

# Procedure file

Basic information			
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation		Procedure completed	
Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'			
See also <a href="#">2010/0276(CNS)</a> See also <a href="#">2010/0277(NLE)</a> See also <a href="#">2010/0278(COD)</a> See also <a href="#">2010/0280(COD)</a> See also <a href="#">2010/0281(COD)</a> See also <a href="#">2014/2938(RSP)</a>			
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates 5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU) 5.20.02 Single currency, euro, euro area			
Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		21/09/2010
		ALDE <a href="#">HAGLUND Carl</a>	
		Shadow rapporteur	
		PPE <a href="#">HÜBNER Danuta Maria</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
<b>BUDG</b> Budgets	The committee decided not to give an opinion.		
<b>EMPL</b> Employment and Social Affairs		21/10/2010	
	S&D <a href="#">BERÈS Pervenche</a>		
Committee for opinion on the legal basis	Rapporteur for opinion	Appointed	
<b>JURI</b> <a href="#">Legal Affairs</a>		04/03/2011	
	S&D <a href="#">GERINGER DE OEDENBERG Lidia Joanna</a>		
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3122</a>	08/11/2011
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3100</a>	20/06/2011
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3088</a>	17/05/2011
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3076</a>	15/03/2011
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3067</a>	14/02/2011
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3062</a>	18/01/2011
European Commission	Commission DG	Commissioner	
	<a href="#">Economic and Financial Affairs</a>	REHN Olli	
Key events			
07/10/2010	Legislative proposal published	<a href="#">COM(2010)0525</a>	Summary

21/10/2010	Committee referral announced in Parliament, 1st reading		
18/01/2011	Debate in Council	<a href="#">3062</a>	Summary
14/02/2011	Debate in Council	<a href="#">3067</a>	Summary
19/04/2011	Vote in committee, 1st reading		Summary
29/04/2011	Committee report tabled for plenary, 1st reading	<a href="#">A7-0182/2011</a>	
17/05/2011	Debate in Council	<a href="#">3088</a>	Summary
20/06/2011	Debate in Council	<a href="#">3100</a>	Summary
22/06/2011	Debate in Parliament		
23/06/2011	Results of vote in Parliament		
23/06/2011	Decision by Parliament, 1st reading	<a href="#">T7-0292/2011</a>	Summary
28/09/2011	Decision by Parliament, 1st reading	<a href="#">T7-0423/2011</a>	Summary
08/11/2011	Act adopted by Council after Parliament's 1st reading		
16/11/2011	Final act signed		
16/11/2011	End of procedure in Parliament		
23/11/2011	Final act published in Official Journal		

### Technical information

Procedure reference	2010/0279(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	See also <a href="#">2010/0276(CNS)</a> See also <a href="#">2010/0277(NLE)</a> See also <a href="#">2010/0278(COD)</a> See also <a href="#">2010/0280(COD)</a> See also <a href="#">2010/0281(COD)</a> See also <a href="#">2014/2938(RSP)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 121-p6
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/04118

### Documentation gateway

Legislative proposal	<a href="#">COM(2010)0525</a>	07/10/2010	EC	Summary
Committee draft report	<a href="#">PE454.574</a>	16/12/2010	EP	
Amendments tabled in committee	<a href="#">PE456.990</a>	15/02/2011	EP	

European Central Bank: opinion, guideline, report		<a href="#">CON/2011/0013</a> <a href="#">OJ C 150 20.05.2011, p. 0001</a>	16/02/2011	ECB	Summary
Committee opinion	EMPL	<a href="#">PE454.657</a>	18/03/2011	EP	
Specific opinion	JURI	<a href="#">PE462.804</a>	12/04/2011	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0182/2011</a>	29/04/2011	EP	
Economic and Social Committee: opinion, report		<a href="#">CES0799/2011</a>	05/05/2011	ESC	
Text adopted by Parliament, partial vote at 1st reading/single reading		<a href="#">T7-0292/2011</a>	23/06/2011	EP	Summary
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0423/2011</a>	28/09/2011	EP	Summary
Commission response to text adopted in plenary		SP(2011)8584	09/11/2011	EC	
Draft final act		<a href="#">00029/2011/LEX</a>	16/11/2011	CSL	
Follow-up document		<a href="#">COM(2014)0905</a>	28/11/2014	EC	Summary
Follow-up document		<a href="#">COM(2020)0055</a>	05/02/2020	EC	
Follow-up document		SWD(2020)0210	06/02/2020	EC	

#### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

#### Final act

[Regulation 2011/1174](#)  
[OJ L 306 23.11.2011, p. 0008](#) Summary

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

**PURPOSE:** to establish enforcement measures to correct excessive macroeconomic imbalances in the euro area.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**BACKGROUND:** in the years preceding the crisis, low financing costs fuelled misallocation of resources, often to less productive uses, feeding unsustainable levels of consumption, housing bubbles and accumulation of external and internal debt in some Member States.

