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Committee on Economic and Monetary Affairs

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*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council
on the prevention and correction of macroeconomic imbalances
(COM(2010)0527 – C7-0301/2010 – 2010/0281(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Elisa Ferreira

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances
(COM(2010)0527 – C7-0301/2010 – 2010/0281(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2010)0527),
 - having regard to Article 294(2) and Article 121(6) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0301/2010),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A7-0000/2010),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) There is a need to build upon the experience gained during the first decade of functioning of the economic and monetary union.

Amendment

(2) There is a need to build upon the experience gained, **and to learn from mistakes made**, during the first decade of functioning of the economic and monetary union.

Or. en

Amendment 2

Proposal for a regulation Recital 6

Text proposed by the Commission

(6) This procedure should **rely on** an alert mechanism for early detection of emerging macroeconomic imbalances. It should be based on use of an indicative and transparent scoreboard combined with economic judgment.

Amendment

(6) This procedure should **put in place** an alert mechanism for early detection of emerging macroeconomic imbalances. It should be based on use of an indicative and transparent scoreboard combined with economic judgment.

Or. en

Amendment 3

Proposal for a regulation Recital 7

Text proposed by the Commission

(7) The scoreboard should consist of a limited set of economic and financial indicators relevant to detection of macroeconomic imbalances, with corresponding indicative thresholds. The composition of the scoreboard **may** evolve **in** time, inter alia due to evolving threats to macroeconomic stability or enhanced availability of relevant statistics.

Amendment

(7) ***In order for the scoreboard to function efficiently as the basis for improved surveillance of macroeconomics***, the scoreboard should consist of a limited set of economic and financial indicators relevant to detection of macroeconomic imbalances, with corresponding indicative thresholds. The composition of the scoreboard **should** evolve **over time so as to adapt to the changing nature of macroeconomic imbalances**, inter alia due to evolving threats to macroeconomic stability or enhanced availability of relevant statistics.

Or. en

Amendment 4

Proposal for a regulation Recital 8

Text proposed by the Commission

(8) The crossing of one or more indicative *thresholds* need not necessarily imply that macroeconomic imbalances are emerging, as economic policy-making should take into account inter-linkages between macroeconomic variables. Economic judgment should ensure that all pieces of information, whether from the scoreboard or not, are put in perspective and become part of a comprehensive analysis.

Amendment

(8) The crossing of one or more indicative *threshold* need not necessarily imply that macroeconomic imbalances are emerging, as economic policy-making should take into account inter-linkages between macroeconomic variables. ***Conclusions should not be drawn from an automatic reading of the scoreboard:*** economic judgment should ensure that all pieces of information, whether from the scoreboard or not, are put in perspective and become part of a comprehensive analysis.

Or. en

Amendment 5

Proposal for a regulation Recital 9

Text proposed by the Commission

(9) Based on the multilateral surveillance procedure and the alert mechanism, the Commission should identify the Member States to be subject to an in-depth review. The in-depth review should encompass a thorough analysis of *sources* of imbalances *in* the Member State under review. ***It should be discussed within the Council and the Euro Group for the Member States whose currency is the euro.***

Amendment

(9) Based on the multilateral surveillance procedure and the alert mechanism, the Commission should, ***by way of preliminary assessment,*** identify the Member States to be subject to an in-depth review. ***Conducting such an in-depth review should not imply a presumption of the existence of excessive macroeconomic imbalances.*** The in-depth review should encompass a thorough analysis of ***the causes*** of imbalances ***and the capacity of*** the Member State under review ***to resolve them. An in-depth review should be seen as a standard procedure in the diagnosis phase.***

Or. en

Amendment 6

Proposal for a regulation Recital 10

Text proposed by the Commission

(10) A procedure to monitor and correct adverse macroeconomic imbalances, with preventive and corrective elements, will require enhanced surveillance tools based on those used in the multilateral surveillance procedure. This *may* include enhanced surveillance missions by the Commission to Member States and additional reporting by the Member State in case of severe imbalances, including imbalances that jeopardise the proper functioning of the economic and monetary union.

