type of credit facility with the European Central Bank or with the central banks of the Member States (hereinafter referred to as ‘national central banks’) in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the European Central Bank or national central banks of debt instruments. |  |
| 11 | 2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the European Central Bank as private credit institutions |  |
| 12 | Article 124  (ex Article 102 TEC)  Any measure, not based on prudential considerations, establishing privileged access by Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States to financial institutions, shall be prohibited. |  |
|  | ~~2. The Council, acting in accordance with the procedure referred to in Article 252, shall, before 1 January 1994, specify definitions for the application of the prohibition referred to in paragraph 1.~~ | ACM (moved to art.125.2)  ~~CCM (cooperation)~~  ~~CCM (time)~~ |
| 13 | Article 125  (ex Article 103 TEC)  1. The Union shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. |  |
| 14 | 2. The Council, on a proposal from the Commission and after consulting the European Parliament, may, as required, specify definitions for the application of the prohibitions referred to in Articles 123 and 124 and in this Article. | ACM  ~~CCM (cooperation)~~ |
| 15 | Article 126  (ex Article 104 TEC)  1. Member States shall avoid excessive government deficits. | CMS |
| 16 | 2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:  (a) whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless:  — either the ratio has declined substantially and continuously and reached a level that comes close to the reference value,  — or, alternatively, the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value;  (b) whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.  The reference values are specified in the Protocol on the excessive deficit procedure annexed to the Treaties. | vague |
| 17 | 3. If a Member State does not fulfill the requirements under one or both of these criteria, the Commission shall prepare a report. The report of the Commission shall also take into account whether the government deficit exceeds government investment expenditure and take into account all other relevant factors, including the medium-term economic and budgetary position of the Member State.  The Commission may also prepare a report if, notwithstanding the fulfillment of the requirements under the criteria, it is of the opinion that there is a risk of an excessive deficit in a Member State | vague |
| 18 | 4. The Economic and Financial Committee shall formulate an opinion on the report of the Commission. |  |
| 19 | 5. If the Commission considers that an excessive deficit in a Member State exists or may occur, it shall address an opinion to the Member State concerned and shall inform the Council accordingly. | address only |
| 20 | 6. The Council shall, on a proposal from the Commission, and having considered any observations which the Member State concerned may wish to make, decide after an overall assessment whether an excessive deficit exists. | ACME |
| 21 | 7. Where the Council decides, in accordance with paragraph 6, that an excessive deficit exists, it shall adopt, without undue delay, on a recommendation from the Commission, recommendations addressed to the Member State concerned with a view to bringing that situation to an end within a given period. Subject to the provisions of paragraph 8, these recommendations shall not be made public. | ACME  recommendation considered as it leads to notice |
| 22 | 8. Where it establishes that there has been no effective action in response to its recommendations within the period laid down, the Council may make its recommendations public. | ACME |
| 23 | 9. If a Member State persists in failing to put into practice the recommendations of the Council, the Council may decide to give notice to the Member State to take, within a specified time limit, measures for the deficit reduction which is judged necessary by the Council in order to remedy the situation. | ACME |
| 24 | In such a case, the Council may request the Member State concerned to submit reports in accordance with a specific timetable in order to examine the adjustment efforts of that Member State | ACME |
| 25 | 10. The rights to bring actions provided for in Articles 258 and 259 may not be exercised within the framework of paragraphs 1 to 9 of this Article. |  |
| 26 | 11. As long as a Member State fails to comply with a decision taken in accordance with paragraph 9, the Council may decide to apply or, as the case may be, intensify one or more of the following measures:  — to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities, | ACME |
| 27 | — to invite the European Investment Bank to reconsider its lending policy towards the Member State concerned, | ACME |
| 28 | — to require the Member State concerned to make a non-interest-bearing deposit of an appropriate size with the Union until the excessive deficit has, in the view of the Council, been corrected, | ACME |
| 29 | — to impose fines of an appropriate size.  The President of the Council shall inform the European Parliament of the decisions taken. | ACME  information only |
| 30 | 12. The Council shall abrogate some or all of its decisions or recommendations referred to in paragraphs 6 to 9 and 11 to the extent that the excessive deficit in the Member State concerned has, in the view of the Council, been corrected. | CCM |
| 31 | If the Council has previously made public recommendations, it shall, as soon as the decision under paragraph 8 has been abrogated*, make a public statement* that an excessive deficit in the Member State concerned no longer exists. | CCM |
| 32 | 13. When taking the decisions or recommendations referred to in paragraphs 8, 9, 11 and 12, the Council shall act on a recommendation from the Commission. When the Council adopts the measures referred to in paragraphs 6 to 9, 11 and 12, it shall act without taking into account the vote of the member of the Council representing the Member State concerned. A qualified majority of the other members of the Council shall be defined in accordance with Article 238(3)(a). |  |
| 33 | 14. Further provisions relating to the implementation of the procedure described in this Article are set out in the Protocol on the excessive deficit procedure annexed to the Treaties.  The Council shall, acting *unanimously* in accordance with a special legislative procedure and after consulting the European Parliament and the European Central Bank, adopt the appropriate provisions which shall then replace the said Protocol. | Unanimity, no pooling |
| 34 | Subject to the other provisions of this paragraph, the Council shall, on a proposal from the Commission and after consulting the European Parliament, lay down detailed rules and definitions for the application of the provisions of the said Protocol. | ACM  ~~CCM (time)~~  Consultation EP disregarded |

One major provision added and one deleted. Four provisions setting constraints on Council deleted. One provisions delegating authority to Commission, one setting constraints.

### Treaty on European Union (after Lisbon Treaty): Protocol on excessive deficit procedure (1 December 2009)

No change

## EDP: Regulations on application of EDP protocol

### Council Regulation (EC) No 3605/93 of 22 November 1993 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community

Treaty Base: Article 104c.14. Subject to the other provisions of this paragraph *the Council shall, before 1 January 1994, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament*, lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Legislative Procedure: Consultation

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | SECTION 1 Definitions  Article 1  1. For the purposes of the Protocol on the excessive deficit procedure and of this Regulation, the terms given in the following paragraphs are defined according to the European System of Integrated Economic Accounts (ESA). The codes in brackets refer to ESA, second edition. |  |
| 2 | 2. 'Government' means the sector of general government (S60), that is central government (S61), local government (S62) and social security funds (S63), to the exclusion of commercial operations, as defined in ESA.  The exclusion of commercial operations means that the sector of general government (S60) comprises only institutional units producing non-market services as their main activity. |  |
| 3 | 3. 'Government deficit (surplus)' means the net borrowing (net lending) (N5) of the sector of general government (S60), as defined in ESA. The interest comprised in the government deficit is the sum of interest (R41), as defined in ESA. |  |
| 4 | 4. 'Government investment' means the gross fixed capital formation (P41) of the sector of general government (S60), as defined in ESA. |  |
| 5 | 5. 'Government debt' means the total gross debt at nominal value outstanding at the end of the year of the sector of general government (S60), with the exception of those liabilities the corresponding financial assets of which are held by the sector of general government (S60).  Government debt is constituted by the liabilities of general government in the following categories: currency and deposits (F20 and F30), bills and short-term bonds (F40), long-term bonds (F50), other short-term loans (F79) and other medium and long-term loans (F89) as defined in ESA.  The nominal value of a liability outstanding at the end of the year is the face value.  The nominal value of an index-linked liability corresponds to its face value adjusted by the index-related capital uplift accrued to the end of the year.  Liabilities denominated in foreign currencies shall be converted into the national currency at the representative market exchange rate prevailing on the last working day of each year. |  |
| 6 | Article 2  Gross domestic product means gross domestic product at market prices (GDP mp), as defined in Article 2 of Directive 89/130/EEC, Euratom. |  |
| 7 | Article 3  1. Planned government deficit figures mean the figures established for the current year by the Member States consistent with the most recent decisions of their budgetary authorities. |  |
| 8 | 2. Actual government deficit and government debt level figures mean estimated, provisional, half-finalized or final results for a past year. |  |
| 9 | SECTION 2 Rules and coverage of reporting  Article 4  1. As from the beginning of 1994, Member States shall *report* to the Commission their planned and actual government deficits and levels of government debt twice a year, the first time before 1 March of the current year (year n) and the second time before 1 September of year n. | CMS |
| 10 | 2. Before 1 March of year n, Member States:  - shall *report* to the Commission their planned government deficit for year n, an up-to-date estimate of their actual government deficit for year n-1 and their actual government deficits for years n-2, n-3 and n-4,  - shall simultaneously provide the Commission for years n, n-1 and n-2 with their corresponding public accounts budget deficits according to the definition which is given most prominence nationally and with the figures which explain the transition between this public accounts budget deficit and their government deficit. The figures explaining this transition which are provided to the Commission shall include, in particular, the figures for net borrowing of the subsectors S61, S62 and S63,  - shall *report* to the Commission their estimate of the level of actual government debt at the end of year n-1 and their levels of actual government debt for years n-2, n-3 and n-4,  - shall simultaneously provide the Commission for years n-1 and n-2 with the figures which explain the contributions of their government deficit and the other relevant factors contributing to the variation in the level of their government debt. | CMS |
| 11 | 3. Before 1 September of year n, Member States shall *report* to the Commission:  - their updated planned government deficit for year n and their actual government deficits for years n-1, n-2, n-3 and n-4 and shall comply with the requirements of the second indent of paragraph 2,  - their actual level of government debt for years n-1, n-2, n-3 and n-4, and shall comply with the requirements of the fourth indent of paragraph 2. | CMS |
| 12 | 4. The figures for the planned government deficit reported to the Commission in accordance with paragraphs 2 and 3 shall be expressed in national currency and in budget years.  The figures for actual government deficit and actual government debt level reported to the Commission in accordance with paragraphs 2 and 3 shall be expressed in national currency and in calendar years, with the exception of the up-to-date estimates for year n-1, which may be expressed in budget years.  Where the budget year differs from the calendar year, Member States shall also *report* to the Commission their figures for actual government deficit and actual government debt level in budget years for the two budget years preceding the current budget year | CMS |
| 13 | Article 5  Member States shall, in accordance with the procedure laid down in Article 4 (1), (2) and (3), *provide the Commission* with the figures for their government investment expenditure and interest expenditure. | CMS |
| 14 | Article 6  Member States shall *provide* the Commission with a forecast of their gross domestic product for year n and the actual amount of their gross domestic product for years n-1, n-2, n-3 and n-4, under the same timing conditions as those indicated in Article 4 (1). | CMS |
| 15 | Article 7  In the event of a revision of ESA to be decided on by the Council in accordance with the rules on competence and procedure laid down in the Treaty, the Commission *shall introduce* the new references to ESA into Articles 1 and 4. | (no ACOM as no discretion in exercising this function; no CCOM because no powers delegated) |
| 16 | Article 8  This Regulation shall enter into force on 1 January 1994.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 475/2000 of 28 February 2000 amending Regulation (EC) No 3605/93 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community

Treaty Base: Article 104.14. Subject to the other provisions of this paragraph, the Council shall, before 1 January 1994, acting by a *qualified majority on a proposal from the Commission and after consulting the European Parliament*, lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Legislative Procedure: Consultation

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
|  | Article 1  Regulation (EC) No 3605/93 is hereby amended as follows:  1. Articles 1 and 2 shall be replaced by the following text:  "Article 1  1. For the purposes of the Protocol on the excessive deficit procedure and of this Regulation, the terms given in the following paragraphs are defined according to the European system of national and regional accounts in the Community (hereinafter referred to as 'ESA 95'), adopted by Regulation (EC) No 2223/96(4). The codes in brackets refer to ESA 95. |  |
|  | 2. 'Government' means the sector of 'general government' (S.13), that is 'central government' (S.1311), 'state government' (S.1312), 'local government' (S.1313) and 'social security funds' (S.1314), to the exclusion of commercial operations, as defined in ESA 95.  The exclusion of commercial operations means that the sector of 'general government' (S.13) comprises only institutional units producing non-market services as their main activity. |  |
|  | 3. 'Government deficit (surplus)' means the net borrowing (net lending) (B.9) of the sector of 'general government' (S.13), as defined in ESA 95. The interest comprised in the government deficit is the interest (D.41), as defined in ESA 95. |  |
|  | 4. 'Government investment' means the gross fixed capital formation (P.51) of the sector of 'general government' (S.13), as defined in ESA 95 |  |
|  | 5. 'Government debt' means the total gross debt at nominal value outstanding at the end of the year of the sector of 'general government' (S.13), with the exception of those liabilities the corresponding financial assets of which are held by the sector of 'general government' (S.13).  Government debt is constituted by the liabilities of general government in the following categories: currency and deposits (AF.2); securities other than shares, excluding financial derivatives (AF.33) and loans (AF.4), as defined in ESA 95.  The nominal value of a liability outstanding at the end of the year is the face value.  The nominal value of an index-linked liability corresponds to its face value adjusted by the index-related change in the value of the principal accrued to the end of the year.  Liabilities denominated in a foreign currency, or exchanged from one foreign currency through contractual agreements to one or more other foreign currencies shall be converted into the other foreign currencies at the rate agreed on in those contracts and shall be converted into the national currency on the basis of the representative market exchange rate prevailing on the last working day of each year.  Liabilities denominated in the national currency and exchanged through contractual agreements to a foreign currency shall be converted into the foreign currency at the rate agreed on in those contracts and shall be converted into the national currency on the basis of the representative market exchange rate prevailing on the last working day of each year.  Liabilities denominated in a foreign currency and exchanged through contractual agreements to the national currency shall be converted into the national currency at the rate agreed on in those contracts. |  |
|  | Article 2  For the purposes of the Protocol on the excessive deficit procedure and of this Regulation, gross domestic product means gross domestic product at current market prices (GDP mp) (B.1\*g), as defined in ESA 95." |  |
|  | 2. In Article 4(2), at the end of the second indent, the terms "subsectors S61, S62 and S63" shall be replaced by "subsectors S.1311, S.1312, S.1313 and S.1314". |  |
|  | 3. At the end of Article 5, the terms "and interest expenditure" shall be replaced by "and interest expenditure (consolidated)". |  |
|  | 4. Article 7 shall be replaced by the following text:  "Article 7  In the event of a revision of ESA 95 or of an amendment to its methodology to be decided on by the Council or the Commission in accordance with the rules on competence and procedure laid down in the Treaty and in Regulation (EC) No 2223/96, the Commission shall introduce the new references to ESA 95 into Articles 1, 2 and 4." |  |
|  | Article 2  This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.  It shall apply from 1 January 2000.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 2103/2005 of 12 December 2005 amending Regulation (EC) No 3605/93 as regards the quality of statistical data in the context of the excessive deficit procedure

Treaty Base: Article 104.14 Subject to the other provisions of this paragraph, the Council shall, before 1 January 1994, acting by a *qualified majority on a proposal from the Commission and after consulting the European Parliament,* lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Legislative Procedure: Consultation

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
|  | Article 1  Regulation (EC) No 3605/93 is hereby amended as follows:  1. Article 3 shall be replaced by the following:  "Article 3  1. Planned government deficit and government debt level figures mean the figures established for the current year by the Member States. They shall be the most recent official forecasts, taking into account the most recent budgetary decisions and economic developments and prospects. They should be produced in as short a time as possible before the reporting deadline. |  |
|  | 2. Actual government deficit and government debt level figures mean estimated, provisional, half-finalised or final results for a past year. The planned data together with the actual data must form a consistent time series as far as the definitions and concepts are concerned."; |  |
|  | 2. in Article 4, paragraphs 1, 2 and 3 shall be replaced by the following:  "1. As from the beginning of 1994, Member States shall report to the Commission their planned and actual government deficits and levels of government debt twice a year, the first time before 1 April of the current year (year n) and the second time before 1 October of year n. |  |
| 1 | Member States shall *inform* the Commission which national authorities are responsible for the excessive deficit procedure reporting. | CMS |
|  | 2. Before 1 April of year n, Member States:  - shall report to the Commission their planned government deficit for year n, an up-to-date estimate of their actual government deficit for year n-1 and their actual government deficits for years n-2, n-3 and n-4,  - shall simultaneously provide the Commission with their planned data for year n and the actual data for years n-1, n-2, n-3 and n-4 of their corresponding public accounts budget deficits in accordance with the definition which is given most prominence nationally and with the figures which explain the transition between the public accounts budget deficit and their government deficit for the sub-sector S.1311,  - shall simultaneously provide the Commission with their actual data for years n-1, n-2, n-3 and n-4 of their corresponding working balances and with the figures which explain the transition between the working balances of each government sub-sector and their government deficit for the sub-sectors S.1312, S.1313 and S.1314,  - shall report to the Commission their planned level of government debt at the end of year n and their levels of actual government debt at the end of years n-1, n-2, n-3 and n-4,  - shall simultaneously provide the Commission, for years n-1, n-2, n-3 and n-4, with the figures which explain the contribution of the government deficit and other factors relevant to the variation in the level of their government debt by sub-sector. |  |
|  | 3. Before 1 October of year n, Member States shall report to the Commission:  - their updated planned government deficit for year n and their actual government deficits for years n-1, n-2, n-3 and n-4 and shall comply with the requirements of the second and third indents of paragraph 2,  - their updated planned level of government debt at the end of year n and their levels of actual government debt at the end of years n-1, n-2, n-3 and n-4, and shall comply with the requirements of the fifth indent of paragraph 2."; |  |
| 2 | 3. Articles 7 and 8 shall be replaced by the following:  "Article 7  1. Member States *shall inform* the Commission, as soon as it becomes available, of any major revision in their actual and planned government deficit and debt figures already reported. | CMS |
| 3 | 2. Major revisions in the actual deficit and debt figures already reported shall be properly documented. In any case, revisions which result in the reference values as specified in the relevant Treaty Protocol being exceeded, or revisions which mean that a Member State’s data no longer exceed the reference values, must be reported and properly documented |  |
| = | Article 8  Member States shall *make public* the actual deficit and debt data and other data for past years reported to the Commission in accordance with Articles 4, 5, 6 and 7."; | CMS |
| 4 | 4. After Article 8, the following sections shall be inserted:  "SECTION 2a  QUALITY OF DATA  Article 8a  1. The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95 (hereinafter referred to as government accounts). Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording. | vague |
| 5 | 2. Member States shall *provide the Commission* (Eurostat), as promptly as possible, with the relevant statistical information requested for the needs of the data quality assessment, without prejudice to the provisions relating to statistical confidentiality of Regulation (EC) No 322/97.  "Statistical information" referred to in the first subparagraph should be limited to the information strictly necessary to check the compliance to ESA rules. In particular, statistical information means:  - data from national accounts,  - inventories,  - EDP notification tables,  - additional questionnaires and clarification related to the notifications. | CMS |
| 6 | The questionnaires’ format shall be *defined by the Commission* (Eurostat) *after consultation* of the Committee on Monetary, Financial and Balance of Payments Statistics (hereinafter referred to as CMFB) established by Council Decision 91/115/EEC [8]. | ACOM  CCOM |
| 7 | 3. The Commission (Eurostat) shall *report* regularly to the European Parliament and to the Council on the quality of the actual data reported by Member States. The report shall address the overall assessment of the actual data reported by Member States as regards to the compliance with accounting rules, completeness, reliability, timeliness, and consistency of the data. | CCOM |
| 8 | Article 8b  1. Member States shall *provide* the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. | CMS |
| 9 | 2. The inventories shall be prepared in accordance with *guidelines adopted by the Commission* (Eurostat) *after consultation* of CMFB. | ACOM  CCOM |
| 10 | 3. The inventories shall be updated following revisions in the methods, procedures and sources *adopted by Member States* to compile their statistical data. | AMS |
| 11 | 4. Member States shall make their inventories public. | CMS |
| 12 | 5. The issues referred to in paragraphs 1, 2 and 3 may be addressed in the visits mentioned in Article 8d. |  |
| 13 | Article 8c  1. In the event of a doubt regarding the correct implementation of the ESA 95 accounting rules, the Member State concerned *shall request clarification* from the Commission (Eurostat). The Commission (Eurostat) shall promptly examine the issue and communicate its clarification to the Member State concerned and, when appropriate, to the CMFB. | CMS  vague |
| 14 | 2. For cases which are either complex or of general interest in the view of the Commission or the Member State concerned, the Commission (Eurostat) shall *take a decision after consultation of the CMFB.* | ACOM  CCOM |
| 15 | The Commission (Eurostat) shall *make decisions public*, together with the opinion of the CMFB, without prejudice to the provisions relating to statistical confidentiality of Regulation (EC) No 322/97. | CCOM |
| 16 | Article 8d  The Commission (Eurostat) shall ensure a permanent dialogue with Member States’ statistical authorities. To this end, the Commission (Eurostat) will carry out in all Member States regular dialogue visits, as well as possible methodological visits. The methodological visits should only be undertaken in cases where substantial risks or potential problems with the quality of the data are identified, especially as they relate to the methods, concepts and classification applied to the data, which Member States are obliged to report. | vague |
| 17 | The dialogue visits are designed to review reported data, to examine methodological issues, to discuss statistical processes and sources described in the inventories, and to assess compliance with the accounting rules. The dialogue visits should be used to identify risks or potential problems about the quality of the reported data. | Separate provision in the 2009 amendment |
| 18 | The methodological visits are designed to monitor the processes and the government accounts which justify the reported actual data and to draw detailed conclusions as to the quality of reported data, as defined in Article 8a(1). The methodological visits should not go beyond the purely statistical domain. This should be reflected in the composition of the delegations referred to in Article 8e | Separate provision in the 2009 amendment |
| 19 | When organising dialogue and methodological visits, the Commission (Eurostat) shall transmit its provisional findings to the Member States concerned for comments. | No CCOM because no ACOM  Separate provision in the 2009 amendment |
| 20 | Article 8e  1. When carrying out methodological visits in Member States, the Commission (Eurostat) *may request the assistance of national accounts experts*, proposed by other Member States on a voluntary basis, and of officials from other Commission departments.  *The list of national accounts’ experts* from which the Commission may request assistance, will be constituted on the basis of proposals sent to the Commission by the national authorities responsible for the excessive deficit reporting. | ACOME  CCOM |
| 21 | 2. Member States shall *take all necessary measures* to facilitate the methodological visits. These visits should be confined to the national authorities involved in the excessive deficit procedure reporting. | CMS |
| 22 | Member States shall, however*, ensure* that their services which are directly or indirectly involved in the production of government accounts and debt, and where necessary their national authorities which have a functional responsibility for the control of the public accounts, *provide the Commission* officials or other experts referred to in paragraph 1 *with the assistance necessary* to carry out their duties, including making documents available to justify the reported actual deficit and debt data and the underlying government accounts. Confidential records of the national statistical system should only be provided to the Commission (Eurostat).  Without prejudice to the general obligation of the Member States to take all measures required to facilitate the methodological visits, the interlocutors of Eurostat for the methodological visits referred to in the first subparagraph are, in each Member State, the services responsible for the excessive deficit procedure reporting. | CMS |
| 23 | 3. The Commission (Eurostat) shall ensure that officials and experts participating in these visits meet every guarantee as regards technical competence, professional independence and observance of confidentiality. | CCOM |
| 24 | Article 8f  The Commission (Eurostat) shall *report* to the Economic and Financial Committee on the findings of dialogue and methodological visits, including any comments on these findings made by the Member State concerned. These reports, along with any comments made by the Member State concerned, after having been transmitted to the Economic and Financial Committee, shall be *made public*, without prejudice to the provisions concerning statistical confidentiality in Regulation (EC) No 322/97. | CCOM  CCOM |
| 25 | SECTION 2b  PROVISION OF DATA BY THE COMMISSION  Article 8g  1. The Commission (Eurostat) shall provide the actual government deficit and debt data for the application of the Protocol on the excessive deficit procedure, *within three weeks* after the reporting deadlines referred to in Article 4(1) or after revisions as referred to in Article 7(1). This provision of data shall be effected through publication. | CCOM |
| 26 | 2. The Commission (Eurostat) shall not delay the provision of the actual government deficit and debt data of Member States where a Member State has not reported its own data. | CCOM |
| 27 | Article 8h  1. The Commission (Eurostat) *may express a reservation* on the quality of the actual data reported by the Member States. *No later than three working* days before the planned publication date, the Commission (Eurostat) shall communicate to the Member State concerned and to the President of the Economic and Financial Committee the reservation it intends to express and *make public*. Where the issue is resolved after publication of the data and the reservation, *withdrawal of the reservation shall be made public* immediately thereafter. | ACOME  CCOM  CCOM |
| 28 | 2. The Commission (Eurostat) *may amend actual data* reported by Member States and provide the amended data and a justification of the amendment where there is evidence that actual data reported by Member States do not comply with the requirements of Article 8a(1). *No later than three working days* before the planned publication date, the Commission (Eurostat) shall communicate to the Member State concerned and to the President of the Economic and Financial Committee the amended data and the justification for the amendment. | ACOME  CCOM |
| 29 | SECTION 2c  GENERAL PROVISIONS  Article 8i  1. Member States shall *ensure* that the actual data reported to the Commission are provided in accordance with the principles established by Article 10 of Regulation (EC) No 322/97. In this regard, the responsibility of the National Statistical Authorities is to ensure the compliance of reported data with Articles 1 and 2 and the underlying ESA 95 accounting rules. | CMS |
| 30 | 2. Member States shall *take all appropriate* measures to ensure that officials responsible for the reporting of the actual data to the Commission and of the underlying government accounts act in accordance with the principles established by Article 10 of Regulation (EC) No 322/97. | CMS |
| = | Article 8j  In the event of a revision of ESA 95 or of an amendment to its methodology decided on by the European Parliament and the Council or the Commission in accordance with the rules of competence and procedure laid down in the Treaty and in Regulation (EC) No 2223/96, the Commission shall introduce the new references to ESA 95 into Articles 1, 2 and 4. | Former art.7 |
|  | Article 2  Entry into force  This Regulation shall enter into force on the day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (Codified version) – NO CHANGES

Treaty Base: Article 104.14 Subject to the other provisions of this paragraph, the Council shall, before 1 January 1994, acting by a *qualified majority on a proposal from the Commission and after consulting the European Parliament*, lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Legislative Procedure: Consultation