The emergence of large macroeconomic imbalances, including wide and persistent divergences in competitiveness trends, proved highly damaging to the European Union, and in particular to the euro, when the crisis struck. It is therefore important to develop a new structured procedure for prevention and correction of adverse macroeconomic imbalances in every Member State.

In its Communication and report on «[EMU@10: successes and challenges after 10 years of Economic and Monetary Union?](#)» the Commission stressed, in particular, the need to broaden economic surveillance in order to detect and address macroeconomic imbalances at an early stage. The [Europe 2020](#) strategy calls for the development of a specific policy framework for the euro area to tackle broader macroeconomic imbalances.

Overall, the Task Force on economic governance, chaired by the President of the European Council, agreed that macroeconomic surveillance should function alongside the budget surveillance under the Stability and Growth Pact.

This proposal is part of legislative package comprising six texts which seeks to strengthen the pact by improving its provisions in the light of experience, not least of the crisis:

- 1) A [Regulation](#) amending the legislative underpinning of the preventive part of the Stability and Growth Pact (Regulation 1466/97);
- 2) A [Regulation](#) amending the legislative underpinning of the corrective part of the Stability and Growth Pact (Regulation 1467/97);

- 3) A [Regulation](#) on the effective enforcement of budgetary surveillance in the euro area;
- 4) A [new Council Directive](#) on requirements for the budgetary framework of the Member States;
- 5) A [new Regulation](#) on the prevention and correction of macroeconomic imbalances;
- 6) A Regulation on enforcement measures to correct excessive macroeconomic imbalances in the euro area.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASE: Article 136, in combination with Article 121(6) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the Commission is proposing a mechanism for the prevention and correction of macroeconomic imbalances which is made up of two draft proposals for regulations. The [first proposal](#) sketches out the excessive imbalance procedure (EIP), while this proposal focuses on the associated enforcement measures.

The second proposal specifies that if a Member State repeatedly fails to act on Council recommendations to address excessive macroeconomic imbalances, it will have to pay a yearly fine equal to 0.1% of its GDP.

As a rule, the Commission will propose the maximum amount of the fine provided for and this proposal will be considered adopted, unless the Council decides to the contrary by qualified majority within ten days of the Commission adopting its proposal (?reverse voting?). The Council may amend the Commission proposal by acting unanimously.

The Council may decide, on the basis of a Commission proposal, to cancel or to reduce the fine. The Commission could make a proposal to this end following assessment of a reasoned request by the Member State and this would reverse the burden of proof for application of the sanction. Furthermore, the Commission could also make a proposal to the same end on the basis of exceptional economic circumstances.

Council decisions concerning such fines will be made only by the members representing Member States whose currency is the euro. The vote of the member of the Council representing the Member State concerned by the decisions will not be taken into account.

The fines provided for in this proposal for a regulation constitute other revenue, as referred to in Article 311 of the Treaty. In line with the practice established in the corrective part of the SGP (Regulation 'EC' No 1467/97), this revenue will be distributed between Member States whose currency is the euro and which are not involved in an excessive imbalance procedure and not involved in an excessive deficit procedure, in proportion to their share of the total GNI of the eligible Member States.

BUDGETARY IMPLICATION: the proposal has no implication for the EU budget.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The Council discussed draft national reform programmes (NRPs) presented by the Member States. Ministers committed themselves to rectifying identified difficulties with the draft NRPs.

The programmes are required, under the EU's economic governance arrangements, to enable multilateral surveillance of the Member States' economic policies.

They should contain:

- a macroeconomic scenario for the medium term,
- national targets for translating headline targets set under the "Europe 2020" strategy for jobs and growth,
- identification of the main obstacles to creating growth and jobs,
- measures for concentrating growth-enhancing initiatives in an early period.

Review of the draft programmes constitutes, along with the annual growth survey, first steps in implementation of the so-called "European semester", which involves simultaneous monitoring of the Member States' budgetary policies and structural reforms, in accordance with common rules, during a six-month period every year.