Amendment

(10) A procedure to monitor and correct adverse macroeconomic imbalances, with preventive and corrective elements, will require enhanced surveillance tools based on those used in the multilateral surveillance procedure. This *should* include enhanced surveillance missions by the Commission to Member States and additional reporting by the Member State in case of severe imbalances, including imbalances that jeopardise the proper functioning of the economic and monetary union.

Or. en

Amendment 7

Proposal for a regulation Recital 11

Text proposed by the Commission

(11) When assessing imbalances, account should be taken of their severity, of the degree to which they may be considered unsustainable and of the potential negative economic and financial spillovers to other Member States. The *economic adjustment capacity and* the track record of the Member State concerned as regards compliance with earlier recommendations issued under this Regulation and other recommendations issued under Article 121 of the Treaty as part of multilateral surveillance, in particular the broad guidelines for the economic policies of the

Amendment

(11) When assessing imbalances, account should be taken of their *causes, of their* severity, of the degree to which they may be considered unsustainable and of the potential negative economic and financial spillovers to other Member States. The *structural or short-term nature of imbalances as well as the national, Union or external character of their causes needs to be understood. Inter-linkages between policy options by different Member States as well as spill-over effects should be adequately taken into account.* The track record of the Member State

Member States and of the Union, should also be considered.

concerned as regards compliance with earlier recommendations issued under this Regulation and other recommendations issued under Article 121 of the Treaty as part of multilateral surveillance, in particular the broad guidelines for the economic policies of the Member States and of the Union **and the consequences of such recommendations** should also be considered.

Or. en

Amendment 8

Proposal for a regulation Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) The assessment of imbalances should take into account the objectives of a Union strategy for growth and jobs and the need to use such a strategy as an instrument for sustainable internal cohesion, contributing to making the Union the most competitive economy in the world. The medium-term growth and primary balance targets of the "catching-up countries" should be taken into consideration.

Or. en

Amendment 9

Proposal for a regulation Recital 12

Text proposed by the Commission

Amendment

(12) If macroeconomic imbalances are identified, recommendations should be addressed to the Member State concerned

(12) If macroeconomic imbalances are identified, recommendations should be addressed to the Member State concerned

to provide guidance on appropriate policy responses. The policy response of the Member State concerned to imbalances should be timely and should use all available policy instruments under the control of public authorities. It should be tailored to the specific environment and circumstances of the Member State concerned and cover the main economic policy areas, potentially including fiscal and wage policies, labour markets, product and services markets and financial sector regulation.

to provide guidance on appropriate policy responses. The policy response of the Member State concerned to imbalances should be timely and should use all available policy instruments under the control of public authorities **and involve all relevant national stakeholders**. It should be tailored to the specific environment and circumstances of the Member State concerned, **be compatible with medium and long-term convergence and the targets included in a Union strategy for growth and jobs**, and cover the main economic policy areas, potentially including fiscal and wage policies, labour markets, product and services markets and financial sector regulation.

Or. en

Amendment 10

Proposal for a regulation

Recital 13

Text proposed by the Commission

(13) The early warnings and recommendations by the European Systemic Risk Board to Member States or the Union address risks of a macrofinancial nature. These **may** also warrant appropriate follow-up action in the context of the surveillance of imbalances.

Amendment

(13) The early warnings and recommendations by the European Systemic Risk Board to Member States or the Union address risks of a macrofinancial nature. These **should** also warrant appropriate **integration in the scoreboard and** follow-up action **by the Commission** in the context of the surveillance of imbalances.

Or. en

Amendment 11

Proposal for a regulation Recital 15 a (new)

Text proposed by the Commission

Amendment

(15a) The Commission should be empowered to adopt delegated acts in accordance with Article 290 TFEU in respect of the scoreboard. In particular, delegated acts are necessary to establish a list of relevant indicators to be included in the scoreboard and to adapt the composition of the indicators, the thresholds and the methodology used. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level.

Or. en

Amendment 12

Proposal for a regulation Article 2 – point a

Text proposed by the Commission

Amendment

(a) ‘imbalances’ means macroeconomic developments which are adversely affecting, or have the potential ***adversely*** to affect, the proper functioning of the economy of a Member State ***or*** of economic and monetary union, or of the Union as a whole.