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | CHAPTER I  DEFINITIONS  Article 1  1. For the purposes of the Protocol on the excessive deficit procedure and of this Regulation, the terms given in paragraphs 2 to 6 are defined according to the European system of national and regional accounts in the Community (hereinafter referred to as ESA 95), adopted by Regulation (EC) No 2223/96. The codes in brackets refer to ESA 95. |  |
| 2 | 2. "Government" means the sector of "general government" (S.13), that is "central government" (S.1311), "state government" (S.1312), "local government" (S.1313) and "social security funds" (S.1314), to the exclusion of commercial operations, as defined in ESA 95.  The exclusion of commercial operations means that the sector of "general government" (S.13) comprises only institutional units producing non-market services as their main activity. |  |
| 3 | 3. "Government deficit (surplus)" means the net borrowing (net lending) (EDP B.9) of the sector of "general government" (S.13), as defined in ESA 95. The interest comprised in the government deficit is the interest (EDP D.41), as defined in ESA 95. |  |
| 4 | 4. "Government investment" means the gross fixed capital formation (P.51) of the sector of "general government" (S.13), as defined in ESA 95. |  |
| 5 | 5. "Government debt" means the total gross debt at nominal value outstanding at the end of the year of the sector of "general government" (S.13), with the exception of those liabilities the corresponding financial assets of which are held by the sector of "general government" (S.13).  Government debt is constituted by the liabilities of general government in the following categories: currency and deposits (AF.2); securities other than shares, excluding financial derivatives (AF.33) and loans (AF.4), as defined in ESA 95.  The nominal value of a liability outstanding at the end of the year is the face value.  The nominal value of an index-linked liability corresponds to its face value adjusted by the index-related change in the value of the principal accrued to the end of the year.  Liabilities denominated in a foreign currency, or exchanged from one foreign currency through contractual agreements to one or more other foreign currencies shall be converted into the other foreign currencies at the rate agreed on in those contracts and shall be converted into the national currency on the basis of the representative market exchange rate prevailing on the last working day of each year.  Liabilities denominated in the national currency and exchanged through contractual agreements to a foreign currency shall be converted into the foreign currency at the rate agreed on in those contracts and shall be converted into the national currency on the basis of the representative market exchange rate prevailing on the last working day of each year.  Liabilities denominated in a foreign currency and exchanged through contractual agreements to the national currency shall be converted into the national currency at the rate agreed on in those contracts. |  |
| 6 | 6. "Gross domestic product" means gross domestic product at current market prices (GDP mp) (B.1\*g), as defined in ESA 95. |  |
| 7 | Article 2  1. "Planned government deficit and government debt level figures" means the figures established for the current year by the Member States. They shall be the most recent official forecasts, taking into account the most recent budgetary decisions and economic developments and prospects. They should be produced in as short a time as possible before the reporting deadline. |  |
| 8 | 2. "Actual government deficit and government debt level figures" means estimated, provisional, half-finalised or final results for a past year. The planned data together with the actual data shall form a consistent time series as far as the definitions and concepts are concerned. |  |
| 9 | CHAPTER II  RULES AND COVERAGE OF REPORTING  Article 3  1. Member States shall report to the Commission (Eurostat) their planned and actual government deficits and levels of government debt twice a year, the first time before 1 April of the current year (year n) and the second time before 1 October of year n. | CMS |
| 10 | Member States shall inform the Commission (Eurostat) which national authorities are responsible for the excessive deficit procedure reporting. | CMS |
| 11 | 2. Before 1 April of year n, Member States shall:  (a) report to the Commission (Eurostat) their planned government deficit for year n, an up-to-date estimate of their actual government deficit for year n-1 and their actual government deficits for years n-2, n-3 and n-4;  (b) simultaneously provide the Commission (Eurostat) with their planned data for year n and the actual data for years n-1, n-2, n-3 and n-4 of their corresponding public accounts budget deficits in accordance with the definition which is given most prominence nationally and with the figures which explain the transition between the public accounts budget deficit and their government deficit for the sub-sector S.1311;  (c) simultaneously provide the Commission (Eurostat) with their actual data for years n-1, n-2, n-3 and n-4 of their corresponding working balances and with the figures which explain the transition between the working balances of each government sub-sector and their government deficit for the sub-sectors S.1312, S.1313 and S.1314;  (d) report to the Commission (Eurostat) their planned level of government debt at the end of year n and their levels of actual government debt at the end of years n-1, n-2, n-3 and n-4;  (e) simultaneously provide the Commission (Eurostat), for years n-1, n-2, n-3 and n-4, with the figures which explain the contribution of the government deficit and other factors relevant to the variation in the level of their government debt by sub-sector. | CMS |
| 12 | 3. Before 1 October of year n, Member States shall report to the Commission (Eurostat) their:  (a) updated planned government deficit for year n and their actual government deficits for years n-1, n-2, n-3 and n-4 and shall comply with the requirements of points (b) and (c) of paragraph 2;  (b) updated planned level of government debt at the end of year n and their levels of actual government debt at the end of years n-1, n-2, n-3 and n-4, and shall comply with the requirements of paragraph 2(e). | CMS |
| 13 | 4. The figures for the planned government deficit reported to the Commission (Eurostat) in accordance with paragraphs 2 and 3 shall be expressed in national currency and in budget years.  The figures for actual government deficit and actual government debt level reported to the Commission (Eurostat) in accordance with paragraphs 2 and 3 shall be expressed in national currency and in calendar years, with the exception of the up-to-date estimates for year n-1, which may be expressed in budget years.  Where the budget year differs from the calendar year, Member States shall also report to the Commission (Eurostat) their figures for actual government deficit and actual government debt level in budget years for the two budget years preceding the current budget year. | CMS |
| 14 | Article 4  Member States shall, in accordance with the procedure laid down in Article 3(1), (2) and (3), provide the Commission (Eurostat) with the figures for their government investment expenditure and interest expenditure (consolidated). | CMS |
| 15 | Article 5  Member States shall provide the Commission (Eurostat) with a forecast of their gross domestic product for year n and the actual amount of their gross domestic product for years n-1, n-2, n-3 and n-4, under the same timing conditions as those indicated in Article 3(1). | CMS |
| 16 | Article 6  1. Member States shall inform the Commission (Eurostat), as soon as it becomes available, of any major revision in their actual and planned government deficit and debt figures already reported. | CMS |
| 17 | 2. Major revisions in the actual deficit and debt figures already reported shall be properly documented. In any case, revisions which result in the reference values as specified in the Protocol on the excessive deficit procedure being exceeded, or revisions which mean that a Member State’s data no longer exceed the reference values, shall be reported and properly documented. |  |
| 18 | Article 7  Member States shall *make public* the actual deficit and debt data and other data for past years reported to the Commission (Eurostat) in accordance with Articles 3 to 6. | CMS |
| 19 | CHAPTER III  QUALITY OF DATA  Article 8  1. The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95 (hereinafter referred to as government accounts). Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording | vague |
| 20 | 2. Member States shall provide the Commission (Eurostat), as promptly as possible, with the relevant statistical information requested for the needs of the data quality assessment, without prejudice to the provisions relating to statistical confidentiality of Council Regulation (EC) No 322/97 of 17 February 1997 on Community Statistics [7].  "Statistical information" referred to in the first subparagraph shall be limited to the information strictly necessary to check the compliance to ESA rules. In particular, statistical information means:  (a) data from national accounts;  (b) inventories;  (c) EDP notification tables;  (d) additional questionnaires and clarification related to the notifications. | CMS |
| 21 | The format of the questionnaires shall be defined by the Commission (Eurostat) after consultation of the Committee on Monetary, Financial and Balance of Payments Statistics (hereinafter referred to as CMFB). | ACOM  CCOM |
| 22 | 3. The Commission (Eurostat) shall report regularly to the European Parliament and to the Council on the quality of the actual data reported by Member States. The report shall address the overall assessment of the actual data reported by Member States as regards to the compliance with accounting rules, completeness, reliability, timeliness, and consistency of the data. | CCOM |
| 23 | Article 9  1. Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. | CMS |
| 24 | 2. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. | ACOM  CCOM |
| 25 | 3. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data. | AMS |
| 26 | 4. Member States shall make their inventories public. | CMS |
| 27 | 5. The issues referred to in paragraphs 1, 2 and 3 may be addressed in the visits mentioned in Article 11. |  |
| 28 | Article 10  1. In the event of a doubt regarding the correct implementation of the ESA 95 accounting rules, the Member State concerned shall request clarification from the Commission (Eurostat). The Commission (Eurostat) shall promptly examine the issue and communicate its clarification to the Member State concerned and, when appropriate, to the CMFB. | CMS  vague |
| 29 | 2. For cases which are either complex or of general interest in the view of the Commission or the Member State concerned, the Commission (Eurostat) shall take a decision after consultation of the CMFB. | ACOM  CCOM |
| 30 | The Commission (Eurostat) shall make decisions public, together with the opinion of the CMFB, without prejudice to the provisions relating to statistical confidentiality of Regulation (EC) No 322/97. | CCOM |
| 31 | Article 11  1. The Commission (Eurostat) shall ensure a permanent dialogue with Member States’ statistical authorities. To this end, the Commission (Eurostat) shall carry out in all Member States regular dialogue visits, as well as possible methodological visits. | vague |
| 32 | 2. The dialogue visits are designed to review reported data, to examine methodological issues, to discuss statistical processes and sources described in the inventories, and to assess compliance with the accounting rules. The dialogue visits shall be used to identify risks or potential problems about the quality of the reported data. |  |
| 33 | 3. The methodological visits shall not go beyond the purely statistical domain. This shall be reflected in the composition of the delegations referred to in Article 12.  The methodological visits are designed to monitor the processes and the government accounts which justify the reported actual data and to draw detailed conclusions as to the quality of reported data, as defined in Article 8(1).  The methodological visits shall only be undertaken in cases where substantial risks or potential problems with the quality of the data are identified, especially as they relate to the methods, concepts and classification applied to the data, which Member States are obliged to report. |  |
| 34 | 4. When organising dialogue and methodological visits, the Commission (Eurostat) shall transmit its provisional findings to the Member States concerned for comments. | No CCOM because no ACOM |
| 35 | Article 12  1. When carrying out methodological visits in Member States, the Commission (Eurostat) may request the assistance of national accounts experts, proposed by other Member States on a voluntary basis, and of officials from other Commission departments.  The list of national accounts experts from whom the Commission (Eurostat) may request assistance, shall be constituted on the basis of proposals sent to the Commission (Eurostat) by the national authorities responsible for the excessive deficit reporting. | ACOME  CCOM |
| 36 | 2. Member States shall take all necessary measures to facilitate the methodological visits. Those visits should be confined to the national authorities involved in the excessive deficit procedure reporting. | CMS |
| 37 | Member States shall, however, ensure that their services which are directly or indirectly involved in the production of government accounts and debt, and where necessary their national authorities which have a functional responsibility for the control of the public accounts, provide the Commission officials or other experts referred to in paragraph 1 with the assistance necessary to carry out their duties, including making documents available to justify the reported actual deficit and debt data and the underlying government accounts. Confidential records of the national statistical system shall only be provided to the Commission (Eurostat).  Without prejudice to the general obligation of the Member States to take all measures required to facilitate the methodological visits, the interlocutors of the Commission (Eurostat) for the methodological visits referred to in the first subparagraph are, in each Member State, the services responsible for the excessive deficit procedure reporting. | CMS |
| 38 | 3. The Commission (Eurostat) shall ensure that officials and experts participating in these visits meet every guarantee as regards technical competence, professional independence and observance of confidentiality. | CCOM |
| 39 | Article 13  The Commission (Eurostat) shall *report* to the Economic and Financial Committee on the findings of dialogue and methodological visits, including any comments on these findings made by the Member State concerned. Those reports, along with any comments made by the Member State concerned, after having been transmitted to the Economic and Financial Committee, shall be *made public*, without prejudice to the provisions concerning statistical confidentiality in Regulation (EC) No 322/97. | CCOM  CCOM |
| 40 | CHAPTER IV  PROVISION OF DATA BY THE COMMISSION  (EUROSTAT)  Article 14  1. The Commission (Eurostat) shall provide the actual government deficit and debt data for the application of the Protocol on the excessive deficit procedure, within three weeks after the reporting deadlines referred to in Article 3(1) or after revisions as referred to in Article 6(1). That provision of data shall be effected through publication. | CCOM |
| 41 | 2. The Commission (Eurostat) shall not delay the provision of the actual government deficit and debt data of Member States where a Member State has not reported its own data. | CCOM |
| 42 | Article 15  1. The Commission (Eurostat) *may express a reservation* on the quality of the actual data reported by the Member States. *No later than three working days* before the planned publication date, the Commission (Eurostat) shall communicate to the Member State concerned and to the President of the Economic and Financial Committee the reservation it intends to express and *make public*. Where the issue is resolved after publication of the data and the reservation, *withdrawal of the reservation* shall be *made public* immediately thereafter. | ACOME  CCOM  CCOM |
| 43 | 2. The Commission (Eurostat) may amend actual data reported by Member States and provide the amended data and a justification of the amendment where there is evidence that actual data reported by Member States do not comply with the requirements of Article 8(1). *No later than three working days* before the planned publication date, the Commission (Eurostat) shall communicate to the Member State concerned and to the President of the Economic and Financial Committee the amended data and the justification for the amendment. | ACOME  CCOM |
| 44 | CHAPTER V  GENERAL PROVISIONS  Article 16  1. Member States shall ensure that the actual data reported to the Commission (Eurostat) are provided in accordance with the principles established by Article 10 of Regulation (EC) No 322/97. In this regard, the responsibility of the national statistical authorities is to ensure the compliance of reported data with Article 1 of this Regulation and the underlying ESA 95 accounting rules. | CMS |
| 45 | 2. Member States shall take all appropriate measures to ensure that officials responsible for the reporting of the actual data to the Commission (Eurostat) and of the underlying government accounts act in accordance with the principles established by Article 10 of Regulation (EC) No 322/97. | CMS |
| 46 | Article 17  In the event of a revision of ESA 95 or of an amendment to its methodology decided on by the European Parliament and the Council or the Commission in accordance with the rules of competence and procedure laid down in the Treaty and in Regulation (EC) No 2223/96, the Commission shall introduce the new references to ESA 95 into Articles 1 and 3 of this Regulation. | Former art.8j  (no ACOM as no discretion in exercising this function; no CCOM because no powers delegated) |
| 47 | Article 18  Regulation (EC) No 3605/93 is repealed.  References to the repealed Regulation shall be construed as references to this Regulation and be read in accordance with the correlation table set out in Annex II. |  |
| 48 | Article 19  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 679/2010 of 26 July 2010 amending Regulation (EC) No 479/2009 as regards the quality of statistical data in the context of the excessive deficit procedure

Treaty Base: Article 126.14 Subject to the other provisions of this paragraph, the Council shall, *on a proposal from the Commission and after consulting the European Parliament*, lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Legislative Procedure: Consultation

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 1  Amendments to Regulation (EC) No 479/2009  Regulation (EC) No 479/2009 is hereby amended as follows:  1. the following Article is inserted:  "Article 2a  "Access" means that relevant documents and other information must be provided when requested, either immediately or as promptly afterwards as is consistent with the time needed to collect the requested information."; |  |
|  | 2. Article 8(2), is replaced by the following:  "2. Member States shall provide the Commission (Eurostat), as promptly as possible, with the relevant statistical information requested for the needs of the data quality assessment, without prejudice to the provisions of Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics [\*\*\*\*] relating to statistical confidentiality.  The statistical information referred to in the first subparagraph shall be limited to the information strictly necessary to check the compliance with ESA rules. In particular, "statistical information" means:  (a) data from national accounts;  (b) inventories;  (c) EDP notification tables;  (d) additional questionnaires and clarification related to the notifications. |  |
|  | The format of the questionnaires shall be defined by the Commission (Eurostat) after consultation of the Committee on Monetary, Financial and Balance of Payments Statistics (hereinafter referred to as CMFB). |  |
| -1  2 MP  deleted | 3. Article 11 is replaced by the following:  "Article 11  1. The Commission (Eurostat) shall ensure a permanent dialogue with Member States’ statistical authorities. To this end, the Commission (Eurostat) shall carry out in all Member States regular dialogue visits, as well as possible methodological visits. | vague |
|  | 2. When organising dialogue and methodological visits, the Commission (Eurostat) shall transmit its provisional findings to the Member States concerned for comments."; |  |
| 0 | 4. the following articles are inserted:  "Article 11a  The dialogue visits are designed to review actual data reported according to Article 8, to examine methodological issues, to discuss statistical processes and sources described in the inventories, and to assess compliance with the accounting rules. The dialogue visits shall be used to identify risks or potential problems with respect to the quality of the reported data. |  |
| 1 | Article 11b  1. The methodological visits are designed to monitor the processes and verify the accounts which justify the reported data, and to draw detailed conclusions as to the quality of reported data, as described in Article 8(1). |  |
| = (part of MP in earlier laws) | 2. The methodological visits shall only be undertaken in exceptional cases where significant risks or problems with respect to the quality of the data have been clearly identified. |  |
| 2 | 3. For the purposes of this Regulation, it could be considered that there are significant risks or problems with the quality of the data notified by a Member State in such cases as:  (a) there are frequent and sizeable revisions of the deficit or debt that are not clearly and adequately explained;  (b) the Member State concerned is not sending to the Commission (Eurostat) all the statistical information requested in the context of the rounds for clarification of the EDP notification or as a consequence of a dialogue visit, in the period agreed between them and has not clearly and adequately explained the reason for the delay or non-response;  (c) the Member State concerned changes, unilaterally and without a clear explanation, the sources and methods for estimating the deficit and debts of the general government set out in the inventory, with a material effect on estimates;  (d) there are outstanding methodological issues likely to have a material effect on the debt or deficit statistics which have not been resolved between the Member State and the Commission (Eurostat) arising from the rounds for clarification or the previous dialogue visits, resulting in reservations from the Commission (Eurostat) in two subsequent EDP notifications;  (e) there are persistent, unusually high stock-flow adjustments not clearly explained. | CCOM  detailed rules |
| 3 | 4. Mainly taking into account the criteria mentioned in paragraph 3, the Commission (Eurostat), after informing the CMFB, shall *decide* to carry out a methodological visit. | ACOME  now a decision |
| 4 | 5. The Commission should *provide the Economic and Financial Committee* with full information about the reasons behind the methodological visits."; | CCOM |
|  | 5. Article 12(1) and (2) are replaced by the following:  "1. Member States are expected to provide, at the request of the Commission (Eurostat), and on a voluntary basis, the assistance of experts in national accounting, including for the preparation and carrying-out of the methodological visits. In the exercise of their duties, these experts shall provide independent expertise. A list of those experts in national accounting shall be constituted on the basis of proposals sent to the Commission (Eurostat) by the national authorities responsible for the excessive deficit reporting. |  |
| 5 | The Commission shall *lay down the rules and procedures* related to the selection of the experts, taking into account an appropriate distribution of experts across Member States and an appropriate rotation of experts between Member States, their working arrangements and the financial details. The Commission shall *share with the Member States the full cost* incurred by the Member States for the assistance of their national experts. | ACOM  CCOM |
|  | 2. In the framework of the methodological visits, the Commission (Eurostat) shall have the right to access the accounts of all government entities at central, state, local and social security levels, including the provision of existing underlying detailed accounting and budgetary information.  In this context, accounting and budgetary information includes:  - transactions and balance sheets,  - relevant statistical surveys and questionnaires of general government and further related information, such as analytical documents,  - information from relevant national, regional and local authorities on the execution of the budget of all sub-sectors of the general government,  - the accounts of extra-budgetary bodies, corporations, and non-profit institutions and other similar bodies that are part of the general government sector in national accounts,  - the accounts of social security funds.  Member States shall take all necessary measures to facilitate the methodological visits. Those visits may be carried out at national authorities involved in the excessive deficit procedure reporting, as well as at all services directly or indirectly involved in the production of government accounts and debt. In both cases, the national statistical institutes as national coordinators according to Article 5(1) of Regulation (EC) No 223/2009, shall support the Commission (Eurostat) in the organisation and coordination of the visits. |  |
|  | Member States shall ensure that those national authorities and services, and where necessary, their national authorities who have a functional responsibility for the control of the public accounts, provide the Commission officials or other experts referred to in paragraph 1 with the assistance necessary to carry out their duties, including making documents available to justify the reported actual deficit and debt data and the underlying government accounts. Confidential records of the national statistical system as well as other confidential data should be provided to the Commission (Eurostat) only for the purpose of assessing the quality thereof. Experts in national accounting assisting the Commission (Eurostat) in the framework of the methodological visits shall sign a commitment to respect the confidentiality before accessing those confidential records or data."; |  |
|  | 6. Article 16 is replaced by the following:  "Article 16  1. Member States shall ensure that the actual data reported to the Commission (Eurostat) are provided in accordance with the principles established by Article 2 of Regulation (EC) No 223/2009. In this regard, the responsibility of the national statistical authorities is to ensure the compliance of reported data with Article 1 of this Regulation and the underlying ESA 95 accounting rules.. |  |
| 6 | Member States shall *ensure* that the national statistical authorities are provided with access to all relevant information necessary to perform these tasks | CMS |
|  | 2. Member States shall take appropriate measures to ensure that institutions and officials responsible for the reporting of the actual data to the Commission (Eurostat) and of the underlying government accounts are accountable and act in accordance with principles established by Article 2 of Regulation (EC) No 223/2009.". |  |
|  | Article 2  Entry into force  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

## Preventive part of GSP: surveillance EDP

### Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies

Treaty Base: Article 189c – cooperation procedure

Article 103.5. The Council, acting in accordance with the *procedure referred to in Article 189c*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4 of this Article.

Legislative Procedure: Cooperation Procedure

Note: Policy powers that are already included in Treaty are ignored.

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 1  This Regulation sets out the rules covering the content, the submission, the examination and the monitoring of stability programmes and convergence programmes as part of multilateral surveillance by the Council so as to prevent, at an early stage, the occurrence of excessive general government deficits and to promote the surveillance and coordination of economic policies. |  |
| 2 | Article 2  For the purpose of this Regulation 'participating Member States` shall mean those Member States which adopt the single currency in accordance with the Treaty and 'non-participating Member States` shall mean those which have not adopted the single currency. |  |
| 3 | SECTION 2 STABILITY PROGRAMMES  Article 3  1. Each participating *Member State shall submit to the Council and Commission information necessary for the purpose of multilateral surveillance* at regular intervals under Article 103 of the Treaty *in the form of a stability programme*, which provides an essential basis for price stability and for strong sustainable growth conducive to employment creation. | CMS  more detailed than art.103 |
| 4 | 2. A stability programme shall present the following information:  (a) the medium-term objective for the budgetary position of close to balance or in surplus and the adjustment path towards this objective for the general government surplus/deficit and the expected path of the general government debt ratio;  (b) the main assumptions about expected economic developments and important economic variables which are relevant to the realization of the stability programme such as government investment expenditure, real gross domestic product (GDP) growth, employment and inflation;  (c) a description of budgetary and other economic policy measures being taken and/or proposed to achieve the objectives of the programme, and, in the case of the main budgetary measures, an assessment of their quantitative effects on the budget;  (d) an analysis of how changes in the main economic assumptions would affect the budgetary and debt position. |  |
| 5 | 3. The information about paths for the general government surplus/deficit ratio and debt ratio and the main economic assumptions referred to in paragraph 2 (a) and (b) shall be on an annual basis and shall cover, as well as the current and preceding year, at least the following three years. |  |
| 6 | Article 4  1. Stability programmes shall be submitted before 1 March 1999. Thereafter, updated programmes shall be submitted annually. *A Member State adopting the single currency at a later stage shall submit a stability programme within six months* of the Council Decision on its participation in the single currency. | CMS |
| 7 | 2. Member States shall *make public* their stability programmes and updated programmes. | CMS |
| 8 | Article 5  1. Based on assessments by the Commission and the Committee set up by Article 109c of the Treaty, the Council shall, within the framework of multilateral surveillance under Article 103, examine whether the medium-term budget objective in the stability programme provides for a safety margin to ensure the avoidance of an excessive deficit, whether the economic assumptions on which the programme is based are realistic and whether the measures being taken and/or proposed are sufficient to achieve the targeted adjustment path towards the medium-term budgetary objective.  The Council shall furthermore examine whether the contents of the stability programme facilitate the closer coordination of economic policies and whether the economic policies of the Member State concerned are consistent with the broad economic policy guidelines. | vague |
| 9 | 2. The Council shall carry out the examination of the stability programme referred to in paragraph 1 *within at most two months* of the submission of the programme. The Council, on a recommendation from the Commission and after *consulting* the Committee set up by Article 109c, shall deliver an opinion on the programme. Where the Council, in accordance with Article 103, considers that the objectives and contents of a programme should be strengthened, the Council shall, in its opinion, invite the Member State concerned to adjust its programme. | (two CCM, but  opinion only) |
| 10 | 3. Updated stability programmes shall be examined by the Committee set up by Article 109c on the basis of assessments by the Commission; if necessary, updated programmes may also be examined by the Council in accordance with the procedure set out in paragraphs 1 and 2 of this Article. | vague |
| 11 | Article 6  1. As part of multilateral surveillance in accordance with Article 103 (3), *the Council shall monitor* the implementation of stability programmes, on the basis of information provided by participating Member States and of assessments by the Commission and the Committee set up by Article 109c, in particular with a view to identifying actual or expected significant divergence of the budgetary position from the medium-term budgetary objective, or the adjustment path towards it, as set in the programme for the government surplus/deficit. | vague |
| 12 | 2. In the event that the Council identifies significant divergence of the budgetary position from the medium-term budgetary objective, or the adjustment path towards it, it shall, with a view to giving early warning in order to prevent the occurrence of an excessive deficit, address, in accordance with Article 103 (4), *a recommendation* to the Member State concerned to take the necessary adjustment measures. | recommendation only |
| 13 | 3. In the event that the Council in its subsequent monitoring judges that the divergence of the budgetary position from the medium-term budgetary objective, or the adjustment path towards it, is persisting or worsening, the Council shall, in accordance with Article 103 (4)*, make a recommendation* to the Member State concerned to take prompt corrective measures and *may,* as provides in that Article, make *its recommendation public*. | recommendation only  in Treaty |
| 14 | SECTION 3 CONVERGENCE PROGRAMMES  Article 7  1. Each non-participating Member State shall submit to the Council and the Commission information necessary for the purpose of multilateral surveillance of regular intervals under Article 103 in the form of a *convergence programme*, which provides an essential basis for price stability and for strong sustainable growth conducive to employment creation | CMS  more detailed than art.103 |
| 15 | 2. A convergence programme shall present the following information in particular on variables related to convergence:  (a) the medium-term objective for the budgetary position of close to balance or in surplus and the adjustment path towards this objective for the general government surplus/deficit; the expected path for the general government debt ratio; the medium-term monetary policy objectives; the relationship of those objectives to price and exchange rate stability;  (b) the main assumptions about expected economic developments and important economic variables which are relevant to the realization of the convergence programme, such as government investment expenditure, real GDP growth, employment and inflation;  (c) a description of budgetary and other economic policy measures being taken and/or proposed to achieve the objectives of the programme, and, in the case of the main budgetary measures, an assessment of their quantitative effects on the budget;  (d) an analysis of how changes in the main economic assumptions would affect the budgetary and debt position. |  |
| 16 | 3. The information about paths for the general government surplus/deficit ratio, debt ratio and the main economic assumptions referred to in paragraph 2 (a) and (b) shall be on an annual basis and shall cover, as well as the current and preceding year, at least the following three years. |  |
| 17 | Article 8  1. Convergence programmes shall be submitted before 1 March 1999. Thereafter, updated programmes shall be submitted annually. | CMS |
| 18 | 2. Member States shall *make public* their convergence programmes and updated programmes. | CMS |
| 19 | Article 9  1. Based on assessments by the Commission and the Committee set up by Article 109c of the Treaty, the Council shall, within the framework of multilateral surveillance under Article 103, *examine* whether the medium-term budget objective in the convergence programme provides for a safety margin to ensure the avoidance of an excessive deficit, whether the economic assumptions on which the programme is based are realistic and whether the measures being taken and/or proposed are sufficient to achieve the targeted adjustment path towards the medium-term objective and to achieve sustained convergence.  The Council shall furthermore *examine* whether the contents of the convergence programme facilitate the closer coordination of economic policies and whether the economic policies of the Member State concerned are consistent with the broad economic policy guidelines. | vague |
| 20 | 2. The Council shall carry out the examination of the convergence programme referred to in paragraph 1 within *at most two months* of the submission of the programme. The Council, on a recommendation from the Commission and *after consulting* the Committee set up by Article 109c, shall deliver an opinion on the programme. Where the Council, in accordance with Article 103, considers that the objectives and contents of a programme should be strengthened, the Council shall, in its opinion, invite the Member State concerned to adjust its programme. | (two CCM, but  opinion only) |
| 21 | 3. Updated convergence programmes shall be examined by the Committee set up by Article 109c on the basis of assessments by the Commission; if necessary, updated programmes may also be examined by the Council in accordance with the procedure set out in paragraphs 1 and 2 of this Article. |  |
| 22 | Article 10  1. As part of multilateral surveillance in accordance with Article 103 (3), the Council shall *monitor* the implementation of convergence programmes on the basis of information provided by non-participating Member States in accordance with Article 7 (2) (a) of this Regulation and of assessments by the Commission and the Committee set up by Article 109c of the Treaty, in particular with a view to identifying actual or expected significant divergence of the budgetary position from the medium-term budgetary objective, or the adjustment path towards it, as set in the programme for the government surplus/deficit.  In addition, the Council shall *monitor* the economic policies of non-participating Member States in the light of convergence programme objectives with a view to ensure that their policies are geared to stability and thus to avoid real exchange rate misalignments and excessive nominal exchange rate fluctuations. | vague |
| 23 | 2. In the event that the Council identifies significant divergence of the budgetary position from the medium-term budgetary objective, or the adjustment path towards it, it shall, with a view to given early warning in order to prevent the occurrence of an excessive deficit, address in accordance with Article 103 (4), a *recommendation* to the Member State concerned to take the necessary adjustment measures. | recommendation only |
| 24 | 3. In the event that the Council in its subsequent monitoring judges that the divergence of the budgetary position from the medium-term budgetary objective, or the adjustment path towards it, is persisting or worsening, the Council shall, in accordance with Article 103 (4), make a recommendation to the Member State concerned to take prompt corrective measures and may, as provided in that Article, make its recommendation public. | recommendation only  in Treaty |
| 25 | SECTION 4 COMMON PROVISIONS  Article 11  As part of the multilateral surveillance described in this Regulation, the Council shall carry out the *overall assessment* described in Article 103 (3). | vague |
| 26 | Article 12  In accordance with the second subparagraph of Article 103 (4) the President of the Council and the Commission shall include in their *report to the European Parliament* the results of the multilateral surveillance carried out under this Regulation. | in Treaty |
| 27 | Article 13  This Regulation shall enter into force on 1 July 1998.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 1055/2005 of 27 June 2005 amending Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies

Treaty Base: Article 99.5. The Council, acting in accordance with the *procedure referred to in Article 252*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4 of this Article.

Legislative Procedure: Cooperation Procedure

Note: Policy powers that are already included in Treaty are ignored.

