

Review of the 'six-pack' and 'two-pack'

The legislative measures introduced with the 'six-pack' and the 'two-pack' develop and strengthen the Stability and Growth Pact, the framework for coordination of Member States' fiscal policies within the broader sphere of economic governance.

Enhanced fiscal and macroeconomic surveillance

The Regulations and Directive that form the 'six-pack' were introduced in 2011 with the ambition of reducing macroeconomic imbalances and ensuring the viability of national finances through either preventive or corrective actions. They apply to all Member States, although some rules (e.g. those relating to sanctions) apply only to the euro area. They:

- bring the surveillance of fiscal and economic policies under the [European Semester](#), to ensure that the policy advice given to Member States is consistent;
- introduce an expenditure benchmark, linked to a country's medium-term budgetary objective (MTO), that places a cap on the annual growth of a country's expenditure;
- enhance country surveillance, through examining not only countries with current account deficits, but also those with current account surpluses;
- permit the [excessive deficit procedure](#) to be opened on the sole basis of the debt criterion (60% of GDP);
- introduce a [macroeconomic imbalance procedure](#) relying on an early-warning system and enforcement regime, and allows the Commission and the Council to insert preventive recommendations in the [country-specific recommendations](#), before the imbalances of a Member State become too large, or if this fails, to open an excessive imbalance procedure and oblige it to follow a corrective action plan;
- Impose graduated financial sanctions, which may eventually reach 0.5% of GDP.

Further budgetary coordination

The Regulations of the 'two-pack' were introduced in 2013. They are based on, and enhance, the six-pack reforms, by improving budgetary coordination through the introduction of a [common budgetary timeline](#) and common budgetary rules for Member States, and by introducing a [system of enhanced surveillance](#) for those Member States experiencing serious difficulties with financial stability, receiving financial assistance, or emerging from adjustment programmes.

European Parliament's contribution to their design

The European Parliament amended the original proposed texts with the aim of making them more transparent, to avoid the reduction of government deficit and debt from weakening a Member State's growth and employment prospects, and to prevent reforms harming investments with growth potential or fundamental policies such as education and healthcare.

The European Commission's review

On 28 November, the Commission adopted a [communication](#) in which it presents its review of the Regulations in the 'six-pack' and 'two-pack'. Although the Commission expresses its general satisfaction with the way the Regulations helped the EU weather the economic crisis, it notes that, at this stage, the review cannot be comprehensive because the time since the entry into force of the rules is too short. Additionally, the Commission notes that the effectiveness of the Regulations needs to be further tested, as until now they have been applied only under strained economic conditions, whereas the preventive arm of the packs also needs to be tested under normal conditions. Therefore, the Commission notes, the communication is meant to serve as an initial basis for examination, and the Commission intends to enrich it after discussing it further with the European Parliament.