(a) ‘imbalances’ means ***persistently deteriorating competitiveness and/or other*** macroeconomic developments which adversely affect, or have the potential to affect ***adversely*** the proper functioning of the economy of a Member State, of economic and monetary union, or of the Union as a whole.

Or. en

Amendment 13

Proposal for a regulation Article 3 – paragraph 1

Text proposed by the Commission

1. The Commission shall, after consultation with Member States, establish an indicative scoreboard as a tool to facilitate early identification and monitoring of imbalances.

Amendment

1. The Commission shall, after consultation with Member States **and the European Parliament**, establish an indicative scoreboard as a tool to facilitate early identification and monitoring of imbalances.

Or. en

Amendment 14

Proposal for a regulation Article 3 – paragraph 2

Text proposed by the Commission

2. The scoreboard **shall be** made up of an array of **macroeconomic and macrofinancial** indicators for Member States. The Commission **may** set indicative lower or upper thresholds for these indicators to serve as alert levels. **The thresholds applicable to Member States whose currency is the euro may be different from those applicable to the other Member States.**

Amendment

2. The scoreboard, made up of an array of indicators for Member States **shall allow for comparisons between Member States and reflect short-term, structural and medium-long term trends.** The Commission **shall** set indicative **and symmetric** lower or upper thresholds for these indicators to serve as alert levels.

Or. en

Amendment 15

Proposal for a regulation Article 3 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The indicators shall reflect developments on the three major sectors

*of the economy: goods and services,
labour and capital.*

Or. en

Amendment 16

Proposal for a regulation Article 3 – paragraph 2 b (new)

Text proposed by the Commission

Amendment

2b. The European Systemic Risk Board shall be consulted in regard to draft indicators, relevant to financial market stability.

Or. en

Amendment 17

Proposal for a regulation Article 3 – paragraph 3

Text proposed by the Commission

Amendment

3. The ***list of indicators to be included on the scoreboard and the thresholds for the indicators*** shall be ***made public***.

3. The ***same*** thresholds shall be ***applicable to Member States whose currency is the euro and to Member States whose currency is not the euro***.

Or. en

Amendment 18

Proposal for a regulation Article 3 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The Commission shall adopt, by means of delegated acts in accordance

with Article -12a, and subject to the conditions of Articles -12b and -12c, measures setting the list of relevant indicators to be included in the scoreboard. The list of indicators shall include the following sets of indicators:

(a) internal imbalances, including private and public debt and its evolution; internal income inequalities; unemployment rates; and asset price developments with particular attention to real estate, and financial markets;

(b) external imbalances, including current account composition, balance and evolution; the evolution of export market shares in Union and third-country markets; and net foreign assets positions;

(c) internal market developments, including a rolling average of five-year comparative real growth; an indicator of growth and employment dynamics including energy composition of the product and public and private research and development investment; and Union and third-country foreign direct investment flows.

Or. en

Amendment 19

Proposal for a regulation Article 3 – paragraph 4

Text proposed by the Commission

4. The Commission shall regularly assess the appropriateness of the scoreboard, including the composition of indicators, the thresholds set and the methodology used, and shall adapt it if necessary to preserve or enhance its capability to detect emerging imbalances and monitor their development. Changes in the underlying methodology and composition of the scoreboard and the

Amendment

4. The Commission shall regularly assess the appropriateness of the scoreboard, including the composition of indicators, the thresholds set and the methodology used, and shall, ***by means of delegated acts, in accordance with Article -12a and subject to conditions of Articles -12b and -12c,*** adapt it if necessary to preserve or enhance its capability to detect emerging

associated thresholds shall be made public.

imbalances and monitor their development. Changes in the underlying methodology and composition of the scoreboard and the associated thresholds shall be made public.

Or. en

Amendment 20

Proposal for a regulation Article 4 – paragraph 2

Text proposed by the Commission

2. The release of the updated scoreboard shall be accompanied by a Commission report containing **an** economic and financial assessment putting the **movement of the** indicators into perspective **drawing if necessary on any other economic and financial indicator relevant to detection of imbalances**. The report shall also indicate whether the crossing of lower or upper thresholds in one or more Member States signifies the possible emergence of imbalances.