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 1  Regulation (EC) No 1466/97 is amended as follows:  1. the following heading and Article shall be inserted;  "SECTION 1A  MEDIUM-TERM BUDGETARY OBJECTIVES  Article 2a  *Each Member State shall have a differentiated medium-term objective for its budgetary position*. These country-specific medium-term budgetary objectives *may diverge from the requirement of a close to balance or in surplus position*. They shall provide a safety margin with respect to the 3 % of GDP government deficit ratio; they shall ensure rapid progress towards sustainability and, taking this into account, they shall allow room for budgetary manoeuvre, considering in particular the needs for public investment. | AMS |
| 2 | Taking these factors into account, for Member States that have adopted the euro and for ERM2 Member States the country-*specific medium-term budgetary objectives shall be specified within a defined range between – 1 % of GDP and balance or surplus*, in cyclically adjusted terms, net of one-off and temporary measures.  A Member State’s medium-term budgetary objective *can be revised when a major structural reform is implemented* and in any case every *four years*."; | CMS  AMS  CMS |
|  | 2. Article 3(2) is amended as follows:  (a) point (a) shall be replaced by the following:  "(a) the medium-term budgetary objective and the adjustment path towards this objective for the general government surplus/deficit and the expected path of the general government debt ratio;"  (b) point (c) shall be replaced by the following:  "(c) a detailed and quantitative assessment of the budgetary and other economic policy measures being taken and/or proposed to achieve the objectives of the programme, comprising a detailed cost-benefit analysis of major structural reforms which have direct long-term cost-saving effects, including by raising potential growth;"  (c) the following point shall be added:  "(e) if applicable, the reasons for a deviation from the required adjustment path towards the medium term budgetary objective."; |  |
| = | 3. Article 5 is amended as follows:  (a) the first subparagraph of paragraph 1 shall be replaced by the following subparagraphs:  "1. Based on assessments by the Commission and the Committee set up by Article 114 of the Treaty, the Council shall, within the framework of multilateral surveillance under Article 99 of the Treaty, examine the medium-term budgetary objective presented by the Member State concerned, assess whether the economic assumptions on which the programme is based are plausible, whether the adjustment path towards the medium-term budgetary objective is appropriate and whether the measures being taken and/or proposed to respect that adjustment path are sufficient to achieve the medium-term objective over the cycle.  The Council, when assessing the adjustment path toward the medium-term budgetary objective, shall examine if the Member State concerned pursues the annual improvement of its cyclically-adjusted balance, net of one-off and other temporary measures, required to meet its medium-term budgetary objective, *with 0,5 % of GDP as a benchmark*. The Council shall take into account whether a higher adjustment effort is made in economic good times, whereas the effort may be more limited in economic bad times.  When defining the adjustment path to the medium-term budgetary objective for Member States that have not yet reached this objective and in allowing a temporary deviation from this objective for Member States that have already reached it, under the condition that an appropriate safety margin with respect to the deficit reference value is preserved and that the budgetary position is expected to return to the medium-term budgetary objective within the programme period, the Council shall take into account the implementation of major structural reforms which have direct long-term cost-saving effects, including by raising potential growth, and therefore a verifiable impact on the long-term sustainability of public finances.  Special attention shall be paid to pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. *Member States implementing such reforms shall be allowed to deviate* from the adjustment path to their medium-term budgetary objective or from the objective itself, with the deviation reflecting the net cost of the reform to the publicly managed pillar, under the condition that the deviation remains temporary and that an appropriate safety margin with respect to the deficit reference value is preserved"; | rules, some more specific some giving more flexibility  AMS |
| = | (b) In paragraph 2, "two months" shall be replaced by "three months"; | (CCM) time extended |
|  | 4. Article 7(2) is amended as follows:  (a) point (a) shall be replaced by the following:  "(a) the medium-term budgetary objective and the adjustment path towards this objective for the general government surplus/deficit and the expected path of the general government debt ratio; the medium-term monetary policy objectives; the relationship of those objectives to price and exchange rate stability;"  (b) point (c) shall be replaced by the following:  "(c) a detailed and quantitative assessment of the budgetary and other economic policy measures being taken and/or proposed to achieve the objectives of the programme, comprising a detailed cost-benefit analysis of major structural reforms which have direct long-term cost-saving effects, including by raising potential growth;"  (c) the following point shall be added:  "(e) if applicable, the reasons for a deviation from the required adjustment path towards the medium term budgetary objective."; |  |
| = | 5. Article 9 is amended as follows:  (a) The first subparagraph of paragraph 1 shall be replaced by the following subparagraphs:  "1. Based on assessments by the Commission and the Committee set up by Article 114 of the Treaty, the Council shall, within the framework of multilateral surveillance under Article 99 of the Treaty, examine the medium-term budgetary objective presented by the Member State concerned, assess whether the economic assumptions on which the programme is based are plausible, whether the adjustment path towards the medium-term budgetary objective is appropriate and whether the measures being taken and/or proposed to respect that adjustment path are sufficient to achieve the medium-term objective over the cycle.  The Council, when assessing the adjustment path toward the medium-term budgetary objective, shall take into account whether a higher adjustment effort is made in economic good times, whereas the effort may be more limited in economic bad times. For ERM2 Member States, the Council shall examine if the Member State concerned pursues the annual improvement of its cyclically adjusted balance, net of one-off and other temporary measures, required to meet its medium-term budgetary objective, *with 0,5 % of GDP as a benchmark*.  When defining the adjustment path to the medium-term budgetary objective for Member States that have not yet reached this objective and in allowing a temporary deviation from this objective for Member States that have already reached it, under the condition that an appropriate safety margin with respect to the deficit reference value is preserved and that the budgetary position is expected to return to the medium-term budgetary objective within the programme period, the Council shall take into account the implementation of major structural reforms which have direct long-term cost-saving effects, including by raising potential growth, and therefore a verifiable impact on the long-term sustainability of public finances.  Special attention shall be paid to pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. *Member States implementing such reforms shall be allowed to deviate* from the adjustment path to their medium-term budgetary objective or from the objective itself, with the deviation reflecting the net cost of the reform to the publicly managed pillar, under the condition that the deviation remains temporary and that an appropriate safety margin with respect to the deficit reference value is preserved."; | rules, some more specific some giving more flexibility  AMS |
|  | (b) in paragraph 2, "two months" shall be replaced by "three months"; | (CCM) time extended |
|  | 6. references to Articles 103 and 109c of the Treaty are replaced throughout the Regulation by references to Articles 99 and 114 respectively. |  |
|  | Article 2  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies

Treaty Base: Article 121.6. The European Parliament and the Council, acting by means of regulations in accordance with the *ordinary legislative procedure*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Legislative Procedure: Ordinary legislative procedure

Note: Policy powers that are already included in Treaty are ignored.

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
|  | Article 1  Regulation (EC) No 1466/97 is hereby amended as follows:  (1) Article 1 is replaced by the following:  "Article 1  This Regulation sets out the rules covering the content, the submission, the examination and the monitoring of stability programmes and convergence programmes as part of multilateral surveillance by the Council and the Commission so as to prevent, at an early stage, the occurrence of excessive general government deficits and to promote the surveillance and coordination of economic policies thereby supporting the achievement of the Union's objectives for growth and employment.". |  |
|  | (2) Article 2 is replaced by the following:  "Article 2  For the purpose of this Regulation:  (a) "participating Member States" means those Member States whose currency is the euro;  (b) "non-participating Member States" means Member States other than those whose currency is the euro.". |  |
| 1 | (3) The following section is inserted:  "SECTION 1-A  EUROPEAN SEMESTER FOR ECONOMIC POLICY COORDINATION  Article 2-a  1. In order to ensure closer coordination of economic policies and sustained convergence of the economic performance of the Member States, the Council shall conduct multilateral surveillance as an integral part of the European Semester for economic policy coordination in accordance with the objectives and requirements set out in the Treaty on the Functioning of the European Union (TFEU). | vague |
| 2 | 2. The European Semester shall include:  (a) the formulation, and the surveillance of the implementation, of the broad guidelines of the economic policies of the Member States and of the Union (broad economic policy guidelines) in accordance with Article 121(2) TFEU;  (b) the formulation, and the examination of the implementation, of the employment guidelines that must be taken into account by Member States in accordance with Article 148(2) TFEU (employment guidelines);  (c) the submission and assessment of Member States' stability or convergence programmes under this Regulation;  (d) the submission and assessment of Member States' national reform programmes supporting the Union's strategy for growth and jobs and established in line with the guidelines set out in point (a) and (b) and with the general guidance to Member States issued by the Commission and the European Council at the beginning of the annual cycle of surveillance;  (e) the surveillance to prevent and correct macroeconomic imbalances under Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances []. |  |
| 3 | 3. In the course of the European Semester, in order to provide timely and integrated policy advice on macrofiscal and macrostructural policy intentions, the Council shall, as a rule, following the assessment of these programmes on the basis of recommendations from the Commission, *address guidance* to the Member States making full use of the legal instruments provided under Articles 121 and 148 TFEU, and under this Regulation and Regulation (EU) No 1176/2011.  *Member States shall take due account* of the guidance addressed to them in the development of their economic, employment and budgetary policies before taking key decisions on their national budgets for the succeeding years. Progress shall be *monitored* by the Commission.  Failure by a Member State to act upon the guidance received may result in:  (a) further recommendations to take specific measures;  (b) a warning by the Commission under Article 121(4) TFEU;  (c) measures under this Regulation, Regulation (EC) No 1467/97 or Regulation (EU) No 1176/2011.  Implementation of the measures shall be subject to *reinforced monitoring* by the Commission and may include *surveillance missions* under Article -11 of this Regulation. | guidance only  in Treaty  CMS  recommendation only  powers in existing laws  considered below |
| 4 | 4. The European Parliament shall be duly involved in the European Semester in order to increase the transparency and ownership of, and the accountability for the decisions taken, in particular by means of the economic dialogue carried out pursuant to Article 2-ab of this Regulation. The Economic and Financial Committee, the Economic Policy Committee, the Employment Committee and the Social Protection Committee shall be consulted within the framework of the European Semester where appropriate. Relevant stakeholders, in particular the social partners, shall be involved within the framework of the European Semester, on the main policy issues where appropriate, in accordance with the provisions of the TFEU and national legal and political arrangements.  The President of the Council, and the Commission in accordance with Article 121 TFEU, and, where appropriate, the President of the Eurogroup, shall *report* annually to the European Parliament and to the European Council on the results of the multilateral surveillance. These reports should be a component of the Economic Dialogue referred to in Article 2-ab of this Regulation. | in Treaty |
| 5 | (4) The following section is inserted:  "SECTION 1-Aa  ECONOMIC DIALOGUE  Article 2-ab  1. In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to *appear before the committee* to discuss:  (a) information provided to the committee by the Council on the broad guidelines of economic policy pursuant to Article 121(2) TFEU;  (b) general guidance to Member States issued by the Commission at the beginning of the annual cycle of surveillance;  (c) any conclusions drawn by the European Council on orientations for economic policies in the context of the European Semester;  (d) the results of multilateral surveillance carried out under this Regulation;  (e) any conclusions drawn by the European Council on the orientations for and results of multilateral surveillance;  (f) any review of the conduct of multilateral surveillance at the end of the European Semester;  (g) Council recommendations addressed to Member States in accordance with Article 121(4) TFEU in the event of significant deviation and the report made by the Council to the European Council as defined in Article 6(2) and Article 10(2) of this Regulation | CCM  CCOM |
| 6 | 2. *The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly.* | CCM |
| 7 | 3. The competent committee of the European Parliament may offer the opportunity to a Member State which is the subject of a Council recommendation under Article 6(2) or Article 10(2) to participate in an exchange of views. |  |
| 8 | 4. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation.". |  |
|  | (5) Article 2a is replaced by the following:  "Article 2a  Each Member State shall have a differentiated medium-term objective for its budgetary position. These country-specific medium-term budgetary objectives may diverge from the requirement of a close to balance or in surplus position, while providing a safety margin with respect to the 3 % of GDP government deficit ratio. The medium-term budgetary objectives shall ensure the sustainability of public finances or a rapid progress towards such sustainability while allowing room for budgetary manoeuvre, considering in particular the need for public investment. |  |
|  | Taking these factors into account, for participating Member States and for Member States that are participating in ERM2 the country-specific medium-term budgetary objectives shall be specified within a defined range between -1 % of GDP and balance or surplus, in cyclically adjusted terms, net of one-off and temporary measures.  The medium-term budgetary objective shall be *revised every 3 years*. A Member State's medium-term budgetary objective *may be further revised* in the event of the implementation of a structural reform with a major impact on the sustainability of public finances.  The respect of the medium-term budgetary objective shall be included in the national medium-term budgetary frameworks in accordance with Chapter IV of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States []. |  |
|  | (6) Article 3 is amended as follows:  (a) paragraph 1 is replaced by the following:  "1. Each participating Member State shall submit to the Council and to the Commission information necessary for the purpose of multilateral surveillance at regular intervals under Article 121 TFEU in the form of a stability programme, which provides an essential basis for the sustainability of public finances which is conducive to price stability, strong sustainable growth and employment creation."; |  |
|  | (b) in paragraph 2, points (a), (b) and (c) are replaced by the following:  "(a) the medium-term budgetary objective and the adjustment path towards that objective for the general government balance as a percentage of GDP, the expected path of the general government debt ratio, the planned growth path of government expenditure, including the corresponding allocation for gross fixed capital formation, in particular bearing in mind the conditions and criteria to establish the expenditure growth under Article 5(1), the planned growth path of government revenue at unchanged policy and a quantification of the planned discretionary revenue measures;  (aa) information on implicit liabilities related to ageing, and contingent liabilities, such as public guarantees, with a potentially large impact on the general government accounts;  (ab) information on the consistency of the stability programme with the broad economic policy guidelines and the national reform programme;  (b) the main assumptions about expected economic developments and important economic variables which are relevant to the achievement of the stability programme, such as government investment expenditure, real GDP growth, employment and inflation;  (c) a quantitative assessment of the budgetary and other economic policy measures being taken or proposed to achieve the objectives of the programme, comprising a cost-benefit analysis of major structural reforms which have direct long-term positive budgetary effects, including by raising potential sustainable growth;"; |  |
| 9 | (c) the following paragraph is inserted:  "2a. The stability programme shall be based on the most likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated Commission forecasts and, if appropriate, those of other independent bodies. Significant differences between the chosen macrofiscal scenario and the Commission's forecast shall be described with reasoning, in particular if the level or growth of external assumptions departs significantly from the values retained in the Commission's forecasts.  The exact nature of the information included in points (a), (aa), (b), (c) and (d) of paragraph 2 shall be *set out in a harmonised framework established by the Commission* in cooperation with the Member States."; | ACOM |
|  | (d) paragraph 3 is replaced by the following:  "3. The information about the paths for the general government balance and debt ratio, the growth of government expenditure, the planned growth path of government revenue at unchanged policy, the planned discretionary revenue measures, appropriately quantified, and the main economic assumptions referred to in points (a) and (b) of paragraph 2 shall be on an annual basis and shall cover the preceding year, the current year and at least the following 3 years. |  |
| 10 | 4. Each programme shall include information on its status in the context of national procedures, in particular whether the programme was presented to the national parliament, and whether the national parliament had the opportunity to discuss the Council's opinion on the previous programme or, if relevant, any recommendation or warning, and whether there has been parliamentary approval of the programme.". |  |
| = | (7) Article 4 is replaced by the following:  "Article 4  1.Stability programmes shall be submitted annually in April, preferably by mid-April and not later than 30 April.  ~~1. Stability programmes shall be submitted before 1 March 1999. Thereafter, updated programmes shall be submitted annually.~~ *~~A Member State adopting the single currency at a later stage shall submit a stability programme within six months~~* ~~of the Council Decision on its participation in the single currency.~~ | ~~CMS~~ |
|  | 2. Member States shall make public their stability programmes.". |  |
|  | (8) Article 5 is replaced by the following:  "Article 5  1. Based on assessments by the Commission and the Economic and Financial Committee, the Council shall, within the framework of multilateral surveillance under Article 121 TFEU, examine the medium-term budgetary objectives presented by the Member States concerned in their stability programmes, assess whether the economic assumptions on which the programme is based are plausible, whether the adjustment path towards the medium-term budgetary objective is appropriate, including consideration of the accompanying path for the debt ratio, and whether the measures being taken or proposed to respect that adjustment path are sufficient to achieve the medium-term budgetary objective over the cycle.  The Council and the Commission, when assessing the adjustment path toward the medium-term budgetary objective, shall examine if the Member State concerned pursues an appropriate annual improvement of its cyclically-adjusted budget balance, net of one-off and other temporary measures, required to meet its medium-term budgetary objective, with 0,5 % of GDP as a benchmark. *For Member States faced with a debt level exceeding 60 % of GDP or with pronounced risks of overall debt sustainability, the Council and the Commission shall examine whether the annual improvement of the cyclically-adjusted budget balance, net of one-off and other temporary measures is higher than 0,5 % of GDP.* The Council and the Commission shall take into account whether a higher adjustment effort is made in economic good times, whereas the effort might be more limited in economic bad times. In particular, revenue windfalls and shortfalls shall be taken into account.  *Sufficient progress towards the medium-term budgetary objective shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures. To this end, the Council and the Commission shall assess whether the growth path of government expenditure, taken in conjunction with the effect of measures being taken or planned on the revenue side, is in accordance with the following conditions:*  *(a) for Member States that have achieved their medium-term budgetary objective, annual expenditure growth does not exceed a reference medium-term rate of potential GDP growth, unless the excess is matched by discretionary revenue measures;*  *(b) for Member States that have not yet reached their medium-term budgetary objective, annual expenditure growth does not exceed a rate below a reference medium-term rate of potential GDP growth, unless the excess is matched by discretionary revenue measures. The size of the shortfall of the growth rate of government expenditure compared to a reference medium-term rate of potential GDP growth is set in such a way as to ensure an appropriate adjustment towards the medium-term budgetary objective;*  *(c) for Member States that have not yet reached their medium-term budgetary objective, discretionary reductions of government revenue items are matched either by expenditure reductions or by discretionary increases in other government revenue items or both.*  *The expenditure aggregate shall exclude interest expenditure, expenditure on Union programmes fully matched by Union funds revenue and non-discretionary changes in unemployment benefit expenditure.*  *The excess expenditure growth over the medium-term reference shall not be counted as a breach of the benchmark to the extent that it is fully offset by revenue increases mandated by law.*  *The reference medium-term rate of potential GDP growth shall be determined on the basis of forward-looking projections and backward-looking estimates. Projections shall be updated at regular intervals. The Commission shall make public the calculation method for those projections and the resulting reference medium-term rate of potential GDP growth.*  When defining the adjustment path to the medium-term budgetary objective for Member States that have not yet reached this objective, and in allowing a temporary deviation from this objective for Member States that have already reached it, provided that an appropriate safety margin with respect to the deficit reference value is preserved and that the budgetary position is expected to return to the medium-term budgetary objective within the programme period, the Council and the Commission shall take into account the implementation of major structural reforms which have direct long-term positive budgetary effects, including by raising potential sustainable growth, and therefore a verifiable impact on the long-term sustainability of public finances.  Particular attention shall be paid to pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. Member States implementing such reforms shall be allowed to deviate from the adjustment path to their medium-term budgetary objective or from the objective itself, with the deviation reflecting the amount of the direct incremental impact of the reform on the general government balance, provided that an appropriate safety margin with respect to the deficit reference value is preserved. | CCM  CCOM  (this expenditure benchmark has also implications for CMS)  CCOM |
| 11 | *The Council and the Commission shall also examine whether the stability programme facilitates the achievement of sustained and real convergence within the euro area and the closer coordination of economic policies, and whether the economic policies of the Member State concerned are consistent with the broad economic policy guidelines and the employment guidelines of the Member States and of the Union.*  *In the case of an unusual event outside the control of the Member State concerned which has a major impact on the financial position of the general government or in periods of severe economic downturn for the euro area or the Union as a whole, Member States* may be allowed *temporarily to depart from the adjustment path towards the medium-term budgetary objective referred to in the third subparagraph, provided that this does not endanger fiscal sustainability in the medium term.* | vague  AMS |
|  | 2. The Council and *the Commission* shall examine the stability programme within at most 3 months of its submission. The Council, on a recommendation from the Commission and after consulting the Economic and Financial Committee, shall, if necessary, adopt an opinion on the programme. Where the Council, in accordance with Article 121 TFEU, considers that the objectives and the content of the programme should be strengthened with particular reference to the adjustment path towards the medium-term budgetary objective, the Council shall in its opinion invite the Member State concerned to adjust its programme.". |  |
|  | (9) Article 6 is replaced by the following:  "Article 6  1. As part of multilateral surveillance in accordance with Article 121(3) TFEU, the Council and *the Commission* shall monitor the implementation of stability programmes, on the basis of information provided by participating Member States and of assessments by the Commission and the Economic and Financial Committee, in particular with a view to identifying actual or expected significant divergences of the budgetary position from the medium-term budgetary objective, or from the appropriate adjustment path towards it. |  |
|  | 2. In the event of a significant observed deviation from the adjustment path towards the medium-term budgetary objective referred to in the third subparagraph of Article 5(1) of this Regulation, and in order to prevent the occurrence of an excessive deficit, *the Commission shall address a warning* to the Member State concerned in accordance with Article 121(4) TFEU.  *The Council shall, within 1 month of the date of adoption of the warning referred to in the first subparagraph, examine the situation and adopt a recommendation for the necessary policy measures, on the basis of a Commission recommendation, based on Article 121(4) TFEU. The recommendation shall set a deadline of no more than* 5 months *for addressing the deviation. The deadline shall be reduced to* 3 months *if the Commission, in its warning, considers that the situation is particularly serious and warrants urgent action.* The Council, on a proposal from the Commission, shall make the recommendation public*.*  *Within the deadline set by the Council in the recommendation under Article 121(4) TFEU, the Member State concerned* shall report *to the Council on action taken in response to the recommendation.* | in Treaty  CCM  CCM  CMS |
| 12 | *If the Member State concerned fails to take appropriate action within the deadline specified in a Council recommendation under the second subparagraph,* the Commission shall immediately recommend to the Council to adopt, by qualified majority, a decision establishing that no effective action has been taken*. At the same time, the Commission may recommend to the Council to adopt a revised recommendation under Article 121(4) TFEU on necessary policy measures.*  *In the event that the Council does not adopt the decision on the Commission recommendation that no effective action has been taken, and failure to take appropriate action on the part of the Member State concerned persists, the Commission, after 1 month from its earlier recommendation, shall recommend to the Council to adopt the decision establishing that no effective action has been taken.* The decision shall be deemed to be adopted by the Council unless it decides, by simple majority, to reject the recommendation within 10 days of its adoption *by the Commission. At the same time, the Commission may recommend to the Council to adopt a revised recommendation under Article 121(4) TFEU on necessary policy measures.*  *When taking the decision on non-compliance referred to in the fourth and fifth subparagraphs, only members of the Council representing participating Member States shall vote and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.*  *The Council shall submit a formal report to the European Council on the decisions taken accordingly.* | ACME  ACOME  greater role to Commission  CCM |
|  | *3. A deviation from the medium-term budgetary objective or from the appropriate adjustment path towards it shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures, as defined in Article 5(1).*  *The assessment of whether the deviation is significant shall, in particular, include the following criteria:*  *(a) for a Member State that has not reached the medium-term budgetary objective, when assessing the change in the structural balance, whether the deviation is at least 0,5 % of GDP in a single year or at least 0,25 % of GDP on average per year in 2 consecutive years;*  *(b) when assessing expenditure developments net of discretionary revenue measures, whether the deviation has a total impact on the government balance of at least 0,5 % of GDP in a single year or cumulatively in 2 consecutive years.*  *The deviation of expenditure developments shall not be considered significant if the Member State concerned has overachieved the medium-term budgetary objective, taking into account the possibility of significant revenue windfalls and the budgetary plans laid out in the stability programme do not jeopardise that objective over the programme period.*  *Similarly, the deviation may be left out of consideration when it results from an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in case of severe economic downturn for the euro area or the Union as a whole, provided that this does not endanger fiscal sustainability in the medium-term.".* | detailed rules  CCM  CCOM |
|  | (10) Article 7 is amended as follows:  (a) paragraph 1 is replaced by the following:  "1. Each non-participating Member State shall submit to the Council and to the Commission information necessary for the purpose of multilateral surveillance at regular intervals under Article 121 TFEU in the form of a convergence programme, which provides an essential basis for the sustainability of public finances which is conducive to price stability, strong sustainable growth and employment creation."; |  |
|  | (b) in paragraph 2, points (a), (b) and (c) are replaced by the following:  "(a) the medium-term budgetary objective and the adjustment path towards this objective for the general government balance as a percentage of GDP, the expected path of the general government debt ratio, the planned growth path of government expenditure, including the corresponding allocation for gross fixed capital formation, in particular bearing in mind the conditions and criteria to establish the expenditure growth under Article 9(1), the planned growth path of government revenue at unchanged policy and a quantification of the planned discretionary revenue measures, the medium-term monetary policy objectives, the relationship of those objectives to price and exchange rate stability and to the achievement of sustained convergence;  (aa) information on implicit liabilities related to ageing, and contingent liabilities, such as public guarantees, with a potentially large impact on the general government accounts;  (ab) information on the consistency of the convergence programme with the broad economic policy guidelines and the national reform programme;  (b) the main assumptions about expected economic developments and important economic variables which are relevant to the achievement of the convergence programme, such as government investment expenditure, real GDP growth, employment and inflation;  (c) a quantitative assessment of the budgetary and other economic policy measures being taken or proposed to achieve the objectives of the programme, comprising a cost-benefit analysis of major structural reforms, which have direct long-term positive budgetary effects, including by raising potential sustainable growth;"; |  |
| 13 | (c) the following paragraph is inserted:  "2a. The convergence programme shall be based on the most likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated Commission forecasts and, if appropriate, those of other independent bodies. Significant differences between the chosen macrofiscal scenario and the Commission forecast shall be described with reasoning, in particular if the level or growth of external assumptions departs significantly from the values retained in the Commission's forecasts.  The exact nature of the information included in points (a), (aa), (b), (c) and (d) of paragraph 2 shall be *set out in a harmonised framework established by the Commission* in cooperation with the Member States."; | ACOM |
|  | (d) paragraph 3 is replaced by the following:  "3. The information about the paths for the general government balance and debt ratio, the growth of government expenditure, the planned growth path of government revenue at unchanged policy, the planned discretionary revenue measures, appropriately quantified, and the main economic assumptions referred to in points (a) and (b) of paragraph 2 shall be on an annual basis and shall cover the preceding year, the current year and at least the following 3 years. |  |
| 14 | 4. Each programme shall include information on its status in the context of national procedures, in particular whether the programme was presented to the national parliament, and whether the national parliament had the opportunity to discuss the Council opinion on the previous programme or, if relevant, any recommendation or warning, and whether there has been parliamentary approval of the programme.". |  |
|  | (11) Article 8 is replaced by the following:  "Article 8  1. Convergence programmes shall be submitted annually in April, preferably by mid April and not later than 30 April. |  |
|  | 2. Member States shall make public their convergence programmes.". |  |
|  | (12) Article 9 is replaced by the following:  "Article 9  1. Based on assessments by the Commission and the Economic and Financial Committee, the Council shall, within the framework of multilateral surveillance under Article 121 TFEU, examine the medium-term budgetary objectives presented by the Member States concerned in their convergence programmes, assess whether the economic assumptions on which the programme is based are plausible, whether the adjustment path towards the medium-term budgetary objective is appropriate, including consideration of the accompanying path for the debt ratio, and whether the measures being taken or proposed to respect that adjustment path are sufficient to achieve the medium-term budgetary objective over the cycle and to achieve sustained convergence.  The Council and the Commission, when assessing the adjustment path toward the medium-term budgetary objective, shall take into account whether a higher adjustment effort is made in economic good times, whereas the effort might be more limited in economic bad times. *In particular, revenue windfalls and shortfalls shall be taken into account. For Member States faced with a debt level exceeding 60 % of GDP or with pronounced risks of overall debt sustainability, the Council and the Commission shall examine whether the annual improvement of the cyclically-adjusted budget balance, net of one-off and other temporary measures, is higher than 0,5 % of GDP. For Member States that are participating in ERM2, the Council and the Commission shall examine if the Member State concerned pursues an appropriate annual improvement of its cyclically adjusted balance, net of one-off and other temporary measures, required to meet its medium-term budgetary objective, with 0,5 % of GDP as a benchmark.*  *Sufficient progress towards the medium-term budgetary objective shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures. To this end, the Council and the Commission shall assess whether the growth path of government expenditure, taken in conjunction with the effect of measures being taken or planned on the revenue side, is in accordance with the following conditions:*  *(a) for Member States that have achieved their medium-term budgetary objective, annual expenditure growth does not exceed a reference medium-term rate of potential GDP growth, unless the excess is matched by discretionary revenue measures;*  *(b) for Member States that have not yet reached their medium-term budgetary objective, annual expenditure growth does not exceed a rate below a reference medium-term rate of potential GDP growth, unless the excess is matched by discretionary revenue measures. The size of the shortfall of the growth rate of government expenditure compared to a reference medium-term rate of potential GDP growth is set in such a way as to ensure an appropriate adjustment towards the medium-term budgetary objective;*  *(c) for Member States that have not yet reached their medium-term budgetary objective, discretionary reductions of government revenue items are matched either by expenditure reductions or by discretionary increases in other government revenue items or both.*  *The expenditure aggregate shall exclude interest expenditure, expenditure on Union programmes fully matched by Union funds revenue and non-discretionary changes in unemployment benefit expenditure.*  *The excess expenditure growth over the medium-term reference shall not be counted as a breach of the benchmark to the extent that it is fully offset by revenue increases mandated by law.*  *The reference medium-term rate of potential GDP growth shall be determined on the basis of forward-looking projections and backward-looking estimates. Projections shall be updated at regular intervals. The Commission shall make public the calculation method for those projections and the resulting reference medium-term rate of potential GDP growth.*  When defining the adjustment path to the medium-term budgetary objective for Member States that have not yet reached this objective, and in allowing a temporary deviation from this objective for Member States that have already reached it, provided that an appropriate safety margin with respect to the deficit reference value is preserved and that the budgetary position is expected to return to the medium-term budgetary objective within the programme period, the Council and the Commission shall take into account the implementation of major structural reforms which have direct long-term positive budgetary effects, including by raising potential sustainable growth, and therefore a verifiable impact on the long-term sustainability of public finances.  Particular attention shall be paid to pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. Member States implementing such reforms shall be allowed to deviate from the adjustment path to their medium-term budgetary objective or from the objective itself, with the deviation reflecting the amount of the direct incremental impact of the reform on the general government balance, provided that an appropriate safety margin with respect to the deficit reference value is preserved. | CCM  CCOM  CCOM |
| 15 | *The Council and the Commission shall also examine whether the convergence programme facilitates the achievement of sustained and real convergence and the closer coordination of economic policies, and whether the economic policies of the Member State concerned are consistent with the broad economic policy guidelines and the employment guidelines of the Member States and of the Union. In addition, for Member States that are participating in ERM2, the Council shall examine whether the convergence programme ensures a smooth participation in the exchange rate mechanism.*  *In the case of an unusual event outside the control of the Member State concerned, which has a major impact on the financial position of the general government or in periods of severe economic downturn for the euro area or the Union as a whole,* Member States may be allowed temporarily to depart *from the adjustment path towards the medium-term budgetary objective referred to in the third subparagraph, provided that this does not endanger fiscal sustainability in the medium term.* | vague  Commission included  AMS |
|  | 2. The Council and *the Commission* shall examine the convergence programme within at most 3 months of its submission. The Council, on a recommendation from the Commission and after consulting the Economic and Financial Committee, shall, if necessary, adopt an opinion on the programme. Where the Council, in accordance with Article 121 TFEU, considers that the objectives and the content of the programme should be strengthened with particular reference to the adjustment path towards the medium-term budgetary objective, the Council shall in its opinion invite the Member State concerned to adjust its programme.". | Commission included |
|  | (13) Article 10 is replaced by the following:  "Article 10  1. As part of multilateral surveillance in accordance with Article 121(3) TFEU, the Council and *the Commission* shall monitor the implementation of convergence programmes, on the basis of information provided by Member States with a derogation and of assessments by the Commission and the Economic and Financial Committee, in particular with a view to identifying actual or expected significant divergences of the budgetary position from the medium-term budgetary objective, or from the appropriate adjustment path towards it.  In addition, the Council and *the Commission* shall monitor the economic policies of non-participating Member States in the light of convergence programme objectives with a view to ensure that their policies are geared to stability and thus to avoid real exchange rate misalignments and excessive nominal exchange rate fluctuations. | vague  Commission included |
|  | 2. In the event of a significant observed deviation from the adjustment path towards the medium-term budgetary objective referred to in the third subparagraph of Article 9(1) of this Regulation, and in order to prevent the occurrence of an excessive deficit, *the Commission shall address a warning* to the Member State concerned in accordance with Article 121(4) TFEU.  *The Council shall, within 1 month of the date of adoption of the warning referred to in the first subparagraph, examine the situation and adopt a recommendation for the necessary policy measures, on the basis of a Commission recommendation, based on Article 121(4) TFEU. The recommendation shall set a deadline of no more than 5 months for addressing the deviation. The deadline shall be reduced to 3 months if the Commission, in its warning, considers that the situation is particularly serious and warrants urgent action.* The Council, on a proposal from the Commission, shall make the recommendation public.  *Within the deadline set by the Council in the recommendation under Article 121(4) TFEU, the Member State concerned* shall report *to the Council on action taken in response to the recommendation*. | in Treaty  CCM  CCM  CMS |
| 16 | *If the Member State concerned fails to take appropriate action within the deadline specified in a Council recommendation under the second subparagraph, the Commission shall immediately recommend to the Council to adopt, by qualified majority,* a decision establishing that no effective action has been taken*. At the same time, the Commission may recommend to the Council to adopt a revised recommendation under Article 121(4) TFEU on necessary policy measures.*  *In the event that the Council does not adopt the decision on the Commission recommendation that no effective action has been taken, and failure to take appropriate action on the part of the Member State concerned persists, the Commission, after 1 month from its earlier recommendation, shall recommend to the Council to adopt the decision establishing that no effective action has been taken. The decision shall be deemed to be adopted by the Council unless it decides, by simple majority, to reject the recommendation within 10 days of its adoption by the Commission. At the same time, the Commission may recommend to the Council to adopt a revised recommendation under Article 121(4) TFEU on necessary policy measures.*  *When taking the decision on non-compliance referred to in the fourth and fifth subparagraphs, the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.*  *The Council shall submit a formal* report *to the European Council on the decisions taken accordingly*. | ACME  ACOME  greater role to Commission  CCM |
|  | *3. A deviation from the medium-term budgetary objective or from the appropriate adjustment path towards it shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures, as defined in Article 9(1).*  *The assessment of whether the deviation is significant shall, in particular, include the following criteria:*  *(a) for a Member State that has not reached the medium-term budgetary objective, when assessing the change in the structural balance, whether the deviation is at least 0,5 % of GDP in a single year or at least 0,25 % of GDP on average per year in two consecutive years;*  *(b) when assessing expenditure developments net of discretionary revenue measures, whether the deviation has a total impact on the government balance of at least 0,5 % of GDP in a single year or cumulatively in two consecutive years.*  *The deviation of expenditure developments shall not be considered significant if the Member State concerned has overachieved the medium-term budgetary objective, taking into account the possibility of significant revenue windfalls and the budgetary plans laid out in the convergence programme do not jeopardise that objective over the programme period.*  *Similarly, the deviation may be left out of consideration when resulting from an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in case of severe economic downturn for the euro area or the Union as a whole, on the condition that this does not endanger fiscal sustainability in the medium term.*". | detailed rules  CCM  CCOM |
| 17 | (14) The following section is inserted:  "SECTION 3A  PRINCIPLE OF STATISTICAL INDEPENDENCE  Article 10a  With a view to ensuring that the multilateral surveillance is based on sound and independent statistics, *Member States shall ensure the professional independence of national statistical authorities*, which shall be consistent with the European statistics code of practice as laid down in Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European Statistics []. As a minimum this shall require:  (a) transparent recruitment and dismissal processes which must be solely based on professional criteria;  (b) budgetary allocations which must be made on an annual or a multiannual basis;  (c) the date of publication of key statistical information which must be designated significantly in advance. | CMS |
| 18 | (15) The following Article is inserted:  "Article -11  1. The Commission shall ensure a permanent dialogue with the relevant authorities of the Member States in accordance with the objectives of this Regulation. To that end, the Commission shall, in particular, carry out missions for the purpose of the assessment of the economic situation in the Member State and the identification of any risks or difficulties in complying with the objectives of this Regulation. | vague |
| 19 | 2. *The Commission may undertake enhanced surveillance* missions in Member States which are the subject of recommendations issued under Article 6(2) or Article 10(2) for the purposes of on-site monitoring. *The Member States concerned shall provide all necessary information* for the preparation and the conduct of those missions. | ACOME – linked to a Treaty power  CMS |
| 20 | 3. When the Member State concerned is a participating Member State or a Member State that is participating in ERM2, the Commission may invite representatives of the European Central Bank, if appropriate, to participate in surveillance missions. |  |
| 21 | 4. The Commission shall *report* to the Council on the outcome of the missions referred to in paragraph 2 and, if appropriate, *may decide* to make its findings public. | CCOM  ACOME |
| 22 | 5. When organising the missions referred to in paragraph 2, *the Commission shall transmit its provisional findings* to the Member States concerned for comments.". | CCOM |
| 23 | (16) The following Article is inserted:  "Article 12a  1. By 14 December 2014 and every 5 years thereafter, *the Commission shall publish a report* on the application of this Regulation.  That report shall evaluate, inter alia:  (a) the effectiveness of this Regulation, particularly whether the provisions governing decision-making have proved sufficiently robust;  (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU. | CCOM |
| 24 | 2. Where appropriate, this report shall be accompanied by a proposal for amendments to this Regulation, including to the decision-making procedures. |  |
| 25 | 3. The report shall be forwarded to the European Parliament and the Council.". |  |
|  | (17) All references to "Article 99 of the Treaty" shall be replaced throughout the Regulation by references to "Article 121 TFEU".  Article 2  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

