




Basic information	
2009/0053(CNS) CNS - Consultation procedure Regulation	Procedure completed
Medium-term financial assistance for Member States' balances of payments Amending Regulation (EC) No 332/2002 2001/0062(CNS) Subject 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs	BERÈS Pervenche (PSE)	02/04/2009
Council of the European Union	Council configuration	Meetings	Date
	General Affairs	2942	2009-05-18
	Economic and Financial Affairs ECOFIN	2940	2009-05-05
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	ALMUNIA Joaquín	

Key events			
Date	Event	Reference	Summary
08/04/2009	Legislative proposal published	COM(2009)0169 	Summary
21/04/2009	Committee referral announced in Parliament		
21/04/2009	Vote in committee		Summary
21/04/2009	Committee report tabled for plenary, 1st reading/single reading	A6-0268/2009	
22/04/2009	Debate in Parliament	CRE link	
24/04/2009	Decision by Parliament	T6-0324/2009	Summary
24/04/2009	Results of vote in Parliament		
18/05/2009	Act adopted by Council after consultation of Parliament		
18/05/2009	End of procedure in Parliament		
27/05/2009	Final act published in Official Journal		


Technical information

Procedure reference	2009/0053(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 332/2002 2001/0062(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 308
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/75416

Documentation gateway**European Parliament**

Document type	Committee	Reference	Date	Summary
Committee draft report		PE423.810	15/04/2009	
Amendments tabled in committee		PE423.833	17/04/2009	
Committee report tabled for plenary, 1st reading/single reading		A6-0268/2009	21/04/2009	
Text adopted by Parliament, 1st reading/single reading		T6-0324/2009	24/04/2009	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2009)0169 	08/04/2009	Summary
Commission response to text adopted in plenary	SP(2009)3507	25/06/2009	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2009/0037 OJ C 106 08.05.2009, p. 0001	20/04/2009	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2009/0431 OJ L 128 27.05.2009, p. 0001	Summary
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Medium-term financial assistance for Member States' balances of payments

2009/0053(CNS) - 05/05/2009

The Council reached **political agreement**, in accordance with the conclusions of the European Council's meeting on 20 March 2009, on a draft regulation aimed at raising the ceiling for lending under the EU's support facility for non euro-area Member States in financial difficulty. It will adopt the regulation at a forthcoming meeting without further discussion, once the text has been finalised.

The text provides for an amendment to Regulation No 332/2002/EC, on which the EU's financial support facility is based, raising the ceiling for lending from EUR 25 billion to EUR 50 billion, in the light of the economic and financial crisis. The increase is intended to cater for potential demand from non euro-area Member States for medium-term support for their balances of payments.

The support facility was recently used for the first time to provide medium-term assistance to Hungary, and subsequently to Latvia, as part of broader assistance from the International Monetary Fund and other creditors. The ceiling for lending has already been raised once, from EUR 12 billion to EUR 25 billion.

Medium-term financial assistance for Member States' balances of payments

2009/0053(CNS) - 08/04/2009 - Legislative proposal

PURPOSE: to amend Regulation (EC) No 332/2002, establishing a facility providing medium-term financial assistance for Member States' balances of payments.

PROPOSED ACT: Council Regulation.

CONTENT: the scope and intensity of the international financial crisis affects the potential demand for Community medium-term financial assistance in the Member States outside the euro area. This calls for a considerable increase in the ceiling laid down in Regulation No (EC) 332/2002 for the outstanding amount of loans to be granted to them from EUR 25 billion to **EUR 50 billion**.

In the light of recent experience gained in the functioning of medium-term financial assistance, the **respective tasks and responsibilities** of the Commission and the Member States concerned with the implementation of the Regulation **should be clarified**.