Amendment

2. The release of the updated scoreboard shall be accompanied by a Commission report containing **a sound** economic and financial assessment **and** putting the indicators into perspective. **Best practices shall be taken into account**. The report shall also indicate whether the crossing of lower or upper thresholds in one or more Member States signifies the possible emergence of imbalances **inside the Member State concerned, in another Member State or across the Union as a whole. All the available information shall be taken into account and conclusions shall not be drawn from the scoreboard based on the indicators alone**.

Or. en

Amendment 21

Proposal for a regulation Article 4 – paragraph 3

Text proposed by the Commission

3. The report shall identify Member States that the Commission considers **to** be affected by, or at risk of imbalances.

Amendment

3. The report shall identify Member States that the Commission considers **may** be affected by, or **may be** at risk of **macroeconomic** imbalances.

Amendment 22

Proposal for a regulation Article 4 – paragraph 4

Text proposed by the Commission

4. As part of the multilateral surveillance in accordance with Article 121(3) of the Treaty, the Council shall discuss and adopt conclusions on the Commission report. The Euro Group shall discuss the report as far as it relates, directly or indirectly, to Member States whose currency is the euro.

Amendment

4. As part of the multilateral surveillance in accordance with Article 121(3) of the Treaty, the Council shall discuss and adopt conclusions on the Commission report.
The competent committee of the European Parliament may organise public debates on the Commission report.
The Euro Group shall discuss the report as far as it relates, directly or indirectly, to Member States whose currency is the euro.
Excessive imbalance should also trigger, where appropriate, the involvement of the relevant European Supervisory Authority.

Or. en

Amendment 23

Proposal for a regulation Article 4 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. The report referred to in paragraph 2 shall form an integral part of, and shall be fully coherent with, the procedures, analyses and recommendations carried out in the context of the European semester for economic policy coordination described in Section 1-A of Regulation (EC) No 1466/97 (Semester).

Or. en

Amendment 24

Proposal for a regulation

Article 4 – paragraph 4 b (new)

Text proposed by the Commission

Amendment

4b. If an emergency situation arises, the procedure set out in paragraphs 1 to 4a shall be adapted as appropriate and shall be duly addressed in the subsequent report referred to in paragraph 2.

Or. en

Amendment 25

Proposal for a regulation

Article 5 – paragraph 1

Text proposed by the Commission

Amendment

1. Taking account of the discussions in the Council and the Euro Group, as provided for in Article 4(4), the Commission shall prepare an in-depth review for each Member State it considers affected by, or at risk of, imbalances. This assessment shall include an evaluation of whether the Member State in question is affected by imbalances, ***and of*** whether these imbalances constitute excessive imbalances.

1. Taking account of the discussions in the ***European Parliament, the*** Council and the Euro Group, as provided for in Article 4(4), the Commission shall prepare an in-depth review for each Member State it considers ***may be*** affected by, or ***may be*** at risk of, imbalances. This assessment shall ***constitute a standard procedure. It shall*** include an evaluation of whether the Member State in question is affected by imbalances, whether these imbalances constitute excessive imbalances ***and how severe they are. The in-depth review shall build on detailed investigations of Member-State-specific circumstances and a broad range of economic variables. The review shall be undertaken in conjunction with surveillance missions to the Member State concerned in accordance with Article -12.***

Or. en

Amendment 26

Proposal for a regulation Article 5 – paragraph 2 – point a

Text proposed by the Commission

(a) as appropriate, whether the Member State under review has taken appropriate action in response to Council recommendations or invitations adopted in accordance with Articles 121 and 126 of the Treaty and under Articles 6, 7, 8 and 10 of this Regulation;

Amendment

(a) as appropriate, whether the Member State under review has taken appropriate action in response to Council recommendations or invitations adopted in accordance with Articles 121 and 126 of the Treaty and under Articles 6, 7, 8 and 10 of this Regulation, **and the consequences of such recommendations;**