## Corrective part of GSP: speeding up and clarifying EDP

### Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure

Treaty Base: Article 104c.14. The Council shall, acting *unanimously on a proposal from the Commission and after consulting the European Parliament and the ECB*, adopt the appropriate provisions which shall then replace the said Protocol.

Legislative Procedure: Consultation with unanimity

Note: Policy powers that are already included in Treaty are ignored.

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | SECTION 1 DEFINITIONS AND ASSESSMENTS  Article 1  1. This Regulation sets out the provisions to speed up and clarify the excessive deficit procedure, having as its objective to deter excessive general government deficits and, if they occur, to further their prompt correction. |  |
| 2 | 2. For the purpose of this Regulation 'participating Member States` shall mean those Member States which adopt the single currency in accordance with the Treaty and 'non-participating Member States` shall mean those which have not adopted the single currency. |  |
| 3 | Article 2  1. The excess of a government deficit over the reference value shall be considered exceptional and temporary, in accordance with Article 104c(2) (a), second indent, when resulting from an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government, or when resulting from a severe economic downturn.  In addition, the excess over the reference value shall be considered temporary if budgetary forecasts as provided by the Commission indicate that the deficit will fall below the reference value following the end of the unusual event or the severe economic downturn. |  |
| 4 | 2. The Commission when preparing a report under Article 104c (3) shall, as a rule, consider an excess over the reference value resulting from a severe economic downturn to be exceptional only if *there is an annual fall of real GDP of at least 2 %.* | CCM - because the Council decides |
| 5 | 3. The Council when deciding, according to Article 104c (6), whether an excessive deficit exists, *shall in its overall assessment take into account any observations* made by the Member State showing that an annual fall of real GDP of less than 2 % is nevertheless exceptional in the light of further supporting evidence, in particular on the abruptness of the downturn or on the accumulated loss of output relative to past trends. | CCM – because the Council decides |
| 6 | SECTION 2 SPEEDING UP THE EXCESSIVE DEFICIT PROCEDURE  Article 3  1. Within two weeks of the adoption by the Commission of a report issued in accordance with Article 104c (3), the Economic and Financial Committee shall formulate an opinion in accordance with Article 104c (4). |  |
| 7 | 2. Taking fully into account the opinion referred to in paragraph 1, the Commission, if it considers that an excessive deficit exists, shall address an opinion and a recommendation to the Council in accordance with Article 104c (5) and (6). | address only |
| 8 | 3. The Council shall decide on the existence of an excessive deficit in accordance with Article 104c (6), *within three months* of the reporting dates established in Article 4 (2) and (3) of Regulation (EC) No 3605/93. When it decides, in accordance with Article 104c (6), that an excessive deficit exists, the Council shall at the same time make recommendations to the Member State concerned in accordance with Article 104c (7). | CCM |
| 9 | 4. The Council recommendation made in accordance with Article 104c (7) *shall establish a deadline of four months* at the most for effective action to be taken by the Member State concerned. The Council recommendation shall also establish a deadline for the correction of the excessive deficit, which should be completed in the year following its identification unless there are special circumstances. | CCM |
| 10 | Article 4  1. Any Council decision to make public its recommendations, where it is established that no effective action has been taken in accordance with Article 104c (8), shall be *taken immediately after the expiry of the deadline* set in accordance with Article 3 (4) of this Regulation. | CCM |
| 11 | 2. The Council, when considering whether effective action has been taken in response to its recommendations made in accordance with Article 104c (7), shall base its decision on publicly announced decisions by the Government of the Member State concerned. |  |
| 12 | Article 5  Any Council decision to give notice to the participating Member State concerned to take measures for the deficit reduction in accordance with Article 104c (9) shall be taken *within one month* of the Council decision establishing that no effective action has been taken in accordance with Article 104c (8). | CCM |
| 13 | Article 6  Where the conditions to apply Article 104c (11) are met, the Council shall impose sanctions in accordance with Article 104c (11). Any such decision shall be taken *no later than two months* after the Council decision giving notice to the participating Member State concerned to take measures in accordance with Article 104c (9). | CCM |
| 14 | Article 7  If a participating Member State fails to act in compliance with the successive decisions of the Council in accordance with Article 104c (7) and (9), the decision of the Council to impose sanctions, in accordance with paragraph 11 of Article 104c, shall be taken *within ten months* of the reporting dates pursuant to Regulation (EC) No 3605/93 as referred to in Article 3 (3) of this Regulation. An expedited procedure shall be used in the case of a deliberately planned deficit which the Council decides is excessive. | CCM |
| 15 | Article 8  Any Council decision to intensify sanctions, in accordance with Article 104c (11), other than the conversion of deposits into fines under Article 14 of this Regulation, shall be taken *no later than two months* after the reporting dates pursuant to Regulation (EC) No 3605/93. | CCM |
| 16 | Any Council decision to abrogate some or all of its decisions in accordance with Article 104c (12) shall be taken as soon as possible and in any case *no later than two months* after the reporting dates pursuant to Regulation (EC) No 3605/93. | CCM |
| 17 | SECTION 3 ABEYANCE AND MONITORING  Article 9  1. The excessive deficit procedure shall be held in abeyance:  - if the Member State concerned acts in compliance with recommendations made in accordance with Article 104c (7),  - if the participating Member State concerned acts in compliance with notices given in accordance with Article 104c (9). |  |
| 18 | 2. The period during which the procedure is held in abeyance shall be included neither in the ten month period referred to in Article 7 nor in the two month period referred to in Article 6 of this Regulation. |  |
| 19 | Article 10  1. The Commission and the Council shall monitor the implementation of action taken:  - by the Member State concerned in response to recommendations made under Article 104c (7),  - by the participating Member State concerned in response to notices given under Article 104c (9). |  |
| 20 | 2. If action by a participating Member State is not being implemented or, in the Council's view, is proving to be inadequate, the Council shall *immediately* take a decision under Article 104c (9) or Article 104c (11) respectively. | CCM |
| 21 | 3. If actual data pursuant to Regulation (EC) No 3605/93 indicate that an excessive deficit has not been corrected by a participating Member State within the time limits specified either in recommendations issued under Article 104c (7) or notices issued under Article 104c (9), the Council shall *immediately* take a decision under Article 104c (9) or Article 104c (11) respectively. | CCM |
| 22 | SECTION 4 SANCTIONS  Article 11  Whenever the Council decides to apply sanctions to a participating Member State in accordance with Article 104c (11), *a non-interest-bearing deposit shall, as a rule, be required*. The Council *may decide* to supplement this deposit by the measures provided for in the first and second indents of Article 104c (11). | see below  ACME |
| 23 | Article 12  1. When the excessive deficit results from non-compliance with the criterion relating to the government deficit ration in Article 104c (2) (a), *the amount of the first deposit shall comprise a fixed component equal to 0,2 % of GDP*, and a variable component equal to *one tenth* of the difference between the deficit as a percentage of GDP in the preceding year and the reference value of 3 % of GDP. | CCM – detailed rules |
| 24 | 2. Each following year, until the decision on the existence of an excessive deficit is abrogated, the Council shall assess whether the participating Member State concerned has taken effective action in response to the Council notice in accordance with Article 104c (9). In this annual assessment the Council shall decide, in accordance with Article 104c (11), and without prejudice to Article 13 of this Regulation, to intensify the sanctions, unless the participating Member State concerned has complied with the Council notice. If an additional deposit is decided, it shall be equal to *one tenth* of the difference between the deficit as a percentage of GDP in the preceding year and the reference value of 3 % of GDP. | CCM – detailed rules |
| 25 | 3. Any single deposit referred to in paragraphs 1 and 2 shall *not exceed* the upper limit of 0,5 % of GDP. | CCM – detailed rules |
| 26 | Article 13  *A deposit shall, as a rule*, be converted by the Council, in accordance with Article 104c (11), *into a fine if two years* after the decision to require the participating Member State concerned to make a deposit, the excessive deficit has in the view of the Council not been corrected. | CCM – detailed rules |
| 27 | Article 14  1. In accordance with Article 104c (12), the Council shall abrogate the sanctions referred to in the first and second indents of Article 104c (11) depending on the significance of the progress made by the participating Member State concerned in correcting the excessive deficit. |  |
| 28 | Article 15  In accordance with Article 104c (12), the Council shall abrogate all outstanding sanctions if the decision on the existence of an excessive deficit is abrogated. Fines imposed in accordance with Article 13 of this Regulation will not be reimbursed to the participating Member State concerned. |  |
| 29 | Article 16  Deposits referred to in Articles 11 and 12 of this Regulation shall be lodged with the Commission. Interest on the deposits, and the fines referred to in Article 13 of this Regulation constitute other revenue referred to in Article 20l of the Treaty and shall be distributed among participating Member States without a deficit that is excessive as determined in accordance with Article 104c (6) in proportion to their share in the total GNP of the eligible Member States. |  |
| 30 | SECTION 5 TRANSITIONAL AND FINAL PROVISIONS  Article 17  For the purpose of this Regulation and for as long as the United Kingdom has a budgetary year which is not a calendar year, the provisions of sections 2, 3 and 4 of this Regulation shall be applied to the United Kingdom in accordance with the Annex. |  |
| 31 | Article 18  This Regulation shall enter into force on 1 January 1999.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EC) No 1056/2005 of 27 June 2005 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure

Treaty Base: Article 104.14. The Council shall, acting *unanimously on a proposal from the Commission and after consulting the European Parliament* and the ECB, adopt the appropriate provisions which shall then replace the said Protocol.

Legislative Procedure: Consultation with unanimity

Note: Policy powers that are already included in Treaty are ignored.

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| = | Article 1  Regulation (EC) No 1467/97 is hereby amended as follows:  1. in Article 2, paragraphs 2 and 3 shall be replaced by the following paragraphs:  "2. The Commission and the Council, when assessing and deciding upon the existence of an excessive deficit in accordance with Article 104(3) to (6) of the Treaty, may consider an excess over the reference value resulting from a severe economic downturn as exceptional in the sense of the second indent of Article 104(2)(a) *if the excess over the reference value results from a negative annual GDP volume growth rate or from an accumulated loss of output during a protracted period of very low annual GDP volume growth relative to its potential*. | ~~CCM~~ – detailed rule scrapped |
| = | 3. The Commission, when preparing a report under Article 104(3) of the Treaty shall take into account all relevant factors as indicated in that Article. The report shall appropriately reflect developments in the medium-term economic position (in particular potential growth, prevailing cyclical conditions, the implementation of policies in the context of the Lisbon agenda and policies to foster research and development and innovation) and developments in the medium-term budgetary position (in particular, fiscal consolidation efforts in "good times", debt sustainability, public investment and the overall quality of public finances). Furthermore, the Commission shall give due consideration to any other factors which, in the opinion of the Member State concerned, are relevant in order to comprehensively assess in qualitative terms the excess over the reference value and which the Member State has put forward to the Commission and to the Council. In that context, special consideration shall be given to budgetary efforts towards increasing or maintaining at a high level financial contributions to fostering international solidarity and to achieving European policy goals, notably the unification of Europe if it has a detrimental effect on the growth and fiscal burden of a Member State. A balanced overall assessment shall encompass all these factors. | ~~CCM~~ – detailed rule scrapped |
| 1 | 4. If the double condition of the overarching principle — that, before the relevant factors mentioned in paragraph 3 are taken into account, the general government deficit remains close to the reference value and its excess over the reference value is temporary — is fully met, these factors shall also be taken into account in the steps leading to the decision on the existence of an excessive deficit, foreseen in paragraphs 4, 5 and 6 of Article 104 of the Treaty. The balanced overall assessment to be made by the Council shall encompass all these factors. |  |
| 2 | 5. The Commission and the Council, in all budgetary assessments in the framework of the excessive deficit procedure, shall give due consideration to the implementation of pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. | additional rules, but vague |
| 3 | 6. If the Council has decided, on the basis of Article 104(6) of the Treaty, that an excessive deficit exists in a Member State, the Commission and the Council shall take into account the relevant factors mentioned in paragraph 3 also in the subsequent procedural steps of Article 104, including as specified in Articles 3(5) and 5(2) of this Regulation. However those relevant factors shall not be taken into account for the decision of the Council under Article 104(12) of the Treaty on the abrogation of some or all of its decisions under paragraphs 6 to 9 and 11 of Article 104. |  |
| 4 | 7. In the case of Member States where the deficit exceeds the reference value, while remaining close to it, and where this excess reflects the implementation of a pension reform introducing a multi-pillar system that includes a mandatory, fully funded pillar, the Commission and the Council shall also consider the cost of the reform to the publicly managed pillar when assessing developments in EDP deficit figures. For that purpose, consideration shall be given to the net cost of the reform on a linear degressive basis for a transitory period of five years. This net cost shall be taken into account also for the decision of the Council under Article 104(12) of the Treaty on the abrogation of some or all of its decisions under paragraphs 6 to 9 and 11 of Article 104, if the deficit has declined substantially and continuously and has reached a level that comes close to the reference value."; |  |
| = | 2. Article 3 is hereby amended as follows:  (a) paragraph 3 shall be replaced by the following:  "3. The Council shall decide on the existence of an excessive deficit in accordance with Article 104(6) of the Treaty, as a rule *within four months* of the reporting dates established in Article 4(2) and (3) of Regulation (EC) No 3605/93. When it decides that an excessive deficit exists, the Council shall at the same time make recommendations to the Member State concerned in accordance with Article 104(7) of the Treaty."; | (CCM) – time extended |
| = | (b) paragraph 4 shall be replaced by the following paragraphs:  "4. The Council recommendation made in accordance with Article 104(7) of the Treaty shall establish a deadline of *six months* at most for effective action to be taken by the Member State concerned. The Council recommendation shall also establish a deadline for the correction of the excessive deficit, which should be completed in the year following its identification unless there are special circumstances. *In the recommendation, the Council shall request that the Member State achieves a minimum annual improvement of at least 0,5 % of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the recommendation.* | (CCM) – time extended  CCM – detailed rule |
| 5 | 5. If effective action has been taken in compliance with a recommendation under Article 104(7) and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of that recommendation, the Council *may decide*, on a recommendation from the Commission, to adopt a revised recommendation under Article 104(7). The revised recommendation, taking into account the relevant factors mentioned in Article 2(3) of this Regulation, may notably *extend the deadline for the correction of the excessive deficit by one year*. The Council shall assess the existence of unexpected adverse economic events with major unfavourable consequences for government finances against the economic forecasts in its recommendation."; | ACME  CCM |
| = | 3. Article 5 shall be replaced by the following:  "Article 5  1. Any Council decision to give notice to the participating Member State concerned to take measures for the deficit reduction in accordance with Article 104(9) of the Treaty shall be taken *within two months* of the Council decision establishing that no effective action has been taken in accordance with Article 104(8). *In the notice, the Council shall request that the Member State achieves a minimum annual improvement of at least 0,5 % of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the notice*. | (CCM) – time extended  CCM – detailed rule |
| 6 | 2. If effective action has been taken in compliance with a notice under Article 104(9) of the Treaty and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of that notice, *the Council may decide*, on a recommendation from the Commission, to adopt a revised notice under Article 104(9) of the Treaty. The revised notice, taking into account the relevant factors mentioned in Article 2(3) of this Regulation, may notably extend the deadline for the correction of the excessive deficit *by one year*. The Council shall assess the existence of unexpected adverse economic events with major unfavourable consequences for government finances against the economic forecasts in its notice."; | ACME  CCM |
| = | 4. in Article 6, second sentence, the words "two months" shall be replaced by the words "four months"; | (CCM) – time extended |
| = | 5. Article 7 shall be replaced by the following:  "Article 7  If a participating Member State fails to act in compliance with the successive decisions of the Council in accordance with Article 104(7) and (9) of the Treaty, the decision of the Council to impose sanctions, in accordance with Article 104(11), shall be taken as a rule *within sixteen months* of the reporting dates established in Article 4(2) and (3) of Regulation (EC) No 3605/93. In case Article 3(5) or 5(2) of this Regulation is applied, the sixteen-month deadline is amended accordingly. An expedited procedure shall be used in the case of a deliberately planned deficit which the Council decides is excessive."; | (CCM) – time extended |
|  | 6. Article 9 is hereby amended as follows:  (a) paragraph 2 shall be replaced by the following:  "2. The period during which the procedure is held in abeyance shall be included neither in the period referred to in Article 6 nor in the period referred to in Article 7 of this Regulation."; |  |
| 7 | (b) the following paragraph shall be added:  "3. Following the expiry of the period referred to in the first sentence of Article 3(4) and following the expiry of the period referred to in the second sentence of Article 6 of this Regulation, the Commission shall inform the Council if it considers that the measures taken seem sufficient to ensure adequate progress towards the correction of the excessive deficit within the time limits set by the Council, provided that they are fully implemented and that economic developments are in line with forecasts. The Commission statement shall be made public."; | Could be a constraint, but Commission has no powers |
|  | 7. references to Article 104c, 109e, 109f and 201 of the Treaty shall be replaced throughout the Regulation by references to Articles 104, 116, 117 and 269, respectively. Reference to Article D of the Treaty on European Union is replaced by reference to Article 4; |  |
|  | 8. the Annex to Regulation (EC) No 1467/97 shall be replaced by the Annex to this Regulation. |  |
|  | Article 2  This Regulation shall enter into force on the 20th day following that of its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

### Council Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure

Treaty Base: Article 126.14. The Council shall, acting *unanimously in accordance with a special legislative procedure and after consulting the European Parliament* and the European Central Bank, adopt the appropriate provisions which shall then replace the said Protocol.

Legislative Procedure: Special procedure with unanimity

Note: Policy powers that are already included in Treaty are ignored.