At its meeting on 24 and 25 March, the European Council is due to provide guidance to the Member States for finalisation of their stability and convergence programmes (budgetary policies) and national reform programmes (structural reforms).

The European semester is implemented for the first time this year as part of a reform of EU economic governance.

Concerning the excessive deficit procedure: the Council discussed a Commission communication assessing the action taken by Malta in response to the Council recommendation of 16 February 2010 based on article 126(7) to bring to an end the situation of excessive deficit at the latest by 2011. The Council shares the Commission's view that, based on current information, Malta has taken action representing adequate progress towards the correction of the excessive deficit within the time limit set by the Council. In particular, the Maltese authorities have taken fiscal consolidation measures to correct the excessive deficit by 2011, while ensuring an adequate fiscal effort in 2011.

Against this background, the Council considers that at present no further steps under the excessive deficit procedure are necessary.

At the same time, the Council notes that in spite of a better macroeconomic environment than expected in the Council recommendations, there was no acceleration in the reduction of the deficit in 2010. In addition, considerable downside risks exist to the achievement of the 2011 deficit target. In this context, the Council calls for rigorous execution of the budget and close monitoring of budgetary developments in order to take corrective measures if needed to ensure that the deficit target of 2.8% of GDP is reached in 2011. Furthermore, further steps should be taken to strengthen the binding nature of the medium-term budgetary framework and improve the long-term sustainability of public finances, as requested by the Council in its recommendations and invitations.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The Council held a policy debate on a package of measures intended to strengthen economic governance in the EU, and more specifically in the euro area, in order to address the challenges highlighted by recent difficulties on sovereign debt markets.

The package consists of:

- a [draft regulation](#) amending regulation 1466/97 on the surveillance of Member States budgetary and economic policies;
- a [draft regulation](#) amending regulation 1467/97 on the EU's excessive deficit procedure;
- a [draft regulation](#) on the enforcement of budgetary surveillance in the euro area;
- a [draft regulation](#) on the prevention and correction of macroeconomic imbalances;
- a [draft regulation](#) on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- a [draft directive](#) on requirements for the member states' budgetary frameworks.

Four of the propositions deal with reform of the EU's Stability and Growth Pact. They are aimed at enhancing the surveillance of fiscal policies, introducing provisions on national fiscal frameworks, and applying enforcement measures for non-compliant member states more consistently and at an earlier stage.

In particular, a so-called reverse majority rule, whereby the Commission's proposal for imposing a fine will be considered adopted unless the Council turns it down by qualified majority, will trigger the sanction more automatically than at present.

Moreover, greater emphasis will also be placed on the debt criterion of the Stability and Growth Pact, with member states whose debt exceeds 60% of GDP required to take steps to reduce their debt at a pre-defined pace, even if their deficit is below the 3% of GDP threshold.

The other two proposals target macroeconomic imbalances within the EU. Here, the aim is to broaden the surveillance of economic policies, introducing the possibility of fines on Member States found to be in an "excessive imbalances position". Risks of macroeconomic imbalances will be assessed using a "scoreboard" of economic indicators.

The Council asked the Permanent Representatives Committee to oversee further work on the package, in the light of its discussion. The presidency's aim ? in accordance with the deadlines set by the European Council on 4 February ? is for the Council to agree on a general approach on all six proposals at its meeting on 15 March 2011, with a view to reaching an agreement with the European Parliament in June 2011.

As regards the excessive deficit procedure, the Council took note of a communication from the Commission assessing action taken by Bulgaria, Denmark, Cyprus and Finland in order to bring their government deficits below 3% of GDP, the reference value set by the EU treaty.

It shared the Commission's view that, on the basis of current information, all four countries have taken action representing adequate progress towards correcting their deficits within the time limits set in its recommendations, and that no further steps under the EU's excessive deficit procedure are required at present.

Bulgaria, Denmark, Cyprus and Finland have been subject to excessive deficit procedures since July 2010, when the Council issued its recommendations. The Council called on Bulgaria and Finland to reduce their deficits below the threshold of 3 % of GDP by 2011, Cyprus by 2012 and Denmark by 2013.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The Committee on Economic and Monetary Affairs adopted the report drafted by Carl HAGLUND (ADLE, FI) on the proposal for a regulation of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area.