Or. en

Amendment 27

Proposal for a regulation Article 5 – paragraph 2 – point a a (new)

Text proposed by the Commission

Amendment

(aa) the origin of the detected imbalances, including the deep trade and financial inter-linkages between Member States, the spill-over effects of national economic policies and the asymmetric impact of Union and euro area policies, in which case the Commission shall adopt appropriate measures taking into account the principle of subsidiarity;

Or. en

Amendment 28

Proposal for a regulation

Article 5 – paragraph 2 – point a b (new)

Text proposed by the Commission

Amendment

(ab) exceptional economic circumstances that may cause or aggravate such imbalances;

Or. en

Amendment 29

Proposal for a regulation

Article 6 – paragraph -1 (new)

Text proposed by the Commission

Amendment

-1. In normal circumstances, the results of the in-depth review shall be presented to the European Parliament and the Council in the context of the Semester.

Or. en

Amendment 30

Proposal for a regulation

Article 6 – paragraph 1

Text proposed by the Commission

Amendment

1. If, on the basis of its in-depth review referred to in Article 5 of this Regulation, the Commission considers that a Member State is experiencing imbalances, it shall inform the Council accordingly. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned, in accordance with the procedure set out in Article 121(2) of the

1. If, on the basis of its in-depth review referred to in Article 5 of this Regulation, the Commission considers that a Member State is experiencing imbalances, it shall inform the ***European Parliament and the Council*** accordingly. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned, in accordance with the procedure set out in Article 121(2) of the

Treaty.

Treaty.

Or. en

Amendment 31

Proposal for a regulation

Article 6 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Council shall decide whether further action needs to be taken, on the basis of a Commission report on Member States' response to the recommendations.

Or. en

Amendment 32

Proposal for a regulation

Article 7 – paragraph 1

Text proposed by the Commission

Amendment

1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that the Member State concerned is affected by excessive imbalances, it shall inform the Council accordingly.

1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that the Member State concerned is affected by excessive imbalances, it shall inform the ***European Parliament and the Council*** accordingly.

The Commission shall also inform the relevant European Supervisory Authorities and the ESRB, which shall take the necessary steps.

Or. en

Amendment 33

Proposal for a regulation Article 7 – paragraph 2

Text proposed by the Commission

2. The Council, on a recommendation from the Commission, may adopt recommendations in accordance with Article 121(4) of the Treaty declaring the existence of an excessive imbalance and recommending the Member State concerned to take corrective action. Those recommendations shall set out the nature of the imbalances and *specify* the corrective action to be taken *in detail* and the deadline within which the Member State concerned must take such corrective action. The Council may, as provided for in Article 121(4) of the Treaty, make its recommendations public.

Amendment

2. The Council, on a recommendation from the Commission, may adopt recommendations in accordance with Article 121(4) of the Treaty declaring the existence of an excessive imbalance and recommending the Member State concerned to take corrective action. Those recommendations shall set out the nature of the imbalances and *outline* the corrective action to be taken and the deadline within which the Member State concerned must take such corrective action. The Council may, as provided for in Article 121(4) of the Treaty, make its recommendations public.

Or. en

Amendment 34

Proposal for a regulation Article 8 – paragraph 1

Text proposed by the Commission

1. Any Member State for which an excessive imbalance procedure is opened shall submit a corrective action plan to the Council and the Commission within a deadline to be defined in the recommendations in accordance with Article 7. The corrective action plan shall set out the specific and concrete policy actions the Member State concerned has implemented or intends to implement and shall include a timetable for implementation thereof.

Amendment

1. Any Member State for which an excessive imbalance procedure is opened shall submit a corrective action plan to the Council and the Commission *based on, and* within a deadline to be defined in, the recommendations in accordance with Article 7. The corrective action plan shall set out the specific and concrete policy actions the Member State concerned has implemented or intends to implement and shall include a timetable for implementation thereof.

Or. en

Amendment 35

Proposal for a regulation Article 8 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The corrective action plan shall be coherent with the Stability and Growth Pact, the Stability and Convergence Programmes, the National Reform Programmes and the medium and long-term objectives, namely convergence and a Union strategy for growth and jobs.