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
|  | Article 1  Regulation (EC) No 1467/97 is hereby amended as follows:  (1) Article 1 is replaced by the following:  "Article 1  1. This Regulation lays down the provisions for speeding up and clarifying the excessive deficit procedure. The objective of the excessive deficit procedure is to deter excessive government deficits and, if they occur, to further prompt their correction, where compliance with the budgetary discipline is examined on the basis of the government deficit and *government debt criteria*. |  |
|  | 2. For the purposes of this Regulation, "participating Member States" shall mean those Member States whose currency is the euro."; |  |
|  | (2) Article 2 is amended as follows:  (a) in paragraph 1, the first subparagraph is replaced by the following:  "1. The excess of a government deficit over the reference value shall be considered exceptional, in accordance with the second indent of point (a) of Article 126(2) of the Treaty on the Functioning of the European Union (TFEU), when resulting from an unusual event outside the control of the Member State concerned and with a major impact on the financial position of general government, or when resulting from a severe economic downturn."; |  |
| 1 | (b) the following paragraph is inserted:  "1a. When it exceeds the reference value, the ratio of the government debt to gross domestic product (GDP) shall be considered sufficiently diminishing and approaching the reference value at a satisfactory pace in accordance with point (b) of Article 126(2) TFEU if the differential with respect to the *reference value has decreased over the previous three years at an average rate of one twentieth per year as a benchmark, based on changes over the last three years for which the data is available*.  The requirement under the debt criterion shall also be considered to be fulfilled if the budgetary forecasts of the Commission indicate that the required reduction in the differential will occur over *the three-year period encompassing the two years following the final year* for which the data is available. *For a Member State that is subject to an excessive deficit procedure on 8 November 2011 and for a period of three years from the correction of the excessive deficit, the requirement under the debt criterion shall be considered fulfilled* if the Member State concerned makes sufficient progress towards compliance as assessed in the opinion adopted by the Council on its stability or convergence programme.  In implementing the debt ratio adjustment benchmark, account shall be taken of the influence of the cycle on the pace of debt reduction."; | CCM – detailed rules for debt  AMS – transitional period for MS |
|  | (c) paragraphs 3 to 7 are replaced by the following:  "3. The Commission, when preparing a report under Article 126(3) TFEU, shall take into account all relevant factors as indicated in that Article, in so far as they significantly affect the assessment of compliance with the deficit and debt criteria by the Member State concerned. The report shall reflect, as appropriate:  (a) the developments in the medium-term economic position, in particular potential growth, including the various contributions provided by labour, capital accumulation and total factor productivity, cyclical developments, and the private sector net savings position;  (b) the developments in the medium-term budgetary positions, including, in particular, the record of adjustment towards the medium-term budgetary objective, the level of the primary balance and developments in primary expenditure, both current and capital, the implementation of policies in the context of the prevention and correction of excessive macroeconomic imbalances, the implementation of policies in the context of the common growth strategy of the Union, and the overall quality of public finances, in particular the effectiveness of national budgetary frameworks;  (c) the developments in the medium-term government debt position, its dynamics and sustainability, including, in particular, risk factors including the maturity structure and currency denomination of the debt, stock-flow adjustment and its composition, accumulated reserves and other financial assets, guarantees, in particular those linked to the financial sector, and any implicit liabilities related to ageing and private debt, to the extent that it may represent a contingent implicit liability for the government.  The Commission shall give due and express consideration to any other factors which, in the opinion of the Member State concerned, are relevant in order to comprehensively assess compliance with deficit and debt criteria and which the Member State has put forward to the Council and the Commission. In that context, particular consideration shall be given to financial contributions to fostering international solidarity and achieving the policy goals of the Union, the debt incurred in the form of bilateral and multilateral support between Member States in the context of safeguarding financial stability, and the debt related to financial stabilisation operations during major financial disturbances. |  |
|  | 4. The Council and the Commission shall make a balanced overall assessment of all the relevant factors, specifically, the extent to which they affect the assessment of compliance with the deficit and/or the debt criteria as aggravating or mitigating factors. When assessing compliance on the basis of the deficit criterion, if the ratio of the government debt to GDP exceeds the reference value, those factors shall be taken into account in the steps leading to the decision on the existence of an excessive deficit provided for in paragraphs 4, 5 and 6 of Article 126 TFEU only if the double condition of the overarching principle — that, before these relevant factors are taken into account, the general government deficit remains close to the reference value and its excess over the reference value is temporary — is fully met.  However, those factors shall be taken into account in the steps leading to the decision on the existence of an excessive deficit when assessing compliance on the basis of the debt criterion. |  |
|  | 5. When assessing compliance with the deficit and debt criterion and in the subsequent steps of the excessive deficit procedure, the Council and the Commission shall give due consideration to the implementation of pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar and the net cost of the publicly managed pillar*. In particular, consideration shall be given to the features of the overall pension system created by the reform, namely whether it promotes long-term sustainability while not increasing risks for the medium-term budgetary position*. |  |
|  | 6. If the Council, acting under Article 126(6) TFEU, decides that an excessive deficit exists in a Member State, the Council and the Commission shall, in the subsequent procedural steps of that Article of the TFEU, take into account the relevant factors referred to in paragraph 3 of this Article, as they affect the situation of the Member State concerned, including as specified in Article 3(5) and Article 5(2) of this Regulation, in particular in establishing a deadline for the correction of the excessive deficit and eventually extending that deadline. However, those relevant factors shall not be taken into account for the decision of the Council under Article 126(12) TFEU on the abrogation of some or all of its decisions under paragraphs 6 to 9 and 11 of Article 126 TFEU. |  |
|  | 7. In the case of Member States where the excess of the deficit over the reference value reflects the implementation of a pension reform introducing a multi-pillar system that includes a mandatory, fully funded pillar, the Council and the Commission shall also consider the cost of the reform when assessing developments of deficit figures in excessive deficit procedures as long as the deficit does not significantly exceed a level that can be considered close to the reference value, and the debt ratio does not exceed the reference value, provided that overall fiscal sustainability is maintained. The net cost shall be taken into account also for the decision of the Council under Article 126(12) TFEU on the abrogation of some or all of its decisions under paragraphs 6 to 9 and 11 of Article 126 TFEU, if the deficit has declined substantially and continuously and has reached a level that comes close to the reference value."; |  |
| 2 | (3) the following section is inserted:  "SECTION 1A  ECONOMIC DIALOGUE  Article 2a  1. In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup, to appear before the committee to discuss Council decisions under Article 126(6) TFEU, Council recommendations under Article 126(7) TFEU, notices under Article 126(9) TFEU, or Council decisions under Article 126(11) TFEU.  *The Council is, as a rule, expected to follow the recommendations and proposals of the Commission or explain its position publicly*.  The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions, recommendations or notices to participate in an exchange of views. | CCM  CCOM  CCM |
| 3 | 2. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation."; |  |
|  | (4) Article 3 is amended as follows:  (a) paragraph 2 is replaced by the following:  "2. Taking fully into account the opinion referred to in paragraph 1, the Commission, if it considers that an excessive deficit exists, shall address an opinion and a proposal to the Council in accordance with paragraphs 5 and 6 of Article 126 TFEU and shall inform the European Parliament thereof."; |  |
|  | (b) in paragraph 3, the reference to "Article 4(2) and (3) of Regulation (EC) No 3605/93" is replaced by a reference to "Article 3(2) and (3) of Regulation (EC) No 479/2009"; |  |
| = | (c) paragraphs 4 and 5 are replaced by the following:  "4. The Council recommendation made in accordance with Article 126(7) TFEU shall establish a maximum deadline of six months for effective action to be taken by the Member State concerned. *When warranted by the seriousness of the situation, the deadline for effective action may be three months.* The Council recommendation shall also establish a deadline for the correction of the excessive deficit, which shall be completed in the year following its identification unless there are special circumstances. In its recommendation, the Council shall request that the Member State achieve annual budgetary targets which, on the basis of the forecast underpinning the recommendation, are consistent with a minimum annual improvement of at least 0,5 % of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the recommendation. | (CCM) – time shortened |
| 4 | 4a. Within the deadline provided for in paragraph 4, the *Member State concerned shall report* to the Council and the Commission on action taken in response to the Council’s recommendation under Article 126(7) TFEU. The report shall include the targets for government expenditure and revenue and for the discretionary measures on both the expenditure and the revenue side consistent with the Council’s recommendation, as well as information on the measures taken and the nature of those envisaged to achieve the targets. | CMS |
| 5 | The Member State shall *make the report public*. | CMS |
|  | 5. If effective action has been taken in compliance with a recommendation under Article 126(7) TFEU and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of that recommendation, the Council may decide, on a recommendation from the Commission, to adopt a revised recommendation under Article 126(7) TFEU. The revised recommendation, taking into account the relevant factors referred to in Article 2(3) of this Regulation may, in particular, extend the deadline for the correction of the excessive deficit by one year as a rule. The Council shall assess the existence of unexpected adverse economic events with major unfavourable consequences for government finances against the economic forecasts in its recommendation. |  |
| 6 | In the case of a severe economic downturn in the euro area or in the Union as a whole, *the Council may also decide*, on a recommendation from the Commission, to adopt a revised recommendation under Article 126(7) TFEU provided that this does not endanger fiscal sustainability in the medium term."; | ACME |
|  | (5) in Article 4, paragraphs 1 and 2 are replaced by the following:  "1. Any decision by the Council under Article 126(8) TFEU to make public its recommendations where it is established that no effective action has been taken, shall be taken immediately after the expiry of the deadline set in accordance with Article 3(4) of this Regulation. |  |
| = | 2. The Council, when considering whether effective action has been taken in response to its recommendations made in accordance with Article 126(7) TFEU, shall base its decision on the report submitted by the Member State concerned in accordance with Article 3(4a) of this Regulation and its implementation, as well as on any other publicly announced decisions by the government of the Member State concerned.  Where the Council establishes, in accordance with Article 126(8) TFEU, that the Member State concerned has failed to take effective action, *it shall report* to the European Councilaccordingly."; | CCM |
|  | (6) in Article 5, paragraphs 1 and 2 are replaced by the following:  "1. Any Council decision to give notice to the participating Member State concerned to take measures for the deficit reduction in accordance with Article 126(9) TFEU shall be taken within two months of the Council decision under Article 126(8) TFEU establishing that no effective action has been taken. In the notice, the Council shall request that the Member State achieve annual budgetary targets which, on the basis of the forecast underpinning the notice, are consistent with a minimum annual improvement of at least 0,5 % of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the notice. *The Council shall also indicate measures conducive to the achievement of those targets.* |  |
| 7 | 1a. Following a Council notice under Article 126(9) TFEU, the Member State concerned *shall report* to the Council and the Commission on action taken in response thereto. The report shall include the targets for the government expenditure and revenue and for the discretionary measures on both the expenditure and the revenue side, as well as information on the actions being taken in response to the specific Council recommendations so as to allow the Council to take, if necessary, a decision in accordance with Article 6(2) of this Regulation. | CMS |
| 8 | The Member State shall *make the report public*. | CMS |
|  | 2. If effective action has been taken in compliance with a notice under Article 126(9) TFEU and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of that notice, the Council may decide, on a recommendation from the Commission, to adopt a revised notice under Article 126(9) TFEU. The revised notice, taking into account the relevant factors referred to in Article 2(3) of this Regulation may, in particular, extend the deadline for the correction of the excessive deficit by one year as a rule. The Council shall assess the existence of unexpected adverse economic events with major unfavourable consequences for government finances against the economic forecasts in its notice. |  |
| 9 | In the case of a severe economic downturn in the euro area or in the Union as a whole, the Council *may also decide*, on a recommendation from the Commission, to adopt a revised notice under Article 126(9) TFEU, on condition that this does not endanger fiscal sustainability in the medium term."; | ACME |
| 10 | (7) Articles 6 to 8 are replaced by the following:  "Article 6  1. The Council, when considering whether effective action has been taken in response to its notice made in accordance with Article 126(9) TFEU, shall base its decision on the report submitted by the Member State concerned in accordance with Article 5(1a) of this Regulation and its implementation, as well as on any other publicly announced decisions by the government of the Member State concerned. The outcome of the surveillance mission carried out by the Commission in accordance with Article 10a of this Regulation shall be taken into account. |  |
| = | 2. Where the conditions to apply Article 126(11) TFEU are met, the Council shall impose sanctions in accordance with that Article. Any such decision shall be taken no later than *four months* after the Council decision under Article 126(9) TFEU giving notice to the participating Member State concerned to take measures. | (CCM) time extended |
| = | Article 7  If a participating Member State fails to act in compliance with the successive acts of the Council in accordance with Article 126(7) and (9) TFEU, the decision of the Council under Article 126(11) TFEU to impose sanctions shall be taken as a rule within 16 months of the reporting dates established in Article 3(2) and (3) of Regulation (EC) No 479/2009. Where Article 3(5) or Article 5(2) of this Regulation is applied, the 16-month deadline shall be adjusted accordingly. An expedited procedure shall be used in the case of a deliberately planned deficit which the Council decides is excessive. |  |
|  | Article 8  Any Council decision under Article 126(11) TFEU to intensify sanctions shall be taken no later than two months after the reporting dates pursuant to Regulation (EC) No 479/2009. Any Council decision under Article 126(12) TFEU to abrogate some or all of its decisions shall be *taken as soon as possible and in any event no later than two months* after the reporting dates pursuant to Regulation (EC) No 479/2009."; |  |
|  | (8) in Article 9(3), the reference to "Article 6" is replaced by a reference to "Article 6(2)"; |  |
|  | (9) Article 10 is amended as follows:  (a) the introductory words of paragraph 1 are replaced by the following:  "1. The Council and the Commission shall regularly monitor the implementation of action taken:";  (b) in paragraph 3, the reference to "Regulation (EC) No 3605/93" is replaced by a reference to "Regulation (EC) No 479/2009".; |  |
| 11 | (10) the following Article is inserted:  "Article 10a  1. The Commission shall ensure a permanent dialogue with authorities of the Member States in accordance with the objectives of this Regulation. To that end, the Commission shall, in particular, carry out missions for the purpose of the assessment of the actual economic situation in the Member State and the identification of any risks or difficulties in complying with the objectives of this Regulation. | vague |
| 12 | 2. *Enhanced surveillance may be undertaken* for Member States which are the subject of recommendations and notices issued following a decision pursuant to Article 126(8) TFEU and decisions under Article 126(11) TFEU for the purposes of on-site monitoring. *The Member States concerned shall provide all necessary information for the preparation and the conduct of the mission*. | ACOME – linked to a Treaty power  CMS |
| 13 | 3. The Commission may invite representatives of the European Central Bank, if appropriate, to participate in surveillance missions in a Member State whose currency is the euro or which is participating in the Agreement of 16 March 2006 between the European Central Bank and the national central banks of the Member States outside the euro area laying down the operating procedures for an exchange rate mechanism in stage three of Economic and Monetary Union [] (ERM II). |  |
| 14 | 4. The Commission *shall report* to the Council on the outcome of the mission referred to in paragraph 2 and *may decide* to make its findings public. | ACOME  CCOM |
| 15 | 5. When organising surveillance missions referred to in paragraph 2, the Commission shall transmit its provisional findings to the Member States concerned for comments.; | CCOM |
| = | (11) Articles 11 and 12 are replaced by the following:  "Article 11  Whenever the Council decides under Article 126(11) TFEU to impose sanctions on a participating Member State, *a fine* shall, as a rule, be required. The Council may decide to supplement such a fine by the other measures provided for in Article 126(11) TFEU. |  |
| = | Article 12  1. The amount of the fine shall comprise a fixed component equal to 0,2 % of GDP, and a variable component. The variable component shall amount to one tenth of the absolute value of the difference between the balance as a percentage of GDP in the preceding year and either the reference value for government balance or, *if non-compliance with budgetary discipline includes the debt criterion, the government balance as a percentage of GDP* that should have been achieved in the same year according to the notice issued under Article 126(9) TFEU. | (CCM) – detailed rules linked to debt |
| = | 2. In each year following that in which a fine is imposed, until the decision on the existence of an excessive deficit is abrogated, the Council shall assess whether the participating Member State concerned has taken effective action in response to the Council notice in accordance with Article 126(9) TFEU. In this annual assessment the Council shall decide, in accordance with Article 126(11) TFEU, to intensify the sanctions, unless the participating Member State concerned has complied with the Council’s notice. If the Council decides to impose an additional fine*, it shall be calculated in the same way as for the variable component of the fine referred to in paragraph 1*. |  |
|  | 3. No single fine referred to in paragraphs 1 and 2 shall exceed 0,5 % of GDP."; |  |
| -1 | (12) Article 13 is hereby deleted and the reference to it in Article 15 is replaced by a reference to "Article 12";  ~~Article 13~~  *~~A deposit shall, as a rule~~*~~, be converted by the Council, in accordance with Article 104c (11),~~ *~~into a fine if two years~~* ~~after the decision to require the participating Member State concerned to make a deposit, the excessive deficit has in the view of the Council not been corrected.~~ | ~~CCM – detailed rules~~ |
|  | (13) Article 16 is replaced by the following:  "Article 16  The fines referred to in Article 12 shall constitute other revenue, as referred to in Article 311 TFEU, and shall be assigned to the European Financial Stability Facility. When the participating Member States create another stability mechanism to provide financial assistance in order to safeguard the stability of the euro area as a whole, the amount of those fines shall be assigned to that mechanism."; |  |
| 15 | (14) the following Article is inserted:  "Article 17a  1. By 14 December 2014 and every five years thereafter, *the Commission shall publish a report* on the application of this Regulation.  That report shall evaluate, inter alia:  (a) the effectiveness of this Regulation;  (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU. | CCOM |
| 16 | 2. Where appropriate, the report referred to in paragraph 1 shall be accompanied by a proposal for amendments to this Regulation. |  |
| 17 | 3. The report shall be forwarded to the European Parliament and to the Council."; |  |
|  | (15) throughout Regulation (EC) No 1467/97, all references to "Article 104 of the Treaty" are replaced by references to "Article 126 TFEU"; |  |
|  | (16) in point 2 of the Annex, the references in Column I to "Article 4(2) and (3) of Council Regulation (EC) No 3605/93" are replaced by references to "Article 3(2) and (3) of Council Regulation (EC) No 479/2009". |  |
|  | Article 2  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

## Enforcement of budgetary surveillance (GSP) in the euro area

### Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area

Treaty Base: Article 121.6. The European Parliament and the Council, acting by means of regulations in accordance with the *ordinary legislative procedure*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Legislative Procedure: Ordinary legislative procedure (Article 136: only members whose currency is the euro shall take part in the vote)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | CHAPTER I  SUBJECT MATTER, SCOPE AND DEFINITIONS  Article 1  Subject matter and scope  1. This Regulation sets out a system of sanctions for enhancing the enforcement of the preventive and corrective parts of the Stability and Growth Pact in the euro area. | AMS - exemption |
| 2 | 2. This Regulation shall apply to Member States whose currency is the euro. |  |
| 3 | Article 2  Definitions  For the purposes of this Regulation, the following definitions apply:  (1) "preventive part of the Stability and Growth Pact" means the multilateral surveillance system as organised by Regulation (EC) No 1466/97;  (2) "corrective part of the Stability and Growth Pact" means the procedure for the avoidance of Member States’ excessive deficit as regulated by Article 126 TFEU and Regulation (EC) No 1467/97;  (3) "exceptional economic circumstances" means circumstances where an excess of a government deficit over the reference value is considered exceptional within the meaning of the second indent of point (a) of Article 126(2) TFEU and as specified in Regulation (EC) No 1467/97. |  |
| 4 | CHAPTER II  ECONOMIC DIALOGUE  Article 3  Economic dialogue  In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to Articles 4, 5 and 6 of this Regulation.  The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions to participate in an exchange of views. | CCOM  CCM |
| 5 | CHAPTER III  SANCTIONS IN THE PREVENTIVE PART OF THE STABILITY AND GROWTH PACT  Article 4  Interest-bearing deposits  1. If the Council adopts a decision establishing that a Member State failed to take action in response to the Council recommendation referred to in the second subparagraph of Article 6(2) of Regulation (EC) No 1466/97, the Commission shall, within 20 days of adoption of the Council’s decision, recommend that the *Council, by a further decision*, require the Member State in question to lodge with the Commission an interest-bearing deposit amounting to 0,2 % of its GDP in the preceding year. | ACME  CCM  CCOM |
| 6 | 2. The *decision requiring a lodgement shall be deemed to be adopted by the Council unless it decides by a qualified majority to reject the Commission’s recommendation within 10 days of the Commission’s adoption thereof.* | ACOME – blocking minority to adopt |
| 7 | 3. *The Council, acting by a qualified majority, may amend* the Commission’s recommendation and adopt the text so amended as a Council decision. | ACME |
| 8 | 4. *The Commission may*, following a reasoned request by the Member State concerned addressed to the Commission within 10 days of adoption of the Council’s decision establishing that a Member State failed to take action referred to in paragraph 1*, recommend* that the Council reduce the amount of the interest-bearing deposit or cancel it. | ACME – because the Council decides |
| 9 | 5. The interest-bearing deposit shall bear an interest rate reflecting the Commission’s credit risk and the relevant investment period. |  |
| 10 | 6. If the situation giving rise to the Council’s recommendation referred to in the second subparagraph of Article 6(2) of Regulation (EC) No 1466/97 no longer exists, the Council, on the basis of a further recommendation from the Commission, *shall decide* that the deposit and the interest accrued thereon be returned to the Member State concerned. | CCM |
| 11 | The Council may, acting by a qualified majority, amend the Commission’s further recommendation. | ACME |
| 12 | CHAPTER IV  SANCTIONS IN THE CORRECTIVE PART OF THE STABILITY AND GROWTH PACT  Article 5  Non-interest-bearing deposits  1. If the Council, acting under Article 126(6) TFEU, decides that an excessive deficit exists in a Member State which has lodged an interest-bearing deposit with the Commission in accordance with Article 4(1) of this Regulation, or where the Commission has identified particularly serious non-compliance with the budgetary policy obligations laid down in the SGP, the Commission shall, within 20 days of adoption of the *Council’s decision,* recommend that the Council, by a further decision, require the Member State concerned to lodge with the Commission a non-interest-bearing deposit amounting *to 0,2 % of its GDP* in the preceding year. | ACME  CCM  CCOM |
| 13 | 2. *The decision requiring a lodgement shall be deemed to be adopted by the Council unless it decides by a qualified majority to reject the Commission’s recommendation within 10 days of the Commission’s adoption thereof*. | ACOME – blocking minority to adopt |
| 14 | 3. The Council, acting by a qualified majority, may amend the Commission’s recommendation and adopt the text so amended as a Council decision. | ACME |
| 15 | 4. The Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within 10 days of adoption of the Council’s decision under Article 126(6) TFEU referred to in paragraph 1, recommend that the Council reduce the amount of the non-interest-bearing deposit or cancel it. | ACME  Council decides |
| 16 | 5. The deposit shall be lodged with the Commission. If the Member State has lodged an interest-bearing deposit with the Commission in accordance with Article 4, that interest-bearing deposit shall be converted to a non-interest-bearing deposit.  If the amount of an interest-bearing deposit lodged in accordance with Article 4 and of the interest accrued thereon exceeds the amount of the non-interest-bearing deposit to be lodged under paragraph 1 of this Article, the excess shall be returned to the Member State.  If the amount of the non-interest-bearing deposit exceeds the amount of an interest-bearing deposit lodged in accordance with Article 4 and the interest accrued thereon, *the Member State shall make up the shortfall when it lodges the non-interest-bearing deposit* | CMS |
| 17 | Article 6  Fines  1. If the Council, acting under Article 126(8) TFEU, decides that a Member State has not taken effective action to correct its excessive deficit, the Commission shall, within 20 days of that decision, recommend that *the Council, by a further decision*, impose a fine, amounting to *0,2 % of the Member State’s GDP in the preceding year*. | ACME  CCM, CCOM |
| 18 | 2. The decision imposing a fine shall be deemed to be adopted by the Council *unless it decides by a qualified majority to reject* the Commission’s recommendation within 10 days of the Commission’s adoption thereof. | ACOME – blocking minority to adopt |
| 19 | 3. The Council, acting by a qualified majority, may amend the Commission’s recommendation and adopt the text so amended as a Council decision. | ACME |
| 20 | 4. The Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within 10 days of adoption of the Council’s decision under Article 126(8) TFEU referred to in paragraph 1, *recommend that the Council reduce* the amount of the fine or cancel it. | ACME  Council decides |
| 21 | 5. If the Member State has lodged a non-interest-bearing deposit with the Commission in accordance with Article 5, the non-interest-bearing deposit shall be converted into the fine.  If the amount of a non-interest-bearing deposit lodged in accordance with Article 5 exceeds the amount of the fine, the excess shall be returned to the Member State.  If the amount of the fine exceeds the amount of a non-interest-bearing deposit lodged in accordance with Article 5, or if no non-interest-bearing deposit has been lodged, *the Member State shall make up the shortfall when it pays the fine*. | CMS |
| 22 | Article 7  Return of non-interest-bearing deposits  If the Council, acting under Article 126(12) TFEU, decides to abrogate some or all of its decisions, any non-interest-bearing deposit lodged with the Commission shall be returned to the Member State concerned. |  |
| 23 | CHAPTER V  SANCTIONS CONCERNING THE MANIPULATION OF STATISTICS  Article 8  Sanctions concerning the manipulation of statistics  1. The Council, acting on a recommendation by the Commission, *may decide to impose a fine* on a Member State that intentionally or by serious negligence misrepresents deficit and debt data relevant for the application of Articles 121 or 126 TFEU, or for the application of the Protocol on the excessive deficit procedure annexed to the TEU and to the TFEU. | ACME |
| 24 | 2. The fines referred to in paragraph 1 shall be effective, dissuasive and proportionate to the nature, seriousness and duration of the misrepresentation. The amount of the fine shall not exceed 0,2 % of GDP of the Member State concerned. | CCM |
| 25 | 3. The Commission may conduct all investigations necessary to establish the existence of the misrepresentations referred to in paragraph 1. It may decide to initiate an investigation when it finds that there are serious indications of the existence of facts liable to constitute such a misrepresentation. The Commission shall investigate the putative misrepresentations taking into account any comments submitted by the Member State concerned.. | ACOME |
| 26 | In order to carry out its tasks, the Commission may request the Member State to provide information, and may conduct on-site inspections and accede to the accounts of all government entities at central, state, local and social-security level. If the law of the Member State concerned requires prior judicial authorisation for on-site inspections, the Commission shall make the necessary applications.  Upon completion of its investigation, and before submitting any proposal to the Council, the Commission shall give to the Member State concerned the opportunity of being heard in relation to the matters under investigation. The Commission shall base any proposal to the Council only on facts on which the Member State concerned has had the opportunity to comment.  The Commission shall fully respect the rights of defence of the Member State concerned during the investigations | ACOME  CCOM |
| 27 | 4. The Commission shall be empowered to adopt delegated acts in accordance with Article 11 concerning:  (a) detailed criteria establishing the amount of the fine referred to in paragraph 1; | ACOM |
| 28 | (b) detailed rules concerning the procedures for the investigations referred to in paragraph 3, the associated measures and the reporting on the investigations; | ACOM |
| 29 | (c) detailed rules of procedure aimed at guaranteeing the rights of the defence, access to the file, legal representation, confidentiality and provisions as to timing and the collection of the fines referred to in paragraph 1. | ACOM |
| 30 | 5. The Court of Justice of the European Union shall have unlimited jurisdiction to review the decisions of the Council imposing fines under paragraph 1. It may annul, reduce or increase the fine so imposed. | No difference from Treaty |
| 31 | CHAPTER VI  ADMINISTRATIVE NATURE OF THE SANCTIONS AND DISTRIBUTION OF THE INTEREST AND FINES  Article 9  Administrative nature of the sanctions  The sanctions imposed pursuant to Articles 4 to 8 shall be of an administrative nature. |  |
| 32 | Article 10  Distribution of the interest and fines  The interest earned by the Commission on deposits lodged in accordance with Article 5 and the fines collected in accordance with Articles 6 and 8 shall constitute other revenue, as referred to in Article 311 TFEU, and shall be assigned to the European Financial Stability Facility. When the Member States whose currency is the euro create another stability mechanism to provide financial assistance in order to safeguard the stability of the euro area as a whole, the interest and the fines shall be assigned to that mechanism. |  |
| 33 | CHAPTER VII  GENERAL PROVISIONS  Article 11  Exercise of the delegation  1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article. |  |
| 34 | 2. The power to adopt delegated acts referred to in Article 8(4) shall be conferred on the Commission for a *period of 3 years* from 13 December 2011. | CCOM |
| 35 | The Commission shall *draw up a report* in respect of the delegation of power not later than 9 months before the end of that 3-year period. *The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than 3 months before the end of each period*. | CCOM  ACM |
| 36 | 3. The delegation of power referred to in Article 8(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force. | CCOM |
| 37 | 4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. |  |
| 38 | 5. A delegated act adopted pursuant to Article 8(4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of 2 months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or of the Council. | CCOM |
| 39 | Article 12  Voting in the Council  1. For the measures referred to in Articles 4, 5, 6 and 8, only members of the Council representing Member States whose currency is the euro shall vote, and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned. |  |
| 40 | 2. A qualified majority of the members of the Council referred to in paragraph 1 shall be defined in accordance with point (b) of Article 238(3) TFEU. |  |
| 41 | Article 13  Review  1. *By 14 December 2014 and every 5 years thereafter, the Commission shall publish a* report on the application of this Regulation.  That report shall evaluate, inter alia:  (a) the effectiveness of this Regulation, including the possibility to enable the Council and the Commission to act in order to address situations which risk jeopardising the proper functioning of the monetary union;  (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU. | CCOM |
| 42 | 2. Where appropriate, that report shall be accompanied by a proposal for amendments to this Regulation. |  |
| 43 | 3. The report shall be forwarded to the European Parliament and to the Council. |  |
| 44 | 4. Before the end of 2011 the Commission shall present a report to the European Parliament and to the Council on the possibility of introducing euro-securities. |  |
| 45 | Article 14  Entry into force  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties. |  |

## Macroeconomic imbalances

### Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances

Treaty Base: Article 121.6. The European Parliament and the Council, acting by means of regulations in accordance with the *ordinary legislative procedure*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Legislative Procedure: Ordinary legislative procedure