It recommended that the European Parliament's position adopted at first reading, under the ordinary legislative procedure, should be to amend the Commission proposal as follows:

Economic governance: Members recall that the improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular: (i) a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market; (ii) fostering international trade and competitiveness; (iii) an effective framework for preventing and correcting excessive budgetary positions (the Stability and Growth Pact); (iv) a robust framework for preventing and correcting macro-economic imbalances; (v) minimum requirements for national budgetary frameworks; (vi) enhanced financial market regulation and supervision, including macro-prudential supervision by the European Systemic Risk Board; (viii) and a credible permanent crisis resolution mechanism.

Subject matter and scope: this Regulation shall also apply to a Member State whose currency is not the euro and which has notified the Commission of its willingness to apply this Regulation. Such a notification shall be published in the Official Journal of the European Union.

Sanctions: according to the amended text, an interest-bearing deposit shall be imposed by the Council, acting on a proposal by the Commission, if a Council recommendation on corrective action is adopted, where the Council concludes that the Member State concerned has not taken the recommended corrective action following a recommendation.

A yearly fine shall be imposed by the Council, acting on a proposal by the Commission, if:

- a second Council recommendation in the same imbalance procedure is adopted where the Council concludes that the Member State has submitted an insufficient corrective action plan, even after the first Council recommendation on amending its corrective action plan or if;
- a second Council recommendation in the same imbalance procedure is adopted where the Council concludes that the Member State has not taken the recommended corrective action even after the first Council recommendation on corrective action. The fine shall be imposed by means of converting the interest-bearing deposit imposed into a yearly fine.

The interest-bearing deposit or the yearly fine to be proposed by the Commission shall be 0.1% of the GDP of the Member State concerned in the preceding year. In the case of deliberate and severe non-compliance with Council or Commission recommendations the fine may be raised up to 0.3% of GDP.

The committee proposes that in the event that a Member State manipulates financial data, falsifies statistics or deliberately provides misleading information, in particular resulting in a violation of the European statistical rules, are based, the Council, acting on a proposal from the Commission, may adopt a decision requiring the Member State to pay a fine. Such a fine shall be a one-off payment of 0.5% of the GDP of the Member State concerned in the preceding year. The decision shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the proposal within ten days of adoption by the Commission. The Council may amend the Commission's proposal in accordance with Article 293(1) TFEU.

The total yearly amount of the cumulative fines imposed on a Member State, excluding the fine referred to in paragraph 4a, shall not exceed 0.5% of its GDP.

The non-interest-bearing deposit should be released upon correction of the excessive deficit while the interest on such deposits and the fines collected should be allocated to the permanent stability mechanism.

Until the establishment of this mechanism the interest and the fines should be allocated as provisioning for risk-sharing financial instruments for EU relevant projects financed by the European Investment Bank in conformity with provisions of the Protocol (n° 5) on the Statute of the European Investment Bank annexed to the Treaties.

Voting within the Council: in order to increase public scrutiny, accountability and national ownership, when discussing and adopting the decisions on fines, Council deliberations shall be open to the public.

Economic dialogue: in order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission on the one hand, and the national parliaments, governments and other relevant bodies of the Member States on the other, and to ensure greater transparency and accountability, the competent committee of the European Parliament may conduct hearings and organise public debates on macroeconomic and budgetary surveillance undertaken by the Council and the Commission.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The Council took note of a report from the presidency on progress in negotiations with the European Parliament on a package of legislative proposals on economic governance.

Taking note of the views expressed by delegations, the presidency called on all parties to remain constructive and show the degree of flexibility that will be necessary to enable an agreement to be reached in June, as called for by the European Council.

The proposals set out:

- to strengthen economic governance in the EU ? and more specifically within the euro area ? as part of the EU's response to the challenges highlighted by recent turmoil on sovereign debt markets. The Council reached agreement on a general approach in March, opening the way for the negotiations with the Parliament;
- to enhance budgetary discipline in the Member States and broaden the surveillance of their economic policies, thus implementing the recommendations of a task force chaired by the President of the European Council, Herman Van Rompuy.

The package consists of:

- a [draft regulation](#) amending Regulation (EC) No 1466/97 on the surveillance and coordination of Member States' budgetary and economic policies;
- a [draft regulation](#) amending Regulation (EC) No 1467/97 on the excessive deficit procedure;
- a [draft regulation](#) on the enforcement of budgetary surveillance in the euro area;
- a [draft regulation](#) on the prevention and correction of macroeconomic imbalances;
- a [draft regulation](#) on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- a [draft directive](#) on requirements for the Member States' budgetary frameworks.

