

Procedure file

Basic information		
CNS - Consultation procedure Regulation	2008/0208(CNS)	Procedure completed
Medium-term financial assistance for Member States' balances of payment 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
	ECON Economic and Monetary Affairs		07/11/2008
		PSE BERÈS Pervenche	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2911	02/12/2008
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	ALMUNIA Joaquín	

Key events			
31/10/2008	Legislative proposal published	COM(2008)0717	Summary
17/11/2008	Committee referral announced in Parliament		
17/11/2008	Vote in committee		
17/11/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0450/2008	
18/11/2008	Debate in Parliament		
20/11/2008	Results of vote in Parliament		
20/11/2008	Decision by Parliament	T6-0560/2008	Summary
02/12/2008	Act adopted by Council after consultation of Parliament		
02/12/2008	End of procedure in Parliament		

Technical information	
Procedure reference	2008/0208(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/6/69315

Documentation gateway					
Legislative proposal		COM(2008)0717	31/10/2008	EC	Summary
Committee draft report		PE415.228	12/11/2008	EP	
Amendments tabled in committee		PE415.314	13/11/2008	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0450/2008	17/11/2008	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0560/2008	20/11/2008	EP	Summary
European Central Bank: opinion, guideline, report		CON/2008/0077 OJ C 328 23.12.2008, p. 0001	25/11/2008	ECB	Summary
Commission response to text adopted in plenary		SP(2008)7295	12/12/2008	EC	

Additional information	
European Commission	EUR-Lex

Final act
Regulation 2008/1360 OJ L 352 31.12.2008, p. 0011 Summary

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

PURPOSE: to increase substantially the ceiling for the outstanding amount of loans to be granted to Member States laid down in Regulation (EC) No 332/2002 in view of the current global financial crisis.

PROPOSED ACT: Council Regulation.

CONTENT: Council Regulation (EC) 332/2002 establishes a facility providing medium-term financial assistance for Member States balances of payments, replacing the former instrument created by the Council Regulation n°1969/88. This facility implements the mechanism foreseen by Article 119 of the Treaty, whereby the Community can grant a mutual assistance to a Member State in difficulties or seriously threatened with difficulties as regards its balance of payments either as a result of an overall disequilibrium in its balance of payments or as a result of the type of currency at its disposal, provided this Member State does not belong to the euro area.

The above-mentioned Regulation, adopted in February 2002, lowered the threshold existing in the former Regulation from EUR 16 billion to EUR 12 billion. This decision was consistent with the significant reduction in the potential number of recipients, with only three Member States outside the euro area at that time.

The evolution of the international financial context leads today to conclude that it may not be sufficient, should several Member States need significant Community medium-term financial support. It is, therefore, proposed to raise this ceiling to EUR 25 billion, with a view to increasing

significantly the capacity of the European Union to respond to the potential needs of the Member States outside of the euro area.

It is also proposed to establish a specific procedure for revising the ceiling when there is an urgent need to take such a decision, as the existing procedure - which calls for a revision of the Regulation 332/2002 itself, using the procedure foreseen by the Article 308 of the Treaty - cannot allow the very quick reaction that might be needed because of abnormally high disturbances on the markets. The Commission should be habilitated by the Council to decide a revision of the ceiling, after having received the opinion of the Economic and Financial Committee (EFC) on both the urgent need to do it and the new ceiling to introduce. The normal procedure of revision of the ceiling would therefore be maintained when there is no need for an urgent change or when the EFC objects to the use of the urgent procedure or disagree with the new amount to introduce as ceiling.

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

The European Parliament adopted, by 524 votes to 13 with 6 abstentions, a legislative resolution, amending 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 report had been tabled for consideration in plenary by Pervenche BERES (PES, FR) on behalf of the Committee on Economic and Monetary Affairs.

The main amendments adopted under the consultation procedure, are as follows:

- Members stress that, in the event of exceptional situations that could require a quick Community response to major changes in the financial environment, the European Parliament, the Member States within the Council, and the Commission should act speedily in order to ensure that market confidence is not undermined;
- every two years and more frequently if appropriate, the Council shall examine, on the basis of a report from the Commission, and after consulting the European Parliament and after delivery of the Economic and Financial Committee's opinion, whether the facility established still meets, in its principle, arrangements and ceiling, the need which led to its creation.

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

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 12 November 2008, the European Central Bank (ECB) received a request from the EU Council 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 regulation currently in force, adopted in February 2002, lowered the EUR 16 billion ceiling in the previous regulation to EUR 12 billion. The ECB considers that, in the present financial circumstances, non-euro area Member States are more likely to request assistance under the medium-term financial assistance (MTFA) facility than was previously envisaged, and their requests for assistance are likely to involve much higher amounts than was anticipated in 2002. Therefore, the ECB is of the opinion that, in view of international economic and financial developments, the potential demand for assistance might go beyond the current ceiling of EUR 12 billion. It therefore supports an increase in the ceiling to EUR 25 billion so as to enable the Community to react to potential requests for financial assistance.

Procedure for amending the ceiling of the facility: the proposal would introduce a new paragraph 3 in Article 1 of Regulation (EC) No 332/2002 which would empower the Commission to revise the ceiling after having received the opinion of the Economic and Financial Committee (EFC) as regards both the urgent need to revise the ceiling and the revised ceiling itself. The ECB has serious concerns as to the appropriateness of the proposed procedure. On the one hand it is of the view that urgency does not justify the introduction of this new procedure. In particular, given that it is planned to adopt the proposed regulation within a very short deadline, the Council would clearly also be in a position to raise the ceiling within a very short deadline in the future. On the other hand, the ECB has doubts as to the legality of the delegation of this power to the Commission. Therefore, the ECB favours deleting the introduction of this new procedure in the Regulation. Such an approach is also suggested by the European Parliament's resolution on this matter and was envisaged during preparatory work on the proposed regulation by the Council.

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

PURPOSE: to raise the ceiling on medium-term financial assistance available under the EU support mechanism for the balances of payments of non-euro area Member States in financial difficulties.

LEGISLATIVE ACT: Council Regulation (EC) No 1360/2008 amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments.

CONTENT: the Council adopted a Regulation raising the ceiling on medium-term financial assistance for the balances of payments of non-euro area Member States in financial difficulties.

The text amends Regulation No 332/2002/EC on which the facility is based, to increase the total amount of loans available from EUR 12 billion at present to EUR 25 billion. The support facility applies only to Member States whose currency is not the euro.

The number of Member States outside the euro area - 11 in 2009, compared to three when the facility was set up in 2002 - affects potential demand for medium-term support. This facility was used on 4 November to grant Hungary a loan amounting to EUR 6.5 billion.

ENTRY INTO FORCE: 01/01/2009.