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | CHAPTER I  SUBJECT MATTER AND DEFINITIONS  Article 1  Subject matter  1. This Regulation sets out detailed rules for the detection of macroeconomic imbalances, as well as the prevention and correction of excessive macroeconomic imbalances within the Union. |  |
| 2 | 2. This Regulation shall be applied in the context of the European Semester as set out in Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies. |  |
| 3 | 3. The application of this Regulation shall fully observe Article 152 TFEU, and the recommendations issued under this Regulation shall respect national practices and institutions for wage formation. This Regulation takes into account Article 28 of the Charter of Fundamental Rights of the European Union, and accordingly does not affect the right to negotiate, conclude or enforce collective agreements or to take collective action in accordance with national law and practices. |  |
| 4 | Article 2  Definitions  For the purposes of this Regulation:  (1) "imbalances" means any trend giving rise to macroeconomic developments which are adversely affecting, or have the potential adversely to affect, the proper functioning of the economy of a Member State or of the economic and monetary union, or of the Union as a whole;  (2) "excessive imbalances" means severe imbalances, including imbalances that jeopardise or risks jeopardising the proper functioning of the economic and monetary union. |  |
| 5 | CHAPTER II  DETECTION OF IMBALANCES  Article 3  Alert mechanism  1. An alert mechanism shall be established to facilitate the early identification and the monitoring of imbalances. The Commission shall *prepare an annual report* containing a qualitative economic and financial assessment based on a scoreboard with a set of indicators the values of which are compared to their indicative thresholds, as provided for in Article 4. The annual report, including the values of the indicators of the scoreboard, shall be *made public*. | CCOM  CCOM |
| 6 | 2. The Commission's annual report shall contain an economic and financial assessment putting the movement of the indicators into perspective, drawing, if necessary, on other relevant economic and financial indicators when assessing the evolution of imbalances. Conclusions shall not be drawn from a mechanical reading of the scoreboard indicators. The assessment shall take into account the evolution of imbalances in the Union and in the euro area. The report shall also indicate whether the crossing of thresholds in one or more Member States signifies the possible emergence of imbalances. The assessment of Member States showing large current-account deficits may differ from that of Member States that accumulate large current-account surpluses. |  |
| 7 | 3. The annual report shall identify Member States that the Commission considers may be affected by, or may be at risk of being affected by, imbalances. |  |
| 8 | 4. The Commission shall transmit the annual report to the European Parliament, the Council and the European Economic and Social Committee in a timely manner. |  |
| 9 | 5. As part of the multilateral surveillance in accordance with Article 121(3) TFEU, the Council shall discuss and carry out an overall assessment of the Commission's annual report. The Eurogroup shall discuss the report as far as it relates to Member States whose currency is the euro. | vague |
| 10 | Article 4  Scoreboard  1. The scoreboard comprising the set of indicators, shall be used as a tool to facilitate early identification and monitoring of imbalances. |  |
| 11 | 2. The scoreboard shall comprise a small number of relevant, practical, simple, measurable and available macroeconomic and macrofinancial indicators for Member States. It shall allow for the early identification of macroeconomic imbalances that emerge in the short-term and imbalances that arise due to structural and long-term trends.  3. The scoreboard shall, inter alia, encompass indicators which are useful in the early identification of:  (a) internal imbalances, including those that can arise from public and private indebtedness; financial and asset market developments, including housing; the evolution of private sector credit flow; and the evolution of unemployment;  (b) external imbalances, including those that can arise from the evolution of current account and net investment positions of Member States; real effective exchange rates; export market shares; changes in price and cost developments; and non-price competitiveness, taking into account the different components of productivity. |  |
| 12 | 4. In undertaking its economic reading of the scoreboard in the alert mechanism, the Commission shall pay close attention to developments in the real economy, including economic growth, employment and unemployment performance, nominal and real convergence inside and outside the euro area, productivity developments and its relevant drivers such as research and development and foreign and domestic investment, as well as sectoral developments including energy, which affect GDP and current account performance.  The scoreboard shall also include indicative thresholds for the indicators, to serve as alert levels. The choice of indicators and thresholds shall be conducive towards promoting competitiveness in the Union.  The scoreboard of indicators shall have upper and lower alert thresholds unless inappropriate, which shall be differentiated for euro and non-euro area Member States if justified by specific features of the monetary union and relevant economic circumstances. In developing the scoreboard, due consideration shall be given to catering for heterogeneous economic circumstances, including catching-up effects. |  |
| 13 | 5. The work of the ESRB shall be taken into due consideration in the drafting of indicators relevant to financial market stability. The Commission *shall invite* the ESRB to provide its views regarding draft indicators, relevant to financial market stability | CCOM |
| 14 | 6. The Commission *shall make* the set of indicators and the thresholds in the scoreboard public. | CCOM |
| 15 | 7. The Commission *shall assess* on a regular basis the appropriateness of the scoreboard, including the composition of indicators, the thresholds set and the methodology used, and it shall adjust or modify them where necessary. The Commission *shall make changes* in the underlying methodology and composition of the scoreboard and the associated thresholds public. | CCOM |
| 16 | 8. The Commission *shall update* the values for the indicators on the scoreboard at least on an annual basis. | CCOM |
| 17 | Article 5  In-depth review  1. Taking due account of the discussions within the Council and the Eurogroup referred to in Article 3(5), or in the event of unexpected, significant economic developments that require urgent analysis for the purpose of this Regulation, the Commission *shall undertake an in-depth review* for each Member State that it considers may be affected by, or may be at risk of being affected by, imbalances.  The in-depth review shall build on a detailed analysis of country-specific circumstances, including the different starting positions across Member States; it shall examine a broad range of economic variables and involve the use of analytical tools and qualitative information of country-specific nature. It shall acknowledge the national specificities regarding industrial relations and social dialogue.  The Commission shall also give due consideration to any other information which the Member State concerned considers to be relevant and has communicated to the Commission.  The Commission shall undertake its in-depth review in conjunction with surveillance missions to the Member State concerned in accordance with Article 13. | CCOM |
| 18 | 2. The Commission's in-depth review shall include an evaluation of whether the Member State in question is affected by imbalances, and of whether these imbalances constitute excessive imbalances. It shall examine the origin of the detected imbalances against the background of prevailing economic circumstances, including the deep trade and financial interlinks between Member States and the spill-over effects of national economic policies. The in-depth review shall analyse relevant developments related to the Union strategy for growth and jobs. It shall also consider the relevance of economic developments in the Union and the euro area as a whole. It shall, in particular, take into account:  (a) where appropriate, Council recommendations or invitations addressed to Member States under review adopted in accordance with Articles 121, 126 and 148 TFEU and under Articles 6, 7, 8 and 10 of this Regulation;  (b) the policy intentions of the Member State under review, as reflected in its national reform programmes and, where appropriate, in its stability or convergence programme;  (c) any warnings or recommendations from the ESRB on systemic risks addressed to, or being relevant to, the Member State under review. The confidentiality regime of the ESRB shall be observed. |  |
| 19 | 3. The Commission shall inform the European Parliament and the Council of the results of the in-depth review and *shall make them public*. | CCOM |
| 20 | Article 6  Preventive action  1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that a Member State is experiencing imbalances, it shall inform the European Parliament, the Council and the Eurogroup accordingly. The Council, on a recommendation from the Commission, may *address the necessary recommendations* to the Member State concerned, in accordance with the procedure set out in Article 121(2) TFEU. | ACME  recommendation  leading to decision |
| 21 | 2. The Council shall inform the European Parliament of the recommendation and *shall make it public*. | CCM |
| 22 | 3. The recommendations of the Council and of the Commission shall fully observe Article 152 TFEU and shall take into account Article 28 of the Charter of Fundamental Rights of the European Union |  |
| 23 | 4. The Council shall *review* its recommendation *annually* in the context of the European Semester and may, if appropriate, adjust it in accordance with paragraph 1. | CCM |
| 24 | CHAPTER III  EXCESSIVE IMBALANCE PROCEDURE  Article 7  Opening of the excessive imbalance procedure  1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that the Member State concerned is affected by excessive imbalances, it shall inform the European Parliament, the Council and the Eurogroup accordingly.  The Commission shall also inform the relevant European Supervisory Authorities and the ESRB. The ESRB is invited to take the steps that it deems necessary. |  |
| 25 | 2. The Council, on a recommendation from the Commission, may, in accordance with Article 121(4) TFEU, *adopt a recommendation* establishing the existence of an excessive imbalance and recommending that the Member State concerned take corrective action.  The Council's recommendation shall set out the nature and implications of the imbalances and shall specify a set of policy recommendations to be followed and a deadline within which the Member State concerned is to submit a corrective action plan. The Council may, as provided for in Article 121(4) TFEU, *make its recommendation public*. | ACME  recommendation  leading to decision  ACME |
| 26 | Article 8  Corrective action plan  1. Any Member State for which an excessive imbalance procedure is opened *shall submit a corrective action plan* to the Council and the Commission based on, and within a deadline to be defined in, the Council's recommendation referred to in Article 7(2). The corrective action plan shall set out the specific policy actions the Member State concerned has implemented or intends to implement and shall include a timetable for those actions. The corrective action plan shall take into account the economic and social impact of the policy actions and shall be consistent with the broad economic policy guidelines and the employment guidelines. | CMS |
| 27 | 2. The Council, on the basis of a Commission report, shall assess the corrective action plan within 2 months of submission of that plan. If, upon a Commission recommendation, the Council considers the corrective action plan sufficient, it shall endorse the plan by way of a *recommendation* listing the specific actions required and the deadlines for taking them, and shall establish a timetable for surveillance, paying due attention to the transmission channels and recognising that there may be long lags between the adoption of the corrective action and the actual resolution of imbalances. | ACME  recommendation  leading to decision |
| 28 | 3. If, upon a Commission recommendation, the Council considers the actions or the timetable envisaged in the corrective action plan insufficient, it shall *adopt a recommendation* addressed to the Member State to submit, within 2 months as a rule, a new corrective action plan. The Council shall examine the new corrective action plan in accordance with the procedure laid down in this Article. | ACME  recommendation  leading to decision |
| 29 | 4. The corrective action plan, the Commission report and the Council recommendation referred to in paragraphs 2 and 3 *shall be made public*. | CMS  CCOM CCM |
| 30 | Article 9  Monitoring of corrective action  1. The Commission shall monitor implementation of the Council's recommendation adopted under Article 8(2). For that purpose, the *Member State shall present to the Council and the Commission at regular intervals progress reports*, the frequency of which shall be established by the Council in the recommendation referred to in Article 8(2). | CMS |
| 31 | 2. The Council shall make Member States' progress reports *public*. | CCM |
| 32 | 3. The Commission *may carry out enhanced surveillance missions* to the Member State concerned, in order to monitor the implementation of the corrective action plan, in liaison with the ECB when those missions concern Member States whose currency is the euro or Member States participating in ERM II. The Commission *shall, where appropriate, involve social partners* and other national stakeholders in a dialogue during those missions. | ACOME  CCOM |
| 33 | 4. In the event of relevant major changes in economic circumstances, the Council, on a recommendation from the Commission, *may amend the recommendations* adopted under Article 8(2) in accordance with the procedure laid down in that Article. Where appropriate, the Council shall invite the Member State concerned to submit a revised corrective action plan, and shall assess that revised corrective action plan in accordance with the procedure laid down in Article 8. | ACME  recommendation  leading to decision |
| 34 | Article 10  Assessment of corrective action  1. On the basis of a Commission report, the Council shall *assess* whether the Member State concerned has taken the recommended corrective action in accordance with the Council's recommendation issued under Article 8(2). |  |
| 35 | 2. The Commission shall make its report public. | CCOM |
| 36 | 3. The Council shall make its assessment by the deadline set by the Council in its recommendations adopted in accordance with Article 8(2). |  |
| 37 | 4. Where it considers that the Member State has not taken the recommended corrective action, the Council, on a recommendation from the Commission, shall *adopt a decision establishing non-compliance*, together with a recommendation setting new deadlines for taking corrective action. In this case, the Council shall inform the European Council, and *shall make public* the conclusions of the surveillance missions referred to in Article 9(3).  *The Commission's recommendation on establishing non-compliance shall be deemed to have been adopted by the Council, unless it decides, by qualified majority, to reject* the recommendation within 10 days of its adoption by the Commission. The Member State concerned may request that a meeting of the Council be convened within that period to take a vote on the decision. | ACME  CCM  ACOME – blocking minority to adopt |
| 38 | 5. Where the Council, on the basis of the Commission's report referred to in paragraph 1, considers that the Member State has taken the corrective action recommended in accordance with Article 8(2*), the excessive imbalance procedure shall be considered to be on track and shall be held in abeyance*. Nevertheless, monitoring shall continue in accordance with the timetable set out in the recommendation under Article 8(2). *The Council shall make public* its reasons for holding the procedure in a position of abeyance and recognising the corrective policy actions taken by the Member State concerned. | CCM  CCM |
| 39 | Article 11  Closing of the excessive imbalance procedure  The Council, on a recommendation from the Commission, *shall abrogate* recommendations issued under Articles 7, 8 or 10 as soon as it considers that the Member State concerned is no longer affected by excessive imbalances as outlined in the recommendation referred to in Article 7(2). The *Council shall make a public* statement reflecting that fact. | CCM  CCM |
| 40 | Article 12  Voting within the Council  For the measures referred to in Articles 7 to 11, the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned. |  |
| 41 | CHAPTER IV  FINAL PROVISIONS  Article 13  Surveillance missions  1. The Commission shall ensure a permanent dialogue with the authorities of the Member States in accordance with the objectives of this Regulation. To that end, the Commission shall, in particular, carry out missions for the purpose of assessing the economic situation in the Member State and the identification of any risks or difficulties in complying with the objectives of this Regulation. |  |
| 42 | 2. The Commission *may undertake enhanced surveillance missions* for Member States which are the subject of a recommendation as to the existence of an excessive imbalance position under Article 7(2) for the purposes of on-site monitoring. | ACOME – linked to earlier powers |
| 43 | 3. Where the Member State concerned is a Member State whose currency is the euro or is participating in ERM II, the Commission may, if appropriate, invite representatives of the European Central Bank to participate in surveillance missions. |  |
| 44 | 4. *The Commission shall report* to the Council on the outcome of the missions referred to in paragraph 2 and may, if appropriate, decide to make its findings public. | CCOM |
| 45 | 5. When organising the missions referred to in paragraph 2, the Commission shall transmit its provisional findings to the Member State concerned for comments. |  |
| 46 | Article 14  Economic Dialogue  1. In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss:  (a) information provided by the Council on the broad guidelines of economic policy pursuant to Article 121(2) TFEU;  (b) general guidance to Member States issued by the Commission at the beginning of the annual cycle of surveillance;  (c) the conclusions of the European Council concerning orientations for economic policies in the context of the European Semester;  (d) the results of multilateral surveillance carried out under this Regulation;  (e) the conclusions of the European Council concerning the orientations for, and results of, multilateral surveillance;  (f) a review of the conduct of the multilateral surveillance at the end of the European Semester;  (g) the recommendations taken pursuant to Article 7(2), Article 8(2) and Article 10(4) of this Regulation. | CCM  CCOM |
| 47 | 2. The competent committee of the European Parliament may offer the opportunity to participate in an exchange of views to the Member State which is the subject of a Council recommendation or decision under Article 7(2), Article 8(2) or Article 10(4). |  |
| 48 | 3. The Council and the Commission shall regularly inform the European Parliament of the results of the application of this Regulation. |  |
| 49 | Article 15  Annual Reporting  The Commission shall *report* annually on the application of this Regulation, including the updating of the scoreboard as set out in Article 4 and shall present its findings to the European Parliament and to the Council in the context of the European Semester. | CCOM |
| 50 | Article 16  Review  1. By 14 December 2014 and every 5 years thereafter, the Commission shall review and *report* on the application of this Regulation.  Those reports shall evaluate, inter alia:  (a) the effectiveness of this Regulation;  (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU.  Where appropriate, those reports shall be accompanied by a proposal for amendments to this Regulation. | CCOM |
| 51 | 2. The Commission shall send the reports referred to in paragraph 1 to the European Parliament and to the Council. |  |
| 52 | Article 17  Entry into force  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in all Member States. |  |

## Enforcement macroeconomic imbalances in the euro area

### Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area

Treaty Base: Article 121.6. The European Parliament and the Council, acting by means of regulations in accordance with the *ordinary legislative procedure*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Legislative Procedure: Ordinary legislative procedure (Article 136: only members whose currency is the euro shall take part in the vote)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 1  Subject matter and scope  1. This Regulation lays down a system of sanctions for the effective correction of excessive macroeconomic imbalances in the euro area. | AMS - exemption |
| 2 | 2. This Regulation shall apply to Member States whose currency is the euro. |  |
| 3 | Article 2  Definitions  For the purposes of this Regulation, the definitions set out in Article 2 of Regulation (EU) No 1176/2011 shall apply.  In addition, the following definition shall apply:  "exceptional economic circumstances" means circumstances where an excess of a government deficit over the reference value is considered exceptional within the meaning of the second indent of point (a) of Article 126(2) TFEU and as specified in Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure. |  |
| 4 | Article 3  Sanctions  1. An interest-bearing deposit shall be imposed by a Council decision, acting on a recommendation from the Commission, if a Council decision establishing non-compliance is adopted in accordance with Article 10(4) of Regulation (EU) No 1176/2011, where the Council concludes that the Member State concerned has not taken the corrective action recommended by the Council. | ACME |
| 5 | 2. An annual fine shall be imposed by a Council decision, acting on a recommendation by the Commission, where:  (a) two successive Council recommendations in the same imbalance procedure are adopted in accordance with Article 8(3) of Regulation (EU) No 1176/2011 and the Council considers that the Member State has submitted an insufficient corrective action plan; or  (b) two successive Council decisions in the same imbalance procedure are adopted establishing non-compliance in accordance with Article 10(4) of Regulation (EU) No 1176/2011. In this case, the annual fine shall be imposed by means of converting the interest-bearing deposit into an annual fine. | ACME |
| 6 | 3. The decisions referred to in paragraphs 1 and 2 shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the recommendation within 10 days of its adoption by the Commission. | ACOME – blocking minority to adopt |
| 7 | The Council may decide, by qualified majority, to amend the recommendation. | ACME |
| 8 | 4. The Commission's recommendation for a Council decision shall be issued within 20 days of the conditions referred to in paragraphs 1 and 2 being met. | CCM  CCOM |
| 9 | 5. The interest-bearing deposit or the annual fine recommended by the Commission shall be 0,1 % of the GDP in the preceding year of the Member State concerned. | CCM  CCOM |
| 10 | 6. By derogation from paragraph 5, *the Commission may*, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within 10 days of the conditions referred to in paragraphs 1 and 2 being met, *propose to reduce or cancel* the interest-bearing deposit or the annual fine. | ACME – because the Council decides |
| 11 | 7. If a Member State has constituted an interest-bearing deposit or has paid an annual fine for a given calendar year and the Council thereafter concludes, in accordance with Article 10(1) of Regulation (EU) No 1176/2011 that the Member State has taken the recommended corrective action in the course of that year, the deposit paid for that year together with the accrued interest or the fine paid for that year shall be returned to the Member State pro rata temporis. |  |
| 12 | Article 4  Allocation of the fines  Fines referred to in Article 3 of this Regulation shall constitute other revenue, as referred to in Article 311 TFEU, and shall be assigned to the European Financial Stability Facility. When the Member States whose currency is the euro create another stability mechanism to provide financial assistance in order to safeguard the stability of the euro area as a whole, those fines shall be assigned to that mechanism. |  |
| 13 | Article 5  Voting in the Council  1. For the measures referred to in Article 3, only members of the Council representing Member States whose currency is the euro shall vote, and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned. |  |
| 14 | 2. A qualified majority of the members of the Council referred to in paragraph 1 shall be defined in accordance with point (b) of Article 238(3) TFEU. |  |
| 15 | Article 6  Economic dialogue  In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to Article 3.  The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions to participate in an exchange of views. | CCOM  CCM |
| 16 | Article 7  Review  1. By 14 December 2014 and every 5 years thereafter*, the Commission shall publish a repor*t on the application of this Regulation.  That report shall evaluate, inter alia:  (a) the effectiveness of this Regulation;  (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU. | CCOM |
| 17 | 2. Where appropriate, that report shall be accompanied by a proposal for amendments to this Regulation. |  |
| 18 | 3. The Commission shall send the report and any accompanying proposals to the European Parliament and to the Council. |  |
| 19 | Article 8  Entry into force  This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties. |  |

## Budgetary frameworks

### Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States

Treaty Base: Article 126.14 Subject to the other provisions of this paragraph, the Council shall, on a proposal from the Commission and after *consulting the European Parliament*, lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Legislative Procedure: Consultation

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | CHAPTER I  SUBJECT MATTER AND DEFINITIONS  Article 1  This Directive lays down detailed rules concerning the characteristics of the budgetary frameworks of the Member States. Those rules are necessary to ensure Member States’ compliance with obligations under the TFEU with regard to avoiding excessive government deficits. |  |
| 2 | Article 2  For the purposes of this Directive, the definitions of "government", "deficit" and "investment" set out in Article 2 of the Protocol (No 12) on the excessive deficit procedure annexed to the TEU and to the TFEU shall apply. The definition of sub-sectors of general government set out in point 2.70 of Annex A to Regulation (EC) No 2223/96 shall also apply.  In addition, the following definition shall apply:  "budgetary framework" means the set of arrangements, procedures, rules and institutions that underlie the conduct of budgetary policies of general government, in particular:  (a) systems of budgetary accounting and statistical reporting;  (b) rules and procedures governing the preparation of forecasts for budgetary planning;  (c) country-specific numerical fiscal rules, which contribute to the consistency of Member States’ conduct of fiscal policy with their respective obligations under the TFEU, expressed in terms of a summary indicator of budgetary performance, such as the government budget deficit, borrowing, debt, or a major component thereof;  (d) budgetary procedures comprising procedural rules to underpin the budget process at all stages;  (e) medium-term budgetary frameworks as a specific set of national budgetary procedures that extend the horizon for fiscal policy-making beyond the annual budgetary calendar, including the setting of policy priorities and of medium-term budgetary objectives;  (f) arrangements for independent monitoring and analysis, to enhance the transparency of elements of the budget process;  (g) mechanisms and rules that regulate fiscal relationships between public authorities across sub-sectors of general government. |  |
| 3 | CHAPTER II  ACCOUNTING AND STATISTICS  Article 3  1. As concerns national systems of public accounting, *Member States shall have in place public accounting systems* comprehensively and consistently covering all sub-sectors of general government and containing the information needed to generate accrual data with a view to preparing data based on the ESA 95 standard. Those public accounting systems shall be subject to internal control and independent audits. | CMS |
| 4 | 2. Member States shall *ensure timely and regular public availability of fiscal data* for all sub-sectors of general government as defined by Regulation (EC) No 2223/96. In particular Member States shall publish:  (a) cash-based fiscal data (or the equivalent figure from public accounting if cash-based data are not available) at the following frequencies:  - monthly for central government, state government and social security sub-sectors, before the end of the following month, and  - quarterly, for the local government sub-sector, before the end of the following quarter;  (b) a detailed reconciliation table showing the methodology of transition between cash-based data (or the equivalent figures from public accounting if cash-based data are not available) and data based on the ESA 95 standard. | CMS |
| 5 | CHAPTER III  FORECASTS  Article 4  1. Member States shall *ensure that fiscal planning is based on realistic macroeconomic and budgetary forecasts* using the most up-to-date information. Budgetary planning shall be based on the most likely macrofiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated forecasts of the Commission and, if appropriate, those of other independent bodies. Significant differences between the chosen macrofiscal scenario and the Commission’s forecast shall be described with reasoning, in particular if the level or growth of variables in external assumptions departs significantly from the values contained in the Commission’s forecasts. | CMS |
| 6 | 2. The Commission shall *make public the methodologies, assumptions and relevant parameters* that underpin its macroeconomic and budgetary forecasts. | (no CCOM as no powers to Commission) |
| 7 | 3. In order to support Member States in preparing their budgetary forecasts, the Commission shall *provide forecasts for the expenditure of the Union* based on the level of expenditure programmed within the multiannual financial framework. | (no CCOM as no powers to Commission) |
| 8 | 4. Within the framework of a sensitivity analysis, the macroeconomic and budgetary forecasts shall examine paths of main fiscal variables under different assumptions as to growth and interest rates. The range of alternative assumptions used in macroeconomic and budgetary forecasts shall be guided by the performance of past forecasts and shall endeavour to take into account relevant risk scenarios. |  |
| 9 | 5. Member States shall *specify which institution is responsible for producing macroeconomic and budgetary forecasts and shall make public the official macroeconomic and budgetary forecasts* prepared for fiscal planning, including the methodologies, assumptions and relevant parameters underpinning those forecasts. At least annually, the Member States and the Commission shall engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts. | CMS  CMS  Dialogue |
| 10 | 6. The macroeconomic and budgetary forecasts for fiscal planning shall be subject to regular, unbiased and comprehensive evaluation based on objective criteria, including ex post evaluation. The result of that evaluation shall be *made public* and taken into account appropriately in future macroeconomic and budgetary forecasts. If the evaluation detects a significant bias affecting macroeconomic forecasts over a period of at least 4 consecutive years, the Member State concerned *shall take the necessary action and make it public*. | Two similar publicity demands  CMS  CMS |
| 11 | 7. Member States’ quarterly debt and deficit levels shall be published by the Commission (Eurostat) every 3 months. |  |
| 12 | CHAPTER IV  NUMERICAL FISCAL RULES  Article 5  Each Member State *shall have in place numerical fiscal rules* which are specific to it and which effectively promote compliance with its obligations deriving from the TFEU in the area of budgetary policy over a multiannual horizon for the general government as a whole. Such rules shall promote in particular:  (a) compliance with the reference values on deficit and debt set in accordance with the TFEU;  (b) the adoption of a multiannual fiscal planning horizon, including adherence to the Member State’s medium-term budgetary objective. | CMS |
| 13 | Article 6  1. Without prejudice to the provisions of the TFEU concerning the budgetary surveillance framework of the Union, country-specific numerical fiscal rules shall contain specifications as to the following elements:  (a) the target definition and scope of the rules;  (b) the effective and timely monitoring of compliance with the rules, based on reliable and independent analysis carried out by independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member States;  (c) the consequences in the event of non-compliance. |  |
| 14 | 2. If numerical fiscal rules contain escape clauses, such clauses shall set out a limited number of specific circumstances consistent with the Member States’ obligations deriving from the TFEU in the area of budgetary policy, and stringent procedures in which temporary non-compliance with the rule is permitted |  |
| 15 | Article 7  The annual budget legislation of the Member States *shall reflect their country-specific numerical fiscal rules in force*. | CMS |
| 16 | Article 8  Articles 5 to 7 shall not apply to the United Kingdom. | AMS exemption |
| 17 | CHAPTER V  MEDIUM-TERM BUDGETARY FRAMEWORKS  Article 9  1. Member States shall *establish a credible, effective medium-term budgetary framework* providing for the adoption of a fiscal planning horizon of at least 3 years, to ensure that national fiscal planning follows a multiannual fiscal planning perspective. | CMS |
| 18 | 2. Medium-term budgetary frameworks shall include procedures for establishing the following items:  (a) comprehensive and transparent multiannual budgetary objectives in terms of the general government deficit, debt and any other summary fiscal indicator such as expenditure, ensuring that these are consistent with any numerical fiscal rules as provided for in Chapter IV in force;  (b) projections of each major expenditure and revenue item of the general government with more specifications on the central government and social security level, for the budget year and beyond, based on unchanged policies;  (c) a description of medium-term policies envisaged with an impact on general government finances, broken down by major revenue and expenditure item, showing how the adjustment towards the medium-term budgetary objectives is achieved compared to projections under unchanged policies;  (d) an assessment as to how in the light of their direct long-term impact on general government finances, the policies envisaged are likely to affect the long-term sustainability of the public finances. |  |
| 19 | 3. Projections adopted within medium-term budgetary frameworks shall be based on realistic macroeconomic and budgetary forecasts in accordance with Chapter III. |  |
| 20 | Article 10  *Annual budget legislation shall be consistent with the provisions of the medium-term budgetary framework.* Specifically, revenue and expenditure projections and priorities resulting from the medium-term budgetary framework as set out in Article 9(2) shall constitute the basis for the preparation of the annual budget. Any departure from those provisions shall be duly explained. | CMS |
| 21 | Article 11  No provision of this Directive shall prevent a Member State’s new government from updating its medium-term budgetary framework to reflect its new policy priorities. In this case, the new government shall indicate the differences from the previous medium-term budgetary framework. | AMS  CMS |
| 22 | CHAPTER VI  TRANSPARENCY OF GENERAL GOVERNMENT FINANCES AND COMPREHENSIVE SCOPE OF BUDGETARY FRAMEWORKS  Article 12  Member States shall *ensure* that any measures taken to comply with Chapters II, III and IV are consistent across, and comprehensive in coverage of, all sub-sectors of general government. This shall, in particular, require the consistency of accounting rules and procedures, and the integrity of their underlying data collection and processing systems. | CMS |
| 23 | Article 13  1. Member States shall *establish appropriate mechanisms of coordination* across sub-sectors of general government to provide for comprehensive and consistent coverage of all sub-sectors of general government in fiscal planning, country-specific numerical fiscal rules, and in the preparation of budgetary forecasts and setting-up of multiannual planning as laid down, in particular, in the multiannual budgetary framework. | CMS |
| 24 | 2. In order to promote fiscal accountability, the budgetary responsibilities of public authorities in the various sub-sectors of general government shall be *clearly laid down*. | CMS |
| 25 | Article 14  1. Within the framework of the annual budgetary processes, Member States shall *identify and present all general government bodies* and funds which do not form part of the regular budgets at sub-sector level, together with other relevant information. The combined impact on general government balances and debts of those general government bodies and funds shall be presented in the framework of the annual budgetary processes and the medium-term budgetary plans. | CMS |
| 26 | 2. Member States *shall publish detailed information* on the impact of tax expenditures on revenues. | CMS |
| 27 | 3. For all sub-sectors of general government, Member States shall *publish relevant information on contingent liabilities* with potentially large impacts on public budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including the extent thereof. Member States shall also publish information on the *participation of general government* in the capital of private and public corporations in respect of economically significant amounts. | CMS |
| 28 | CHAPTER VII  FINAL PROVISIONS  Article 15  1. Member States shall *bring into force the provisions* necessary to comply with this Directive by 31 December 2013. They shall forthwith communicate to the Commission the text of those provisions. The Council encourages the Member States to draw up, for themselves and in the interests of the Union, their own correlation tables which will, as far as possible, illustrate the correlation between this Directive and the transposition measures, and to make them public. | CMS |
| 29 | 2. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made. | AMS |
| 30 | 3. The Commission shall prepare an interim progress report on the implementation of the main provisions of this Directive on the basis of relevant information from Member States, which shall be submitted to the European Parliament and to the Council by 14 December 2012. | (no CCOM as no powers to Commission) |
| 31 | 4. Member States shall communicate to the Commission the text of the main provisions which they adopt in the field covered by this Directive. | CMS |
| 32 | Article 16  1. By 14 December 2018 the Commission shall publish a review of the suitability of this Directive. | (no CCOM as no powers to Commission) |
| 33 | 2. The review shall assess, inter alia, the suitability of:  (a) the statistical requirements for all sub-sectors of government;  (b) the design and effectiveness of numerical fiscal rules in the Member States;  (c) the general level of transparency of public finances in the Member States. |  |
| 34 | 3. By 31 December 2012, the Commission shall assess the suitability of the International Public Sector Accounting Standards for the Member States. | (no CCOM as no powers to Commission) |
| 35 | Article 17  This Directive shall enter into force on the 20th day following its publication in the Official Journal of the European Union. |  |
| 36 | Article 18  This Directive is addressed to the Member States. |  |