Four of the proposals deal with reform of the EU's Stability and Growth Pact, enhancing the surveillance of fiscal policies, introducing provisions on national fiscal frameworks, and applying enforcement measures for non-compliant Member States more consistently and at an earlier stage. The other two proposals target macroeconomic imbalances within the EU.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The Council agreed unanimously an updated general approach on a package of legislative proposals on economic governance, with the aim of enabling negotiations with the European Parliament to be concluded in time for the European Council meeting on 23 and 24 June.

It will inform the Parliament of its compromise text by a letter to be sent by the chairman of the Permanent Representatives Committee on 21 June.

The proposals set out to strengthen economic governance in the EU ? and more specifically within the euro area ? as part of the EU's response to the challenges highlighted by recent turmoil on sovereign debt markets.

The Council reached agreement on a general approach on 15 March, opening the way for the negotiations with the Parliament.

Recognising that existing EU instruments have not generated a satisfactory decline in public debt levels and have catered insufficiently for

macroeconomic imbalances, the proposals are aimed at enhancing budgetary discipline in the Member States and broadening the surveillance of their economic policies. They implement the recommendations of a task force, chaired by the President of the European Council, Herman Van Rompuy, which concluded that the EU's monetary union will not be able to function properly in the long term without increased economic policy coordination.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The European Parliament adopted, by 368 votes to 80 with 209 abstentions a legislative resolution amending, in the first reading of the ordinary legislative procedure, the proposal for a regulation of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area. The vote on the resolution has been postponed to a later sitting. The main amendments are as follows:

**Economic governance :** Parliament recalls that the improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular : (i) a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market, (ii) fostering international trade and competitiveness, (iii) an effective framework for preventing and correcting excessive government deficit (the Stability and Growth Pact), (iv) a robust framework for preventing and correcting macro-economic imbalances, (v) minimum requirements for national budgetary frameworks,(vi) enhanced financial market regulation and supervision.

The coordination of the economic policies of the Member States within the Union should be developed in the context of the broad economic policy guidelines and the employment guidelines,

**Strengthening of Commission's role:** the Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.

**Subject matter and scope :** it is clarified that the Regulation lays down a system of sanctions for effective correction of excessive macroeconomic imbalances in the euro area

**Sanctions:** the amended text states that an interest-bearing deposit shall be imposed by a Council decision, acting on a recommendation by the Commission, if a Council decision on corrective action is where the Council concludes that the Member State concerned has not taken the recommended corrective action following a recommendation.

A yearly fine shall be imposed by a Council decision, acting on a recommendation by the Commission, if:

- two successive Council recommendations in the same imbalance procedure are adopted where the Council considers, that the Member State has submitted an insufficient corrective action plan;
- two successive Council decisions in the same imbalance procedure are adopted declaring non-compliance.

The fine shall be imposed by means of converting the interest-bearing deposit imposed into a yearly finance.

The decisions shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the recommendation within ten days of the Commission adopting it. The Council may amend the recommendation acting by qualified majority.

The interest-bearing deposit or the yearly fine to be recommended by the Commission shall be 0.1% of the GDP of the Member State concerned in the preceding year.

The Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within ten days of conditions referred to in the text being met , propose to reduce the amount of the interest-bearing deposit or the fine or to cancel it.

**Allocation of the fines:** fines shall be assigned to the European Financial Stability Facility. By the moment another stability mechanism to provide financial assistance is created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole, the fines shall be assigned to that last mechanism.

**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 Eurogroup to appear before the committee to discuss decisions taken pursuant to the 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.

**Review:** within three years after the entry into force of the Regulation and every five years thereafter, the Commission shall publish a report on the application of the Regulation., and shall evaluate, inter alia: (a) the effectiveness of the 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 Treaty.

Where appropriate, this report shall be accompanied by a proposal for amendments to the Regulation. The report and any accompanying proposals shall be forwarded to the European Parliament and the Council.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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The European Parliament adopted by 395 votes to 63, with 206 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area.

The report had been sent back to the competent committee on 23 June 2011 to be re-examined.

Parliament adopted its position in first reading in accordance with the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and Council. The Commission's proposal was amended as follows:

**Economic governance:** the amended text stresses the need for improved economic governance in the Union, which should be built on stronger national ownership of commonly agreed rules and policies and on a more robust surveillance framework at the Union level of national economic policies.

