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

2010/0279(COD) - 16/11/2011 - Final act

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 regulationon 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.