## Treaty on Stability, Coordination and Governance in the Economic and Monetary Union

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | TITLE I  PURPOSE AND SCOPE  Article 1  1. By this Treaty, the Contracting Parties agree, as Member States of the European Union, to strengthen the economic pillar of the Economic and Monetary Union by adopting a set of rules intended to foster budgetary discipline through a fiscal compact, to strengthen the coordination of economic policies and to improve the governance of the euro area, thereby supporting the achievement of the European Union's objectives for sustainable growth, employment, competitiveness and social cohesion. |  |
| 2 | 2. The provisions of this Treaty shall apply in full to the Contracting Parties whose currency is the euro. They shall also apply to the other Contracting Parties to the extent and under the conditions set out in Article 14. | AMS – noncontracting parties excluded |
| 3 | TITLE II  CONSISTENCY AND RELATIONSHIP WITH THE LAW OF THE UNION  Article 2  1. This Treaty shall be applied and interpreted by the Contracting Parties in conformity with the Treaties on which the European Union is founded, in particular Article 4(3) of the Treaty on European Union, and with European Union law, including procedural law whenever the adoption of secondary legislation is required. |  |
| 4 | 2. The provisions of this Treaty shall apply insofar as they are compatible with the Treaties on which the Union is founded and with European Union law. They shall not encroach upon the competences of the Union to act in the area of the economic union. |  |
| 5 | TITLE III  FISCAL COMPACT  Article 3  1. The Contracting Parties *shall apply the following rules*, in addition and without prejudice to the obligations derived from European Union law:  a) The budgetary position of the general government shall be balanced or in surplus.  b) The rule under point a) shall be deemed to be respected if the annual structural balance of the general government is at its country-specific medium-term objective as defined in the revised Stability and Growth Pact with a lower limit of *a structural deficit of 0.5 % of the gross domestic product at market prices*. The Contracting Parties *shall ensure rapid convergence* towards their respective medium-term objective. | CMS |
| 6 | *The time frame for such convergence will be proposed by the Commission taking into consideration country-specific sustainability risks*. Progress towards and respect of the medium-term objective shall be evaluated on the basis of an overall assessment with the structural balance as a reference, including an analysis of expenditure net of discretionary revenue measures, in line with the provisions of the revised Stability and Growth Pact. | ACOME |
| 7 | c) The Contracting Parties *may temporarily deviate* from their medium-term objective or the adjustment path towards it only in exceptional circumstances as defined in paragraph 3. | AMS |
| 8 | d) Where the ratio of government debt to gross domestic product at market prices is significantly below 60 % and where risks in terms of long-term sustainability of public finances are low, the lower limit of the medium-term objective specified under point b) can reach a structural deficit of at most 1.0 % of the gross domestic product at market prices. | AMS |
| 9 | e) In the event of significant observed deviations from the medium-term objective or the adjustment path towards it, *a correction mechanism shall be triggered automatically*. The mechanism shall include the *obligation of the Contracting Party concerned to implement measures to correct the deviations over a defined period of time*. | CMS |
| 10 | 2. The rules mentioned under paragraph 1 shall take effect in the national law of the Contracting Parties at the latest one year after the entry into force of this Treaty through provisions of binding force and permanent character, preferably constitutional, or otherwise guaranteed to be fully respected and adhered to throughout the national budgetary processes. The Contracting Parties shall put in place at national level the correction mechanism mentioned in paragraph 1.e) on the basis of *common principles to be proposed by the European Commission*, concerning in particular the nature, the size and the time-frame of the corrective action to be undertaken, also in the case of exceptional circumstances, and the role and independence of the institutions responsible at national level for monitoring the observance of the rules. This mechanism shall fully respect the prerogatives of national Parliaments. | ACOM |
| 11 | 3. For the purposes of this Article, definitions set out in Article 2 of Protocol (No 12) on the excessive deficit procedure annexed to the European Union Treaties shall apply. In addition, "annual structural balance of the general government" refers to the annual cyclically-adjusted balance net of one-off and temporary measures. "Exceptional circumstances" refer to the case of an unusual event outside the control of the Contracting Party concerned which has a major impact on the financial position of the general government or to periods of severe economic downturn as defined in the revised Stability and Growth Pact, provided that the temporary deviation of the Contracting Party concerned does not endanger fiscal sustainability in the medium term. |  |
| 12 | Article 4  When the ratio of their general government debt to gross domestic product exceeds the 60 % reference value mentioned under Article 1 of Protocol (No 12), the Contracting Parties shall reduce it at an average rate of *one twentieth per year as a benchmark*, as provided for in Article 2 of Council Regulation (EC) No. 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, as amended by Council Regulation (EU) No. 1177/2011 of 8 November 2011. The existence of an excessive deficit due to the breach of the debt criterion will be decided according to the procedure set forth in Article 126 of the Treaty on the Functioning of the European Union. | CMS |
| 13 | Article 5  1. The Contracting Parties that are subject to an excessive deficit procedure under the European Union Treaties shall put in place a *budgetary and economic partnership programme* including a detailed description of the structural reforms which must be put in place and implemented to ensure an effective and durable correction of their excessive deficits. The content and format of these programmes shall be defined in European Union law. Their submission to the European Commission and the Council for endorsement and their monitoring will take place within the context of the existing surveillance procedures of the Stability and Growth Pact. | CMS |
| 14 | 2. The implementation of the programme, and the yearly budgetary plans consistent with it, will be monitored by the Commission and by the Council. |  |
| 15 | Article 6  With a view to better coordinating the planning of their national debt issuance, the Contracting Parties shall *report ex-ante on their public debt issuance plans* to the European Commission and to the Council. | CMS |
| 16 | Article 7  While fully respecting the procedural requirements of the European Union Treaties, the Contracting Parties whose currency is the euro commit to support the proposals or recommendations submitted by the European Commission where *it considers that a Member State of the European Union whose currency is the euro is in breach of the deficit criterion in the framework of an excessive deficit procedur*e. *This obligation shall not apply where it is established among the Contracting Parties whose currency is the euro that a qualified majority of them*, calculated by analogy with the relevant provisions of the European Union Treaties without taking into account the position of the Contracting Party concerned, *is opposed to the decision proposed* or recommended. | ACOME – blocking minority to approve an excessive deficit |
| 17 | Article 8  1. *The European Commission is invited to present* in due time to the Contracting Parties *a report* on the provisions adopted by each of them in compliance with Article 3(2). If the European Commission, after having given the Contracting Party concerned the opportunity to submit its observations, concludes in its report that a Contracting Party has failed to comply with Article 3(2), the matter will be brought to the Court of Justice of the European Union by one or more of the Contracting Parties. Where a Contracting Party considers, independently of the Commission's report, that another Contracting Party has failed to comply with Article 3 (2), it may also bring the matter to the Court of Justice. In both cases, the judgment of the Court of Justice shall be binding on the parties in the procedure, which shall take the necessary measures to comply with the judgment within a period to be decided by the Court. | Commission reports on national measures (no CCOM)  CMS – judicial procedure |
| 18 | 2. If, on the basis of its own assessment or of an assessment by the European Commission, a Contracting Party considers that another Contracting Party has not taken the necessary measures to comply with the judgment of the Court of Justice referred to in paragraph 1, it may bring the case before the Court of Justice and request the imposition of financial sanctions following criteria established by the Commission in the framework of Article 260 of the Treaty on the Functioning of the European Union. If the Court finds that the Contracting Party concerned has not complied with its judgment, it may impose on it a lump sum or a penalty payment appropriate in the circumstances and that shall not exceed 0,1 % of its gross domestic product. The amounts imposed on a Contracting Party whose currency is the euro shall be payable to the European Stability Mechanism. In other cases, payments shall be made to the general budget of the European Union. | CMS - sanctions |
| 19 | 3. This Article constitutes a special agreement between the Contracting Parties within the meaning of Article 273 of the Treaty on the Functioning of the European Union |  |
| 20 | TITLE IV  ECONOMIC POLICY COORDINATION AND CONVERGENCE  Article 9  Building upon the economic policy coordination as defined in the Treaty on the Functioning of the European Union, the Contracting Parties undertake to work jointly towards an economic policy fostering the smooth functioning of the Economic and Monetary Union and economic growth through enhanced convergence and competitiveness. To that end, *the Contracting Parties shall take the necessary actions and measures in all the domains which are essential to the good functioning of the euro area* in pursuit of the objectives of fostering competitiveness, promoting employment, contributing further to the sustainability of public finances and reinforcing financial stability. | CMS |
| 21 | Article 10  In accordance with the requirements of the European Union Treaties, the Contracting Parties stand ready to make active use, whenever appropriate and necessary, of measures specific to those Member States whose currency is the euro as provided for in Article 136 of the Treaty on the Functioning of the European Union and of enhanced cooperation as provided for in Article 20 of the Treaty on European Union and in Articles 326 to 334 of the Treaty on the Functioning of the European Union on matters that are essential for the smooth functioning of the euro area, without undermining the internal market. |  |
| 22 | Article 11  With a view to benchmarking best practices and working towards a more closely coordinated economic policy, the Contracting Parties ensure that all major economic policy reforms that they plan to undertake will be *discussed ex-ante and, where appropriate, coordinated among themselves*. This coordination shall involve the institutions of the European Union as required by European Union law. | CMS |
| 23 | TITLE V  GOVERNANCE OF THE EURO AREA  Article 12  1. The Heads of State or Government of the Contracting Parties whose currency is the euro shall meet informally in Euro Summit meetings, together with the President of the European Commission. The President of the European Central Bank shall be invited to take part in the meetings. The President of the Euro Summit shall be appointed by the Heads of State or Government of the Contracting Parties whose currency is the euro by simple majority at the same time the European Council elects its President and for the same term of office. |  |
| 24 | 2. Euro Summit meetings shall take place, when necessary, and at least twice a year, to discuss questions related to the specific responsibilities which the Contracting Parties whose currency is the euro share with regard to the single currency, other issues concerning the governance of the euro area and the rules that apply to it, and strategic orientations for the conduct of economic policies to increase convergence in the euro area. |  |
| 25 | 3. The Heads of State or Government of the Contracting Parties, other than those whose currency is the euro, who have ratified this Treaty shall participate in discussions of Euro Summit meetings concerning competitiveness for the Contracting Parties, the modification of the global architecture of the euro area and the fundamental rules that will apply to it in the future, as well as, when appropriate and at least once a year, in discussions on specific issues of implementation of this Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. |  |
| 26 | 4. The President of the Euro Summit shall ensure the preparation and continuity of Euro Summit meetings, in close cooperation with the President of the European Commission. The body charged with the preparation and follow up of the Euro Summit meetings shall be the Euro Group and its president may be invited to attend the Euro Summit meetings for that purpose. |  |
| 27 | 5. The President of the European Parliament may be invited to be heard. The President of the Euro Summit shall present a report to the European Parliament after each of the meetings of the Euro Summit. |  |
| 28 | 6. The President of the Euro Summit shall keep the Contracting Parties whose currency is not the euro and the other Member States of the European Union closely informed of the preparation and outcome of the Euro Summit meetings. |  |
| 29 | Article 13  As foreseen in Title II of Protocol (No 1) on the role of national Parliaments in the European Union annexed to the European Union Treaties, the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion of a conference of representatives of the relevant committees of the national Parliaments and representatives of the relevant committees of the European Parliament in order to discuss budgetary policies and other issues covered by this Treaty. |  |
| 30 | TITLE VI  GENERAL AND FINAL PROVISIONS  Article 14  1. This Treaty shall be ratified by the Contracting Parties in accordance with their respective constitutional requirements. The instruments of ratification shall be deposited with the General Secretariat of the Council of the European Union. |  |
| 31 | 2. This Treaty shall enter into force on 1 January 2013, provided that twelve Contracting Parties whose currency is the euro have deposited their instrument of ratification, or on the first day of the month following the deposit of the twelfth instrument of ratification by a Contracting Party whose currency is the euro, whichever is the earlier. |  |
| 32 | 3. This Treaty shall apply as from the day of entry into force amongst the Contracting Parties whose currency is the euro and which have ratified it. It shall apply to the other Contracting Parties whose currency is the euro as from the first day of the month following the deposit of their respective instrument of ratification. |  |
| 33 | 4. By derogation to paragraph 3, Article 12 shall apply to all Contracting Parties whose currency is the euro as from the date of the entry into force of this Treaty. |  |
| 34 | 5. This Treaty shall apply to the Contracting Parties with a derogation as defined in Article 139(1) of the Treaty on the Functioning of the European Union, or with an exemption as defined in Protocol No 16 on certain provisions related to Denmark annexed to the European Union Treaties, which have ratified it, as from the day when the decision abrogating that derogation or exemption takes effect, unless the Contracting Party concerned declares its intention to be bound at an earlier date by all or part of the provisions in Titles III and IV of this Treaty. |  |
| 35 | Article 15  This Treaty shall be open to accession by Member States of the European Union other than the Contracting Parties. Accession shall be effective upon the deposit of the instruments of accession with the Depositary, who shall notify the other Contracting Parties thereof. |  |
| 36 | Article 16  Within five years at most following the entry into force of this Treaty, on the basis of an assessment of the experience with its implementation, the necessary steps shall be taken, in compliance with the provisions of the Treaty on the European Union and the Treaty on the Functioning of the European Union, with the aim of incorporating the substance of this Treaty into the legal framework of the European Union. |  |

## Two-pack

### Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability

Treaty Base: Article 121.6. The European Parliament and the Council, acting by means of regulations in accordance with the *ordinary legislative procedure*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Legislative Procedure: Ordinary legislative procedure (Article 136: only members whose currency is the euro shall take part in the vote)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | Article 1  Subject matter and scope  1.This Regulation lays down provisions for strengthening the economic and budgetary surveillance of Member States whose currency is the euro, where those Member States:   1. experience or are threatened with serious difficulties with respect to their financial stability or to the sustainability of their public finances, leading to potential adverse spill-over effects on other Member States in the euro area; or 2. request or receive financial assistance from one or several other Member States or third countries, the European Financial Stabilisation Mechanism (EFSM), the European Stability Mechanism (ESM), the European Financial Stability Facility (EFSF), or another relevant international financial institution such as the International Monetary Fund (IMF). |  |
| 2 | 2. This Regulation also lays down provisions for enhanced economic policy coordination. |  |
| 3 | 3. *This Regulation shall apply to Member States whose currency is the euro*. | AMS exemption |
| 4 | 4. In applying this Regulation, the Council, the Commission and the Member States shall fully observe Article 152 TFEU. In applying this Regulation and the recommendations adopted hereunder, the Council, the Commission and the Member States shall take into account national rules and practice and Article 28 of the Charter of Fundamental Rights of the European Union. Accordingly, the application of this Regulation and of those recommendations does not affect the right to negotiate, conclude and enforce collective agreements or to take collective action in accordance with national law. | Very broad |
| 5 | Article 2  Member States subject to enhanced surveillance  1. The Commission *may decide to subject to enhanced surveillance* a Member State experiencing or threatened with serious difficulties with respect to its financial stability which are likely to have adverse spill-over effects on other Member States in the euro area.  When assessing whether a Member State is threatened with serious difficulties with respect to its financial stability, *the Commission shall use, among other parameters, the alert mechanism* established under Article 3(1) of Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances or, where available, the latest in-depth review. *The Commission shall also conduct a comprehensive assessment*, taking into account, in particular, the borrowing conditions of that Member State, the repayment profile of its debt obligations, the robustness of its budgetary framework, the long-term sustainability of its public finances, the importance of its debt burden and the risk of contagion from severe tensions in its financial sector on its budgetary situation or on the financial sector of other Member States. | ACOME  CCOM  CCOM |
| 6 | The Member State concerned shall be given the opportunity to express its views before the Commission adopts its decision to subject that Member State to enhanced surveillance. *Every six months, the Commission shall decide whether to prolong the enhanced surveillance on that Member State*. | CCOM (time)  ACOME |
| 7 | 2. Where the Commission decides to subject a Member State to enhanced surveillance under paragraph 1, it shall duly inform the Member State concerned of all the results of the assessment and shall notify the European Central Bank (ECB), in its supervisory capacity, the relevant ESAs and the ESRB accordingly. |  |
| 8 | 3. Where a Member State is in receipt of financial assistance on a precautionary basis from one or several other Member States or third countries, the EFSM, the ESM, the EFSF, or another relevant international financial institution such as the IMF, *the Commission shall subject that Member State to enhanced surveillance*.  The Commission *shall make public* its decisions taken in accordance with paragraph 1 and with this paragraph. | CCOM (obligation)  CCOM |
| 9 | 4. Paragraph 3 shall not apply to a Member State receiving financial assistance on a precautionary basis in the form of a credit line, which is not conditional on that Member State adopting new policy measures, provided that the credit line is not drawn. |  |
| 10 | 5. *The Commission shall publish*, for information purposes, *a list of the instruments* providing precautionary financial assistance, as referred to in paragraph 3 and shall keep it updated to take into account possible changes in the financial support policy of the ESM, the EFSF or of another relevant international financial institution. | CCOM |
| 11 | Article 3  Enhanced surveillance  1. *A Member State subject to enhanced surveillance shall*, after consulting, and in cooperation with, the Commission, acting in liaison with the ECB, the ESAs, the ESRB and, where appropriate, the IMF, *adopt measures aimed at addressing the sources or potential sources of difficulties*. In so doing, the Member State shall take into account any recommendations addressed to it under Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of budgetary positions and the surveillance and coordination of economic policies, Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, or Regulation (EU) No 1176/2011 concerning its national reform programme and its stability programme.  The Commission shall inform the competent committee of the European Parliament, the EFC, the Eurogroup Working Group, and the parliament of the Member State concerned, where relevant and in accordance with national practice, of the measures referred to in the first subparagraph. | CMS  Information only |
| 12 | 2. *The closer monitoring of the fiscal situation* laid down in Article 10(2), (3) and (6) of Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area *shall apply to a Member State subject to enhanced surveillance, irrespective of the existence of an excessive deficit in that Member State*. The report drawn up in accordance with Article 10(3) of that Regulation shall be submitted on a quarterly basis. | CMS |
| 13 | 3. *On a request from the Commission*, a Member State subject to enhanced surveillance pursuant to Article 2(1) shall:  (a) *communicate to the ECB in its supervisory capacity*, and, where appropriate, to the relevant ESAs, in accordance with Article 35 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010, at the requested frequency, *disaggregated information on developments in its financial system*, including an analysis of the results of any stress test exercises or sensitivity analyses carried out under point (b) of this paragraph; | ACOME (complementary surveillance powers)  CMS |
| 14 | (b) *carry out*, under the supervision of the ECB in its supervisory capacity, or, where appropriate, under the supervision of the relevant ESAs, *stress test exercises or sensitivity analyses*, as necessary, to assess the resilience of the financial sector to various macroeconomic and financial shocks, as specified by the Commission and the ECB, in liaison with the relevant ESAs and with the ESRB; | ACOME  CMS |
| 15 | (c) *be required to submit to regular assessments* of its supervisory capacities over the financial sector in the framework of a specific peer review carried out by the ECB, in its supervisory capacity, or, where appropriate, by the relevant ESAs; | ACOME  CMS |
| 16 | (d) *communicate to the Commission any information needed for the monitoring of macroeconomic imbalances* in accordance with Regulation (EU) No 1176/2011.  On the basis of the analysis of the results of the stress test exercises and sensitivity analyses referred to in point (a) of the first subparagraph, and taking into account the conclusions of the assessment of the relevant indicators of the scoreboard for macroeconomic imbalances established in Regulation (EU) No 1176/2011, the ECB, in its supervisory capacity, and the relevant ESAs shall prepare, in liaison with the ESRB, an assessment of the potential vulnerabilities of the financial system and shall submit that assessment to the Commission, at the frequency indicated by the latter, and to the ECB. | ACOME  CMS |
| 17 | 4. *On a request from the Commission*, a Member State subject to enhanced surveillance pursuant to Article 2(3) shall:   1. *communicate* to the Commission, the ECB and, where appropriate, the relevant ESAs, in accordance with Article 35 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010, at the requested frequency, *disaggregated information on developments in its financial system*, including an analysis of the results of any stress test exercises or sensitivity analyses carried out under point (b); | ACOME  CMS |
| 18 | (b) *carry out*, under the supervision of the ECB, in its supervisory capacity, or, where appropriate, under the supervision of the relevant ESAs, *stress test exercises or sensitivity analyses*, as necessary, to assess the resilience of the financial sector to various macroeconomic and financial shocks, as specified by the Commission and the ECB, in liaison with the relevant ESAs and with the ESRB, and share the detailed results with them; | ACOME  CMS |
| 19 | (c) be required to *submit to regular assessments of its supervisory capacities* over the financial sector in the framework of a specific peer review carried out by the ECB, in its supervisory capacity, or, where appropriate, by the relevant ESAs; | ACOME  CMS |
| 20 | (d) *communicate to the Commission any information needed for the monitoring of macroeconomic imbalances* in accordance with Regulation (EU) No 1176/2011.  The Commission, the ECB and the relevant ESAs shall treat any disaggregated information communicated to them as confidential. | ACOME  CMS |
| 21 | 5. *The Commission*, in liaison with the ECB and with the relevant ESAs and, where appropriate, with the IMF, *shall conduct regular review missions in the Member State* subject to enhanced surveillance to verify the progress made by that Member State in the implementation of the measures referred to in paragraphs 1, 2, 3 and 4.  Every quarter, *the Commission shall communicate its assessment to the competent committee of the European Parliament and to the EFC*. In that assessment, it shall examine, in particular, whether further measures are needed.  The review missions referred to in the first subparagraph shall replace the on-site monitoring provided for in Article 10a(2) of Regulation (EC) No 1467/97. | ACOME (supporting surveillance, similar to on-site monitoring)  CCOM |
| 22 | 6. When preparing the assessment referred to in paragraph 5, *the Commission shall take into account the results of any in-depth review* under Regulation (EU) No 1176/2011, including the evaluation of spill-over effects of national economic policies on the Member State subject to enhanced surveillance, in accordance with Article 5(2) of that Regulation. | CCOM |
| 23 | 7. Where the Commission concludes that, on the basis of the review missions provided for in paragraph 5, further measures are needed and the financial and economic situation of the Member State concerned has significant adverse effects on the financial stability of the euro area or of its Member States*, the Council, acting by a qualified majority on a proposal from the Commission, may recommend to the Member State concerned to adopt precautionary corrective measures or to prepare a draft macroeconomic adjustment programme*. | ACME (recommendation, could be followed by a non-compliance decision) |
| 24 | *The Council may decide to make its recommendation public*. | ACME |
| 25 | 8. Where a recommendation referred to in paragraph 7 is made public:   1. the competent committee of the European Parliament may offer the opportunity to the Member State concerned and to the Commission to participate in an exchange of views; 2. representatives of the Commission may be invited by the parliament of the Member State concerned to participate in an exchange of views; 3. the Council shall inform the relevant committee of the European Parliament in due time about the content of the recommendation. | information only |
| 26 | 9. During the course of the enhanced surveillance process, the competent committee of the European Parliament and the parliament of the Member State concerned may invite representatives of the Commission, the ECB and the IMF to participate in an economic dialogue. |  |
| 27 | Article 4 - Reporting in the event of financial support for the recapitalisation of financial institutions  *Member States* subject to enhanced surveillance or to a macroeconomic adjustment programme receiving financial support for the recapitalisation of their financial institutions *shall report* twice a year to the EFC on the conditions imposed on those financial institutions, including the conditions relating to executive remuneration. *Those Member States shall also report* on the credit conditions offered by the financial sector to the real economy. | CMS |
| 28 | Article 5-Information on envisaged financial assistance requests  A Member State intending to request financial assistance from one or several other Member States or third countries, the ESM, the EFSF, or another relevant international financial institution, such as the IMF, shall immediately inform the President of the Eurogroup Working Group, the member of the Commission responsible for Economic and Monetary Affairs and the President of the ECB of its intention.  After receiving an assessment from the Commission, the Eurogroup Working Group shall hold a discussion about the intended request with a view to examining, inter alia, the possibilities available under existing Union or euro area financial instruments before the Member State concerned addresses potential lenders.  A Member State intending to request financial assistance from the EFSM shall immediately inform the President of the EFC, the member of the Commission responsible for economic and monetary affairs and the President of the ECB of its intention. |  |
| 29 | Article 6 - Evaluation of the sustainability of the government debt  Where a Member State requests financial assistance from the EFSM, the ESM, or the EFSF, the Commission shall assess, in liaison with the ECB and, where possible, with the IMF, the sustainability of that Member State's government debt and its actual or potential financing needs. The Commission shall submit that assessment to the Eurogroup Working Group where the financial assistance is to be granted under the ESM or the EFSF, and to the EFC where the financial assistance is to be granted under the EFSM.  The assessment of the sustainability of the government debt shall be based on the most likely macroeconomic scenario or a more prudent scenario and budgetary forecasts using the most up-to-date information and taking proper account of the outcome of the reporting referred to in point (a) of Article 3(3) as well as any supervisory task exercised in accordance with point (b) of Article 3(3). The Commission shall also assess the impact of macroeconomic and financial shocks and adverse developments on the sustainability of government debt.  The Commission shall make public the macroeconomic scenario, including the growth scenario, the relevant parameters underpinning the assessment of the sustainability of the government debt of the Member State concerned, and the estimated impact of the aggregate budgetary measures on economic growth. | Broad constraints  No powers to Commission, only assessment in view of Council decision of art.7.2  (no CCOM, since no powers) |
| 30 | Article 7  Macroeconomic adjustment programme  1. Where *a Member State* requests financial assistance from one or several other Member States or third countries, the EFSM, the ESM, the EFSF or the IMF, it *shall prepare*, in agreement with the Commission, acting in liaison with the ECB and, where appropriate, with the IMF, *a draft macroeconomic adjustment programme* which shall build on and substitute any economic partnership programme under Regulation (EU) No 473/2013 and which shall include annual budgetary targets.  The draft macroeconomic adjustment programme shall address the specific risks emanating from that Member State for the financial stability in the euro area and shall aim at rapidly re-establishing a sound and sustainable economic and financial situation and restoring the Member State's capacity to finance itself fully on the financial markets.  The draft macroeconomic adjustment programme shall be based on the assessment of the sustainability of the government debt referred to in Article 6, which shall be updated to incorporate the impact of the draft corrective measures negotiated with the Member State concerned, and shall take due account of any recommendation addressed to that Member State under Articles 121, 126, 136 or 148 TFEU and of its actions to comply with any such recommendation, while aiming at broadening, strengthening and deepening the required policy measures.  The draft macroeconomic adjustment programme shall take into account the practice and institutions for wage formation and the national reform programme of the Member State concerned in the context of the Union’s strategy for growth and jobs.  The draft macroeconomic adjustment programme shall fully observe Article 152 TFEU and Article 28 of the Charter of Fundamental Rights of the European Union. The Commission shall orally inform the Chair and Vice-Chairs of the competent committee of the European Parliament of the progress made in the preparation of the draft macroeconomic adjustment programme. That information shall be treated as confidential. | CMS |
| 31 | 2. The *Council*, acting by a qualified majority on a proposal from the Commission, *shall approve the macroeconomic adjustment programme* prepared by the Member State requesting financial assistance in accordance with paragraph 1.  The Commission shall ensure that the memorandum of understanding signed by the Commission on behalf of the ESM or of the EFSF is fully consistent with the macroeconomic adjustment programme approved by the Council. | ACME |
| 32 | 3. The Commission shall ensure consistency in the process of economic and budgetary surveillance with respect to a Member State under a macroeconomic adjustment programme to avoid duplication of reporting obligations. | Broad |
| 33 | 4. The Commission, in liaison with the ECB and, where appropriate, with the IMF, shall monitor the progress made by a Member State in the implementation of its macroeconomic adjustment programme.  Every three months, the Commission shall inform the EFC of such progress. The Member State concerned shall fully cooperate with the Commission and with the ECB. It shall, in particular, provide the Commission and the ECB with all the information that they consider to be necessary for the monitoring of the implementation of the macroeconomic adjustment programme in accordance with Article 3(4).  The Commission shall inform the Chair and Vice-Chairs of the competent committee of the European Parliament orally of the conclusions drawn from the monitoring of the macroeconomic adjustment programme. That information shall be treated as confidential. | Powers/constraints considered in art.3  Information only |
| 34 | 5. The Commission, in liaison with the ECB and, where appropriate, with the IMF, shall examine with the Member State concerned the changes and updates that may be needed to its macroeconomic adjustment programme in order to take proper account, inter alia, of any significant gap between macroeconomic forecasts and realised figures, including possible consequences resulting from the macroeconomic adjustment programme, adverse spill-over effects and macroeconomic and financial shocks. *The Council, acting by a qualified majority on a proposal from the Commission, shall decide on any change to be made to that programme*. | ACME |
| 35 | *6. The Member State concerned shall consider, in close cooperation with the Commission, whether to take all necessary measures to invite private investors to maintain their overall exposure on a voluntary basis.* | AMS |
| 36 | 7. Where the monitoring referred to in paragraph 4 highlights significant deviations from a Member State's macroeconomic adjustment programme, *the Council, acting by a qualified majority on a proposal from the Commission, may decide that the Member State concerned does not comply with the policy requirements contained in its programme*. The Commission, in its proposal, shall assess explicitly whether such significant deviations are due to reasons that are not within the control of the Member State concerned. | ACME |
| 37 | *The budgetary consolidation efforts set out in the macroeconomic adjustment programme shall take into account the need to ensure sufficient means for fundamental policies, such as education and health care*.  Where a decision is taken under this paragraph, *the Member State concerned shall*, in close cooperation with the Commission and in liaison with the ECB and, where appropriate, with the IMF, *take measures aimed at stabilising markets and preserving the good functioning of its financial sector*. | CCM (constraint on Council approving programme)  CMS |
| 38 | 8. *A Member State subject to a macroeconomic adjustment programme experiencing insufficient administrative capacity or significant problems in the implementation of the programme shall seek technical assistance* from the Commission, which may constitute, for that purpose, groups of experts composed of members from other Member States and other Union institutions or from relevant international institutions. The objectives and the means of the technical assistance shall be explicitly outlined in the updated versions of the macroeconomic adjustment programme and focus on the area where major needs are identified. Technical assistance may include the establishment of a resident representative and supporting staff to advise authorities on the implementation of the programme.  *The macroeconomic adjustment programme, including its objectives and the expected distribution of the adjustment effort, shall be made public*.  The conclusions of the assessment of the sustainability of the government debt shall be annexed to the macroeconomic adjustment programme. | CMS  CCM (Council approves programme) |
| 39 | 9. A *Member State subject to a macroeconomic adjustment programme shall carry out a comprehensive audit of its public finances in order, inter alia, to assess the reasons that led to the building up of excessive levels of debt* as well as to track any possible irregularity. | CMS |
| 40 | 10. The competent committee of the European Parliament may offer the opportunity to the Member State concerned and to the Commission to participate in an exchange of views on the progress made in the implementation of the macroeconomic adjustment programme. |  |
| 41 | 11. Representatives of the Commission may be invited by the parliament of the Member State concerned to participate in an exchange of views on the progress made in the implementation of its macroeconomic adjustment programme. |  |
| 42 | 12. This Article shall not apply to instruments providing financial assistance on a precautionary basis, to loans made for the recapitalisation of financial institutions, or to any new ESM financial instrument for which the ESM rules do not provide for a macroeconomic adjustment programme.  For information purposes*, the Commission shall establish a list of the financial assistance instruments* referred to in the first subparagraph and shall keep it updated to take into account possible changes in the financial support policy of the ESM.  Concerning those instruments, *the Council, acting on a recommendation from the Commission, shall, by a decision addressed to the Member State concerned, approve the main policy requirements which the ESM or the EFSF plans to include in the conditionality for its financial support*, to the extent that the content of those measures falls within the competence of the Union as laid down by the Treaties.  The Commission shall ensure that the memorandum of understanding signed by the Commission on behalf of the ESM or the EFSF is fully consistent with such a Council decision. | CCOM  ACME |
| 43 | Article 8-Involvement of social partners and civil society  *A Member State shall seek the views of social partners* as well as relevant civil society organisations when preparing its draft macroeconomic adjustment programmes, with a view to contributing to building consensus over its content. | CMS |
| 44 | Article 9-Measures to safeguard tax revenue  *A Member State shall*, where necessary, *take measures* in close cooperation with the Commission and in liaison with the ECB and, where appropriate, with the IMF, *aiming to reinforce the efficiency and effectiveness of revenue collection capacity and the fight against tax fraud and evasion*, with a view to increasing its fiscal revenue. | CMS |
| 45 | Article 10  Consistency with the Stability and Growth Pact  1. Where a Member State is subject to a macroeconomic adjustment programme, and the changes thereto, under Article 7 of this Regulation, *it shall be exempt from submitting a stability programme*, under Article 3 of Regulation (EC) No 1466/97, and shall integrate the content of such a stability programme into its macroeconomic adjustment programme. | AMS exemption |
| 46 | 2. Where a Member State subject to a macroeconomic adjustment programme is also the subject of a recommendation under Article 126(7) TFEU or of a decision to give notice under Article 126(9) TFEU for the correction of an excessive deficit:   1. *it shall be exempt from submitting, as appropriate, the reports* under Article 3(4a) and Article 5(1a) of Regulation (EC) No 1467/97; 2. the annual budgetary targets in each macroeconomic adjustment programme shall be integrated into the recommendation or decision to give notice, respectively under Article 3(4) and Article 5(1) of Regulation (EC) No 1467/97, and, where the Member State concerned is subject to a decision to give notice under Article 126(9) TFEU, the measures conducive to those targets in the macroeconomic adjustment programme shall be integrated into the decision to give notice in accordance with Article 5(1) of Regulation (EC) No 1467/97; | AMS exemption |
| 47 | (c) with regard to the monitoring provided for by Article 7(4) of this Regulation, *it shall be exempt from monitoring* under Article 10(1) and Article 10a of Regulation (EC) No 1467/97 and monitoring underlying any decision under Article 4(2) and Article 6(2) of that Regulation. | AMS exemption |
| 48 | Article 11-Consistency with Regulation (EU) No 1176/2011  Where a Member State is subject to a macroeconomic adjustment programme, Regulation (EU) No 1176/2011 *shall not apply to that Member State* for the duration of that programme, save that the indicators in the scoreboard established in Regulation (EU) No 1176/2011 shall be integrated into the monitoring of that programme. | AMS exemption |
| 49 | Article 12-Consistency with the European Semester for economic policy coordination  Where a Member State is subject to a macroeconomic adjustment programme, *it shall be exempt* from the monitoring and assessment of the European Semester for economic policy coordination under Article 2-a of Regulation (EC) No 1466/97 for the duration of that programme. | AMS exemption |
| 50 | Article 13-Consistency with Regulation (EU) No 473/2013  Where a Member State is subject to a macroeconomic adjustment programme, Regulation (EU) No 473/2013 *shall not apply to that Member State* for the duration of that programme, with the exception of Articles 1 to 5 and 13 to 18 of that Regulation. | AMS exemption |
| 51 | Article 14  Post-programme surveillance  1. *A Member State shall be under post-programme surveillance as long as a minimum of 75 % of the financial assistance received from one or several other Member States, the EFSM, the ESM or the EFSF has not been repaid*. *The Council, on a proposal from the Commission, may extend the duration of the post-programme surveillance* in the event of a persistent risk to the financial stability or fiscal sustainability of the Member State concerned. *The proposal from the Commission shall be deemed to be adopted by the Council unless the Council decides, by a qualified majority, to reject* it within 10 days of the Commission's adoption thereof. | CMS (detailed rule)  ACME  ACOME – blocking minority to adopt |
| 52 | 2. *On a request from the Commission, a Member State under post-programme surveillance shall comply with the requirements under Article 3(3)* of this Regulation and shall provide the information referred to in Article 10(3) of Regulation (EU) No 473/2013. | ACOME  CMS |
| 53 | 3. *The Commission shall conduct, in liaison with the ECB, regular review missions in the Member State under post-programme surveillance* to assess its economic, fiscal and financial situation. *Every six months, it shall communicate its assessment to the competent committee of the European Parliament*, to the EFC and to the parliament of the Member State concerned and shall assess, in particular, whether corrective measures are needed.  The competent committee of the European Parliament may offer the opportunity to the Member State concerned to participate in an exchange of views on the progress made under post-programme surveillance. | ACOME - complementary power  CCOM |
| 54 | 4. *The Council, acting on a proposal from the Commission, may recommend to a Member State under post-programme surveillance to adopt corrective measures*. *The proposal from the Commission shall be deemed to be adopted by the Council unless the Council decides, by a qualified majority, to reject it* within 10 days of the Commission's adoption thereof. | ACME  ACOME – blocking minority to adopt |
| 55 | 5. The parliament of the Member State concerned may invite representatives of the Commission to participate in an exchange of views on the post-programme surveillance. |  |
| 56 | Article 15-Voting within the Council  For the measures referred to in this Regulation, only members of the Council representing Member States whose currency is the euro shall vote and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.  A qualified majority of the members of the Council referred to in the first paragraph shall be calculated in accordance with Article 238(3)(a) TFEU. |  |
| 57 | Article 16-Application to Member States in receipt of financial assistance  Member States in receipt of financial assistance on 30 May 2013 shall be subject to this Regulation as from that date. |  |
| 58 | Article 17-Transitional provisions  Notwithstanding Article 14, Members States that are under post-programme surveillance on 30 May 2013 shall be subject to the post-programme surveillance rules, conditions and procedures applicable to the financial assistance from which they benefit. |  |
| 59 | Article 18-Informing the European Parliament  The European Parliament may invite representatives of the Council and of the Commission to enter into a dialogue on the application of this Regulation. |  |
| 60 | Article 19- Reports  *By 1 January 2014, and every five years thereafter, the Commission shall submit to the European Parliament and to the Council a report* on the application of this Regulation, accompanied, where appropriate, by a proposal to amend this Regulation. *The Commission shall make that report public*.  The reports referred to in the first subparagraph shall evaluate, inter alia:   1. the effectiveness of this Regulation; 2. progress in ensuring closer coordination of economic policies and sustained convergence of economic performance of the Member States in accordance with the TFEU; 3. the contribution of this Regulation to the achievement of the Union’s strategy for growth and jobs. | CCOM  CCOM |
| 61 | Article 20-Entry into force  This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties. |  |

### Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

Treaty Base: Article 121.6. The European Parliament and the Council, acting by means of regulations in accordance with the *ordinary legislative procedure*, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Legislative Procedure: Ordinary legislative procedure (Article 136: only members whose currency is the euro shall take part in the vote)

|  |  |  |
| --- | --- | --- |
| MP | Text | Type |
| 1 | CHAPTER I  GENERAL PROVISIONS  Article 1  Subject matter and scope  1. This Regulation sets out provisions for enhanced monitoring of budgetary policies in the euro area and for ensuring that national budgets are consistent with the economic policy guidance issued in the context of the SGP and the European Semester for economic policy coordination, by:  (a) complementing the European Semester, as established in Article 2-a of Regulation (EC) No 1466/97, with a common budgetary timeline;  (b) complementing the procedure for the prevention and correction of excessive macroeconomic imbalances, as established by Regulation (EU) No 1176/2011;  (c) complementing the multilateral surveillance system of budgetary policies, as established by Regulation (EC) No 1466/97, with additional monitoring requirements in order to ensure that Union policy recommendations in the budgetary area are appropriately integrated in the national budgetary preparations;  (d) complementing the procedure for correcting a Member State's excessive deficit, as established by Article 126 TFEU and by Regulation (EC) No 1467/97, with closer monitoring of the budgetary policies of Member States subject to an excessive deficit procedure in order to secure a timely and lasting correction of an excessive deficit;  (e) guaranteeing the consistency between budgetary policies and measures and reforms taken in the context of the procedure for prevention and correction of excessive macroeconomic imbalances as established by Regulation (EU) No 1176/2011 and, where appropriate, in the context of an economic partnership programme as referred to in Article 9. |  |
| 2 | 2. The application of this Regulation shall be in full compliance with Article 152 TFEU and the recommendations issued under this Regulation shall respect national practice and institutions for wage formation. In accordance with Article 28 of the Charter of Fundamental Rights of the European Union, this Regulation shall not affect the right to negotiate, conclude or enforce collective agreements or to take collective action in accordance with national law and practice. |  |
| 3 | 3. *This Regulation shall apply to Member States whose currency is the euro*. | AMS exemption |
| 4 | Article 2  Definitions  1. For the purposes of this Regulation, the following definitions shall apply:  (a) ‘independent bodies’ means bodies that are structurally independent or bodies endowed with functional autonomy vis-à-vis the budgetary authorities of the Member State, and which are underpinned by national legal provisions ensuring a high degree of functional autonomy and accountability, including:  (i) a statutory regime grounded in national laws, regulations or binding administrative provisions;  (ii) not taking instructions from the budgetary authorities of the Member State concerned or from any other public or private body;  (iii) the capacity to communicate publicly in a timely manner;  (iv) procedures for nominating members on the basis of their experience and competence;  (v) adequate resources and appropriate access to information to carry out their mandate;  (b) ‘independent macroeconomic forecasts’ means macroeconomic forecasts produced or endorsed by independent bodies;  (c) ‘medium-term budgetary framework’ means medium-term budgetary framework as described in point (e) of Article 2 of Directive 2011/85/EU;  (d) ‘stability programme’ means stability programme as described in Article 3 of Regulation (EC) No 1466/97.  In order to ensure consistency across the independent macroeconomic forecasts referred to in point (b) of the first subparagraph, the Member States and the Commission shall, at least annually, engage in a technical dialogue concerning the assumptions underpinning the preparation of macroeconomic and budgetary forecasts in accordance with Article 4(5) of Directive 2011/85/EU. | Broad |
| 5 | 2. The definitions of ‘general government sector’ and of ‘subsectors of the general government sector’, set out in point 2.70 of Annex A to Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community shall also apply to this Regulation. |  |
| 6 | 3. The application of this Regulation is without prejudice to Article 9 TFEU. |  |
| 7 | CHAPTER II  ECONOMIC POLICY COORDINATION  Article 3  Consistency with the framework for economic policy coordination  *The Member States' budgetary procedure shall be consistent* with:  (1) the framework for economic policy coordination in the context of the annual cycle of surveillance, which includes, in particular, the general guidance to Member States issued by the Commission and the European Council at the beginning of the cycle;  (2) the recommendations issued in the context of the SGP;  (3) where appropriate, recommendations issued in the context of the annual cycle of surveillance, including the macroeconomic imbalances procedure as established by Regulation (EU) No 1176/2011; and  (4) where appropriate, opinions on economic partnership programmes, as referred to in Article 9. | CMS |
| 8 | CHAPTER III  COMMON BUDGETARY PROVISIONS  Article 4  Common budgetary timeline  1. *Member States shall, in the context of the European Semester, make public, preferably by 15 April but no later than 30 April each year, their national medium-term fiscal plans in accordance with their medium-term budgetary framework.* Such plans shall include at least all the information to be provided in their stability programmes and shall be presented together with their national reform programmes and the stability programmes. Such plans shall be consistent with the framework for economic policy coordination in the context of the annual cycle of surveillance, which includes, in particular, the general guidance to Member States issued by the Commission and the European Council at the beginning of the cycle. They shall also be consistent with the recommendations issued in the context of the SGP and, where appropriate, with recommendations issued in the context of the annual cycle of surveillance, including the macroeconomic imbalances procedure as established by Regulation (EU) No 1176/2011, and with opinions on economic partnership programmes referred to in Article 9.  National medium-term fiscal plans and national reform programmes shall include indications on how the reforms and measures set out are expected to contribute to the achievement of the targets and national commitments established within the framework of the Union's strategy for growth and jobs. Furthermore, national medium-term fiscal plans or national reform programmes shall include indications on the expected economic returns on non-defence public investment projects that have a significant budgetary impact. National medium-term fiscal plans and stability programmes may be the same document. | CMS |
| 9 | 2. *The draft budget for the forthcoming year for the central government and the main parameters of the draft budgets for all the other subsectors of the general government shall be made public annually not later than 15 October*. | CMS |
| 10 | 3. *The budget for the central government shall be adopted or fixed upon and made public annually not later than 31 December* together with the updated main budgetary parameters for the other sub-sectors of the general government. | CMS |
| 11 | *Member States shall have in place reversionary budget procedures* to be applied if, for objective reasons beyond the control of the government, the budget is not adopted or fixed upon and made public by 31 December. | CMS |
| 12 | 4. *National medium-term fiscal plans and draft budgets referred to in paragraphs 1 and 2 shall be based on independent macroeconomic forecasts, and shall indicate whether the budgetary forecasts have been produced or endorsed by an independent body*. *Those forecasts shall be made public* together with the national medium-term fiscal plans and the draft budgets that they underpin. | CMS  CMS |
| 13 | Article 5  Independent bodies monitoring compliance with fiscal rules  1. *Member States shall have in place independent bodies for monitoring compliance* with:  (a) numerical fiscal rules incorporating in the national budgetary processes their medium-term budgetary objective as established in Article 2a of Regulation (EC) No 1466/97;  (b) numerical fiscal rules as referred to in Article 5 of Directive 2011/85/EU. | CMS |
| 14 | 2. *Those bodies shall, where appropriate, provide public assessments with respect to national fiscal rules*, inter alia relating to:  (a) the occurrence of circumstances leading to the activation of the correction mechanism for cases of significant observed deviation from the medium-term objective or the adjustment path towards it in accordance with Article 6(2) of Regulation (EC) No 1466/97;  (b) whether the budgetary correction is proceeding in accordance with national rules and plans;  (c) any occurrence or cessation of circumstances referred to in the tenth subparagraph of Article 5(1) of Regulation (EC) No 1466/97 which may allow a temporary deviation from the medium-term budgetary objective or the adjustment path towards it, provided that such a deviation does not endanger fiscal sustainability in the medium term. | CMS |
| 15 | CHAPTER IV  MONITORING AND ASSESSMENT OF MEMBER STATES DRAFT BUDGETARY PLANS  Article 6  Monitoring requirements  1. *Member States shall submit annually to the Commission and to the Eurogroup a draft budgetary plan for the forthcoming year by 15 October*. That draft budgetary plan shall be consistent with the recommendations issued in the context of the SGP and, where applicable, with recommendations issued in the context of the annual cycle of surveillance, including the macroeconomic imbalances procedure as established by Regulation (EU) No 1176/2011, and with opinions on the economic partnership programmes referred to in Article 9. | CMS |
| 16 | 2. As soon as the draft budgetary plans referred to in paragraph 1 have been submitted to the Commission, *they shall be made public*. | CMS |
| 17 | 3. *The draft budgetary plan shall contain the following information for the forthcoming year*:  (a) the targeted budget balance for the general government as a percentage of Gross Domestic Product (GDP), broken down by subsector of general government;  (b) the projections at unchanged policies for expenditure and revenue as a percentage of GDP for the general government and their main components, including gross fixed capital formation;  (c) the targeted expenditure and revenue as a percentage of GDP for the general government and their main components, taking into account the conditions and criteria to establish the growth path of government expenditure net of discretionary revenue measures under Article 5(1) of Regulation (EC) No 1466/97;  (d) relevant information on the general government expenditure by function, including on education, healthcare and employment, and, where possible, indications on the expected distributional impact of the main expenditure and revenue measures;  (e) a description and quantification of the expenditure and revenue measures to be included in the draft budget for the year to come at the level of each subsector in order to bridge the gap between the targets referred to in point (c) and the projections at unchanged policies provided in accordance with point (b);  (f) the main assumptions of the independent macroeconomic forecasts and important economic developments which are relevant to the achievement of the budgetary targets;  (g) an annex containing the methodology, economic models and assumptions, and any other relevant parameters underpinning the budgetary forecasts and the estimated impact of aggregated budgetary measures on economic growth;  (h) indications on how reforms and measures in the draft budgetary plan, including in particular public investment, address the current recommendations to the Member State concerned in accordance with Articles 121 and 148 TFEU and are instrumental to the achievement of the targets set by the Union's strategy for growth and jobs.  The description referred to in point (e) of the first subparagraph may be less detailed for measures with a budgetary impact estimated to be lower than 0,1 % of GDP. Particular and explicit attention shall be paid to major fiscal policy reform plans with potential spill-over effects for other Member States whose currency is the euro. | CMS  detailed rules |
| 18 | 4. Where the budgetary targets reported in the draft budgetary plan in accordance with paragraph 3 or the projections at unchanged policies differ from those in the most recent stability programme, the differences shall be duly explained. |  |
| 19 | 5. *The specification of the content of the draft budgetary plan shall be set out in a harmonised framework established by the Commission* in cooperation with the Member States. | ACOM |
| 20 | Article 7  Assessment of the draft budgetary plan  1. *The Commission shall adopt an opinion on the draft budgetary plan* as soon as possible and in any event *by 30 November*. | ACOME - for consequences see art.12  CCOM |
| 21 | 2. Notwithstanding paragraph 1, where, in exceptional cases, after consulting the Member State concerned within one week of submission of the draft budgetary plan, the Commission identifies particularly serious non-compliance with the budgetary policy obligations laid down in the SGP, the Commission shall adopt its opinion *within two weeks* of submission of the draft budgetary plan. In its opinion, the Commission shall request that a revised draft budgetary plan be submitted as soon as possible and in any event within three weeks of the date of its opinion.  *The Commission's request shall be reasoned and shall be made public*.  Article 6(2), (3) and (4) shall apply to revised draft budgetary plans submitted pursuant to the first subparagraph of this paragraph.  The Commission shall adopt a new opinion on the revised draft budgetary plan as soon as possible and in any event *within three weeks* of submission of the revised draft budgetary plan. | CCOM  CCOM  Time constraint as above |
| 22 | 3. *The Commission's opinion shall be made public* and shall be presented to the Eurogroup. Thereafter, at the request of the parliament of the Member State concerned or of the European Parliament, the Commission shall present its opinion to the parliament making the request. | CCOM |
| 23 | 4. The Commission shall make an overall assessment of the budgetary situation and prospects in the euro area as a whole, on the basis of the national budgetary prospects and their interaction across the area, relying on the most recent economic forecasts of the Commission services.  The overall assessment shall include sensitivity analyses that provide an indication of the risks to public finance sustainability in the event of adverse economic, financial or budgetary developments. It shall also, as appropriate, outline measures to reinforce the coordination of budgetary and macroeconomic policy at the euro area level.  The overall assessment shall be made public and shall be taken into account in the annual general guidance to Member States issued by the Commission.  The methodology (including models) and assumptions of the most recent economic forecasts of the Commission services for each Member State, including estimates of the impact of aggregated budgetary measures on economic growth, shall be annexed to the overall assessment. | Assessment only  Constraint related to assessment |
| 24 | 5. The Eurogroup shall discuss opinions of the Commission on the draft budgetary plans and the budgetary situation and prospects in the euro area as a whole on the basis of the overall assessment made by the Commission in accordance with paragraph 4. The results of those discussions of the Eurogroup shall be *made public* where appropriate. | No constraint on Eurogroup since there is no pooling |
| 25 | Article 8  Reporting on debt issuance  1. *Member States shall report to the Commission and the Eurogroup, ex ante and in a timely manner, on their national debt issuance plans*. | CMS |
| 26 | 2. *The harmonised form and content of the report referred to in paragraph 1 shall be laid down by the Commission*, in cooperation with the Member States. | ACOM |
| 27 | CHAPTER V  ENSURING THE CORRECTION OF EXCESSIVE DEFICIT  Article 9  Economic partnership programmes  1. If the Council, acting under Article 126(6) TFEU, decides that an excessive deficit exists in a Member State, *the Member State concerned shall present to the Commission and to the Council an economic partnership programme* describing the policy measures and structural reforms that are needed to ensure an effective and lasting correction of the excessive deficit, as a development of its national reform programme and its stability programme, and fully taking into account the Council recommendations on the implementation of the integrated guidelines for the economic and employment policies of the Member State concerned. | CMS |
| 28 | 2. The economic partnership programme shall identify and select a number of specific priorities aiming to enhance competitiveness and long-term sustainable growth and addressing structural weaknesses in the Member State concerned. Those priorities shall be consistent with the Union’s strategy for growth and jobs. Where appropriate, potential financial resources shall be identified, including credit lines of the European Investment Bank and other relevant financial instruments, as appropriate. |  |
| 29 | 3. The economic partnership programme shall be presented at the same time as the report provided for in Article 3(4a) of Regulation (EC) No 1467/97. |  |
| 30 | 4. The Council, acting on a proposal from the Commission, shall adopt an opinion on the economic partnership programme. | Opinion only |
| 31 | 5. A corrective action plan as referred to in Article 8(1) of Regulation (EU) No 1176/2011 may be amended in accordance with Article 9(4) of that Regulation to replace the economic partnership programme provided for in this Article. Where such a corrective action plan is submitted after the adoption of an economic partnership programme, the measures set out in the economic partnership programme may, as appropriate, be included in the corrective action plan. |  |
| 32 | 6. The implementation of the programme, and the annual budgetary plans consistent with it, shall be monitored by the Council and by the Commission. |  |
| 33 | Article 10  Reporting requirements for Member States in excessive deficit procedure  1. Where the Council decides in accordance with Article 126(6) TFEU that an excessive deficit exists in a Member State, *the Member State concerned shall, on a request from the Commission, be subject to reporting requirements in accordance with paragraphs 2 to 5 of this Article*, until the abrogation of its excessive deficit procedure. | CMS |
| 34 | 2. *The Member State shall carry out a comprehensive assessment of in-year budgetary execution for the general government and its subsectors.* The financial risks associated with contingent liabilities with potentially large impacts on public budgets, as referred to in Article 14(3) of Directive 2011/85/EU shall also be covered by the assessment to the extent that they may contribute to the existence of an excessive deficit. The result of that assessment shall be included in the report submitted in accordance with Article 3(4a) or Article 5(1a) of Regulation (EC) No 1467/97 on action taken to correct the excessive deficit. | ACOME (on Commission request)  CMS |
| 35 | 3. *The Member State shall report regularly to the Commission and to the Economic and Financial Committee*, for the general government and its subsectors, the in-year budgetary execution, the budgetary impact of discretionary measures taken on both the expenditure and the revenue side, targets for the government expenditure and revenues, and information on the measures adopted and the nature of those envisaged to achieve the targets. *The report shall be made public.* | ACOME (request)  CMS |
| 36 | *The Commission shall be empowered to adopt delegated acts* *in accordance with Article 14 specifying the content of the regular reporting referred to in this paragraph*. | ACOM |
| 37 | 4. If the Member State concerned is the subject of a Council recommendation under Article 126(7) TFEU, the report referred to in paragraph 3 of this Article *shall be submitted for the first time six months after the report* provided for in Article 3(4a) of Regulation (EC) No 1467/97, and thereafter *on a six-monthly basis*. | CMS |
| 38 | 5. If the Member State concerned is the subject of a Council decision to give notice under Article 126(9) TFEU, the report in accordance with paragraph 3 of this Article shall also contain information on the actions being taken in response to the specific Council notice. It shall be submitted for the first time *three months after the report* provided for in Article 5(1a) of Regulation (EC) No 1467/97, and thereafter on a *quarterly basis*. | CMS |
| 39 | 6. *Upon request and within the deadline set by the Commission*, *a Member State* subject to an excessive deficit procedure shall:  (a) *carry out and report on a comprehensive independent audit of the public accounts* of all subsectors of the general government conducted preferably in coordination with national supreme audit institutions, aiming to assess the reliability, completeness and accuracy of those public accounts for the purposes of the excessive deficit procedure; | ACOME  CMS |
| 40 | (b) *provide available additional information* for the purposes of monitoring progress towards the correction of the excessive deficit.  The Commission (Eurostat) shall assess the quality of statistical data reported by the Member State concerned under point (a) in accordance with Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community. | ACOME  CMS  Assessment only |
| 41 | Article 11  Member States at risk of non-compliance with their obligation under their excessive deficit procedure  1. When assessing whether compliance with the deadline to correct the excessive deficit, as established by a Council recommendation under Article 126(7) TFEU or a Council decision to give notice under Article 126(9) TFEU, is at risk, the Commission shall base its assessment, inter alia, on the reports submitted by the Member States in accordance with Article 10(3) of this Regulation. |  |
| 42 | 2. In the case of a risk of non-compliance with the deadline to correct the excessive deficit*, the Commission shall address a recommendation to the Member State* concerned regarding full implementation of the measures provided for in the recommendation or decision to give notice referred to in paragraph 1, adoption of other measures, or both, within a timeframe consistent with the deadline for the correction of its excessive deficit. *The recommendation by the Commission shall be made public* and shall be presented to the Economic and Financial Committee. At the request of the parliament of the Member State concerned, the Commission shall present the recommendation to that parliament. | ACOME because linked to notice decision  CCOM |
| 43 | 3. Within the timeframe set by the Commission recommendation referred to in paragraph 2, *the Member State concerned shall report to the Commission on measures adopted in response to that recommendation* together with the reports provided for in Article 10(3). The report shall include the budgetary impact of all discretionary measures taken, targets for the government expenditure and revenues, information on the measures adopted and the nature of those envisaged to achieve the targets, and information on the other actions being taken in response to the Commission recommendation. *The report shall be made public* and shall be presented to the Economic and Financial Committee. | CMS  CMS |
| 44 | 4. On the basis of the report referred to in paragraph 3, the Commission shall assess whether the Member State has complied with the recommendation referred to in paragraph 2. | assessment only |
| 45 | Article 12  Impact on the excessive deficit procedure  1. The extent to which the Member State concerned has taken into account the Commission's opinion referred to in Article 7(1) shall be taken into account by:  (a) the Commission when conducting a report under Article 126(3) TFEU and when recommending the imposition of a non-interest bearing deposit in accordance with Article 5 of Regulation (EU) No 1173/2011;  (b) the Council when deciding whether an excessive deficit exists in accordance with Article 126(6) TFEU. |  |
| 46 | 2. The monitoring established by Articles 10 and 11 of this Regulation shall be an integral part of the regular monitoring, as provided for in Article 10(1) of Regulation (EC) No 1467/97, of the implementation of action taken by the Member State concerned in response to Council recommendations under Article 126(7) TFEU or Council decisions to give notice under Article 126(9) TFEU to correct the excessive deficit. |  |
| 47 | 3. When considering whether effective action has been taken in response to recommendations under Article 126(7) TFEU or to decisions to give notice under Article 126(9) TFEU, the Commission shall take into account the assessment referred to in Article 11(4) in this Regulation and shall recommend, as appropriate, that the Council take decisions under Article 126(8) or Article 126(11) TFEU, giving due consideration to Article 3(5) and Article 5(2) of Regulation (EC) No 1467/97. | Recommendation for Council decision |
| 48 | Article 13  Consistency with Regulation (EU) No 472/2013  Member States subject to a macroeconomic adjustment programme *shall not be subject* to Articles 6 to 12 of this Regulation. | AMS exemption |
| 49 | CHAPTER VI  FINAL PROVISIONS  Article 14  Exercise of the delegation  1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article. |  |
| 50 | 2. *The power to adopt delegated acts referred to in Article 10(3) shall be conferred on the Commission for a period of three years from 30 May 2013*. *The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the three-year period*. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period. | CCOM  CCOM |
| 51 | 3. The delegation of power referred to in Article 10(3) may be *revoked* at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force. | CCOM |
| 52 | 4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. |  |
| 53 | 5. A delegated act adopted pursuant to Article 10(3) shall *enter into force only if no objection has been expressed* either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council. | CCOM |
| 54 | Article 15  Economic Dialogue  1. In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite, where appropriate, the President of the Council, the Commission, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss:  (a) the specification of the content of the draft budgetary plan as set out in a harmonised framework established in accordance with Article 6(5);  (b) the results of the discussion of the Eurogroup on the Commission opinions adopted in accordance with Article 7(1), to the extent that they have been made public;  (c) the overall assessment of the budgetary situation and prospects in the euro area as a whole made by the Commission in accordance with Article 7(4);  (d) Council acts referred to in Article 9(4) and in Article 12(3). |  |
| 55 | 2. The competent committee of the European Parliament may offer the opportunity to the Member State that is the subject of a Commission recommendation under Article 11(2) or Council acts as referred to in paragraph 1(d) to participate in an exchange of views. |  |
| 56 | 3. The European Parliament shall be duly involved in the European Semester in order to increase the transparency and ownership of, and the accountability for the decisions taken, in particular by means of the economic dialogue carried out pursuant to this Article. |  |
| 57 | Article 16  Review and reports on the application of this Regulation  1. *By 14 December 2014, and every five years thereafter, the Commission shall submit to the European Parliament and to the Council a report* on the application of this Regulation, accompanied, where appropriate, by a proposal to amend this Regulation.  *The Commission shall make that report public*.  The reports referred to in the first subparagraph shall evaluate, inter alia:  (a) the effectiveness of this Regulation;  (b) progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU;  (c) the contribution of this Regulation to the achievement of the Union’s strategy for growth and jobs. | CCOM  CCOM |
| 58 | 2. By 31 July 2013, the Commission shall report on the possibilities offered by the Union's existing fiscal framework to balance productive public investment needs with fiscal discipline objectives in the preventive arm of the SGP, while complying with it fully. |  |
| 59 | Article 17  Transitional provisions  1. Member States already subject to an excessive deficit procedure at the time of the entry into force of this Regulation shall comply with the regular reporting in accordance with Article 10(3), (4) and (5) by 31 October 2013. |  |
| 60 | 2. Article 9(1) and Article 10(2) shall apply to Member States that are already subject to an excessive deficit procedure at the time of the entry into force of this Regulation only when a Council recommendation in accordance with Article 126(7) TFEU, or a Council decision to give notice in accordance with Article 126(9) TFEU, is taken after 30 May 2013.  In such cases, the economic partnership programme shall be presented simultaneously with the report submitted in accordance with Article 3(4a) or Article 5(1a) of Regulation (EC) No 1467/97. |  |
| 61 | 3. Member States shall comply with Article 5 by 31 October 2013. |  |
| 62 | Article 18  Entry into force  This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Union.  This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties. |  |