In addition, the conditions for granting the financial assistance should be spelled out in a memorandum of understanding to be negotiated between the Commission and the Member State concerned. The proposal stipulates that the Member State concerned shall discuss with the Commission an assessment of its financial needs and submit a draft adjustment programme. The Council, after examining the situation in the Member State seeking medium-term financial assistance and the adjustment programme presented in support of its application, shall decide, as a rule during the same meeting:

- whether to grant a loan or appropriate financing facility, its amount and its average duration;
- the economic policy conditions attaching to the medium-term financial assistance with a view to re-establishing or ensuring a sustainable balance of payments situation;
- the techniques for disbursing the loan or financing facility, the release or drawing-down of which shall, as a rule, be by successive instalments, the release of each instalment being subject to verification of the results achieved in implementing the programme in terms of the objectives set.

In addition, the conditions for granting the financial assistance should be spelled out in a **memorandum of understanding** to be negotiated between the Commission and the Member State concerned.

The Commission shall take the necessary measures to verify at regular intervals, in collaboration with the Economic and Financial Committee that the economic policy of the Member State in receipt of a Community loan accords with the adjustment programme and with any other conditions laid down by the Council.

For operational reasons, the Member State concerned should be asked to place the financial assistance received in a **special account** with the National Central Bank and to transfer the amounts due in an account with the European Central Bank a few days prior to their due dates.

The possibility for the **European Court of Auditors** and the European Anti-Fraud Office to carry out controls when they deem necessary is provided for by the existing loan agreements and should be laid down in this Regulation.

This Regulation should apply immediately to all new loan agreements and to the existing loan agreements if and when they are revised.

IMPACT ASSESSMENT: no impact assessment.

FINANCIAL IMPLICATIONS: there are no financial implications for the Community budget.

Medium-term financial assistance for Member States' balances of payments

2009/0053(CNS) - 20/04/2009 - European Central Bank: opinion, guideline, report

OPINION OF THE EUROPEAN CENTRAL BANK on a proposal for a Council Regulation amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments.

On 17 April 2009, the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a proposal for a Council Regulation amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments.

The ECB considers that, in the present financial circumstances, non-euro area Member States are more likely to make requests under the medium-term financial assistance facility than was previously envisaged, and their requests for assistance are likely to involve higher amounts than had been anticipated in 2002 when Regulation (EC) No 332/2002 entered into force and in December 2008 when it was amended. Therefore, the ECB is of the opinion that, in view of international economic and financial developments, the potential demand for assistance might exceed the current ceiling of EUR 25 billion, and welcomes the proposed increase in the ceiling to EUR 50 billion so as to enable the Community to accede to potential requests for financial assistance.

In this context, the ECB notes that the procedure foreseen in the proposed regulation must fully comply with the prohibition on monetary financing laid down in the Treaty. In particular, the ECB understands that the increase in the amount of assistance available to EUR 50 billion will be exclusively financed from the Member States' budgets and that this will not include any bridge financing or refinancing by the European System of Central Banks. In this respect, it is expected that the Community's account at the ECB and the Member States' accounts at national central banks (NCBs) will be fully funded at all relevant times.

The ECB makes a number of **specific observations**:

Proposed new Article 9a: the ECB fully understands the need to ensure the sound management of Community medium-term financial assistance. Nevertheless, it notes that the proposed new Article 9a could be read to mean that the European Court of Auditors would have the competence to carry out financial audits on the ECB's and NCBs' accounts. The ECB accordingly suggests that the proposed new Article 9a should expressly limit its scope to the Member States receiving Community medium-term financial assistance.

Requirement to consult the Commission: Regulation (EC) No 332/2002 requires a Member State that has not adopted the euro to consult the Commission if that Member State 'proposes to call upon sources of financing outside the Community which are subject to economic policy conditions'. It is suggested that the phrase 'economic policy conditions' should be amended to make clear that 'economic policy conditions' includes 'ex ante eligibility criteria' which would therefore unambiguously include the type of conditionality that will be used in new-style International Monetary Fund arrangements.