Parliament recalls that the improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular:

- a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market,
- fostering international trade and competitiveness,
- an effective framework for preventing and correcting excessive government deficit (the Stability and Growth Pact),
- a robust framework for preventing and correcting macro-economic imbalances,
- minimum requirements for national budgetary frameworks, enhanced financial market regulation and supervision.

The coordination of the economic policies of the Member States within the Union should be developed in the context of the broad economic policy guidelines and the employment guidelines.

**Strengthening of Commission's role:** the Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.

**Subject matter and scope:** it is clarified that the Regulation lays down a system of sanctions for effective correction of excessive macroeconomic imbalances in the euro area

**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 Eurogroup to appear before the committee to discuss decisions taken pursuant to the 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.

**Sanctions:** the amended text states that an interest-bearing deposit shall be imposed by a Council decision, acting on a recommendation by the Commission, if a Council decision on corrective action is where the Council concludes that the Member State concerned has not taken the recommended corrective action following a recommendation.

A yearly fine shall be imposed by a Council decision, acting on a recommendation by the Commission, if:

- two successive Council recommendations in the same imbalance procedure are adopted where the Council considers, that the Member State has submitted an insufficient corrective action plan;
- two successive Council decisions in the same imbalance procedure are adopted declaring non-compliance. The fine shall be imposed by means of converting the interest-bearing deposit imposed into a yearly finance.

The decisions shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the recommendation within ten days of the Commission adopting it. The Council may amend the recommendation acting by qualified majority.

The interest-bearing deposit or the yearly fine to be recommended by the Commission shall be 0.1% of the GDP of the Member State concerned in the preceding year.

The Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within ten days of conditions referred to in the text being met, propose to reduce the amount of the interest-bearing deposit or the fine or to cancel it.

**Allocation of the fines:** fines shall be assigned to the European Financial Stability Facility. By the moment another stability mechanism to provide financial assistance is created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole, the fines shall be assigned to that last mechanism.

**Review:** within three years after the entry into force of the Regulation and every five years thereafter, the Commission shall publish a report on the application of the Regulation., and shall evaluate, inter alia: (a) the effectiveness of the 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 Treaty.

Where appropriate, this report shall be accompanied by a proposal for amendments to the Regulation. The report and any accompanying proposals shall be forwarded to the European Parliament and the Council.

## Economic governance: enforcement measures to correct excessive macroeconomic imbalances in the euro area. 'Six pack'

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**PURPOSE:** to strengthen economic governance in the EU and more specifically in the euro area as part of the EU's response to the current difficulties on sovereign debt markets (enforcement measures to correct excessive macroeconomic imbalances in the euro area).

**LEGISLATIVE ACT:** Regulation (EU) No 1174/2011 of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area.

**CONTENT:** on the basis of a compromise reached with the European Parliament, the Council adopted a package of six legislative proposals (six-pack) aiming to strengthen economic governance in the EU and more specifically in the euro area.

The measures set out to ensure the degree of coordination necessary to avoid the accumulation of excessive imbalances and to ensure



sustainable public finances. This will help the EU's monetary union to function properly in the long term.

They consist of:

- a [regulation](#) amending regulation 1466/97 on the surveillance of Member States budgetary and economic policies;
- a [regulation](#) amending regulation 1467/97 on the EU's excessive deficit procedure;
- a [regulation](#) on the enforcement of budgetary surveillance in the euro area;
- a [regulation](#) on the prevention and correction of macroeconomic imbalances;
- a [regulation](#) on enforcement measures to correct excessive macroeconomic imbalances in the euro area;
- a [directive](#) on requirements for the Member States' budgetary frameworks.

The main elements of this Regulation are as follows:

Scope: this Regulation lays down a system of sanctions for the effective correction of excessive macroeconomic imbalances in the euro area.

Sanctions: 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 Regulation (EU) No 1176/2011, where the Council concludes that the Member State concerned has not taken the corrective action recommended by the Council.

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 as regards excessive imbalances 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 as regards excessive imbalances. In this case, the annual fine shall be imposed by means of converting the interest-bearing deposit into an annual fine.

The abovementioned decisions 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. The Council may decide, by qualified majority, to amend the recommendation.

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.

Allocation of the fines: fines 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.

Review: by 14 December 2014 and every 5 years thereafter, the Commission shall publish a report on the application of this Regulation. The 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.

Where appropriate, that report shall be accompanied by a proposal for amendments to this Regulation. The Commission shall send the report and any accompanying proposals to the European Parliament and to the Council.

ENTRY INTO FORCE: 13/12/2011.