Availability of Community medium-term financial assistance on a precautionary basis: the proposed amended Articles 3(2) and 5(1) of Regulation (EC) No 332/2002 do not contain the references to 'back-up programme' that are contained in the current versions of those Articles. These omissions suggest a change in the scope of applicability of Community medium-term financial assistance in that such assistance would only be available for actual, as opposed to potential, balance of payments problems. In this regard, Article 119(1) of the Treaty expressly refers to assistance being available if a Member State is 'seriously threatened' with difficulties as regards its balance of payments. Article 3(1)(b) of Regulation (EC) No 332/2002 also refers to assistance being available if a Member State is 'seriously threatened' with (as opposed to actually experiencing) difficulties as regards its balance of payments. The references to a 'back-up programme' that are currently contained in Articles 3(2) and 5(1) of Regulation No 332/2002 essentially made provision for a framework within which precautionary assistance could be made available. Therefore, the references to a 'back-up programme' could be helpfully reinserted.

Nature of the proposed new 'memorandum of understanding': it would be desirable to enhance consistency in describing the 'memorandum of understanding' that would be required by the proposed new Article 3a. Specifically, recital 2 refers to this memorandum as being 'negotiated', whereas the proposed new Article 3a suggests that the memorandum will be more in the nature of a unilateral document that details 'the conditions laid down by the Council'. Since the wording of Article 3a essentially tracks that of Article 119(2) of the Treaty, it is suggested that recital 2 should be brought into line with the wording of the proposed new Article 3a.

Medium-term financial assistance for Member States' balances of payments

2009/0053(CNS) - 18/05/2009 - Final act

PURPOSE: to amend Regulation (EC) No 332/2002 to raise the ceiling for the outstanding amount of loans to be granted to Member States from EUR 25 billion to EUR 50 billion.

LEGISLATIVE ACT : Council Regulation (EC) No 431/2009 amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments.

CONTENT: Regulation (EC) No 332/2002 establishes a facility providing medium-term financial assistance for Member States' balances of payments. This Regulation provides that the outstanding amount of loans to be granted to Member States under the facility will be limited to EUR 50 billion in principal. Previously the amount was EUR 25 billion. The scope and intensity of the international financial crisis has affected the potential demand for Community medium-term financial assistance in the Member States outside the euro area and called for a significant raising of the ceiling for the outstanding amount of loans to be granted to Member States laid down in Council Regulation (EC) No 332/2002 from **EUR 25 billion to EUR 50 billion**.

The Regulation also clarifies the tasks and responsibilities of the Commission and of Member States in the light of recent experience gained in the functioning of medium-term financial assistance. The conditions for granting the financial assistance must be set out in detail in a Memorandum of Understanding to be concluded between the Commission and the Member State concerned.

Furthermore, the rules guiding some aspects of the financial management of Community financial assistance are clarified. For operational reasons, the Member State concerned will be asked to place the financial assistance received in a special account with its National Central Bank and to transfer the amounts due to an account with the European Central Bank a few days prior to their due dates.

Since sound management of the Community financial assistance received is of paramount importance, the Regulation provides for the possibility for the European Court of Auditors and the European Anti-Fraud Office, when they deem necessary, to carry out controls in the Member State receiving Community medium-term financial assistance, as already provided for in the existing loan agreements.

This Regulation will apply immediately to all new loan agreements and to the existing loan agreements if and when they are revised.

ENTRY INTO FORCE: 28/05/2009.

Medium-term financial assistance for Member States' balances of payments

2009/0053(CNS) - 24/04/2009 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 369 votes to 9, with 15 abstentions, a legislative resolution modifying, under the consultation procedure, the proposal for a Council regulation amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments.

The committee approves the Commission proposal and makes the following amendments:

- according to the proposal, the conditions for granting the financial assistance should be spelled out in a memorandum of understanding to be negotiated between the Commission and the Member State concerned. MEPs ask the Commission to communicate the memorandum of understanding to the European Parliament and the Council;
- the Council shall decide on any adjustments to be made to the initial economic policy conditions in line with the main economic objectives of the Community;
- the Parliament suggests that, every two years, the Council should examine, on the basis of a report from the Commission, after consulting the European Parliament and after the delivery of an opinion by the Economic and Financial Committee, whether the facility established still meets, in its principle, arrangements and ceiling, the need which led to its creation.