Or. en

Amendment 36

Proposal for a regulation Article 9 – paragraph 1

Text proposed by the Commission

Amendment

1. The Commission shall monitor implementation of the ***recommended corrective action and of the*** corrective action plan by the Member State concerned. For this purpose, the Member State shall report to the Council and the Commission at regular intervals in the form of progress reports whose frequency shall be established by the Council in the recommendation referred to in Article 7(2).

1. The Commission shall monitor implementation of the corrective action plan by the Member State concerned. For this purpose, the Member State shall report to the Council and the Commission at regular intervals in the form of progress reports whose frequency shall be established by the Council in the recommendation referred to in Article 7(2).

Following the progress report by the Member State, the President of the Euro Group and the Commissioner responsible shall report to the European Parliament.

Or. en

Amendment 37

Proposal for a regulation Article 9 – paragraph 3

Text proposed by the Commission

3. The Commission **may** carry out surveillance missions to the Member State concerned to monitor implementation of the corrective action plan.

Amendment

3. The Commission **shall** carry out surveillance missions to the Member State concerned to monitor implementation of the corrective action plan.

Or. en

Amendment 38

Proposal for a regulation Article 10 – paragraph 4

Text proposed by the Commission

4. Where it concludes that the Member State has not taken the recommended corrective action, the **Council, on a recommendation from the Commission, shall adopt revised recommendations in accordance with Article 7, on a recommendation from the Commission, setting another deadline for corrective action by when another assessment in accordance with this Article shall be conducted.**

Amendment

4. Where it concludes that the Member State has not taken the recommended corrective action, the **Commission shall ask the Member State for an explanation, pursuant to which the Commission shall issue a recommendation setting out the timetable as appropriate and restating, revising or cancelling the endorsed action plan.**

Or. en

Amendment 39

Proposal for a regulation Article 10 – paragraph 4 a new

Text proposed by the Commission

Amendment

4a. Pursuant to a recommendation from the Commission under paragraph 4, the Council shall adopt revised

recommendations in accordance with Article 7, setting a further deadline for corrective action subject to a further assessment in accordance with this Article.

Or. en

Amendment 40

Proposal for a regulation Article 10 – paragraph 5

Text proposed by the Commission

5. Where the Council concludes that the Member State has taken the recommended corrective action, the excessive imbalance procedure shall be held in abeyance.

Amendment

5. Where the Council, *upon a recommendation from the Commission pursuant to paragraph 4*, concludes that the Member State has taken the recommended corrective action, the excessive imbalance procedure shall be held in abeyance.

Or. en

Amendment 41

Proposal for a regulation Article 10 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. Where the Council, upon a recommendation from the Commission pursuant to paragraph 4, concludes that the Member State has not taken the recommended corrective action, it shall impose a fine in accordance with Regulation (EU) No .../2011.

Or. en

Amendment 42

Proposal for a regulation Article 11

Text proposed by the Commission

The excessive imbalance procedure shall be closed once the Council, on a recommendation from the Commission, concludes that the Member State is no longer affected by excessive imbalances.

Amendment

The excessive imbalance procedure shall be closed once the Council, on a recommendation from the Commission, concludes that the Member State is no longer affected by excessive imbalances ***within the meaning of Article 2(b) (namely, severe imbalances, including imbalances that jeopardise the proper functioning of the economic and monetary union).***

Or. en

Amendment 43

Proposal for a regulation Chapter IV – title

Text proposed by the Commission

Final Provisions

Amendment

Common Provisions

Or. en

Amendment 44

Proposal for a regulation Article -12 (new)

Text proposed by the Commission

Amendment

Article -12

Dialogue and surveillance visits

1. The Commission shall ensure a permanent dialogue with the authorities of the Member States in accordance with

the objectives of this Regulation. To that end, the Commission shall carry out, in all Member States, visits for the purpose of regular dialogue and, where appropriate, surveillance.

2. When organising dialogue or surveillance visits, the Commission shall, if appropriate, transmit its provisional findings to the Member States concerned for comments.

3. The Commission shall, in the context of dialogue visits, review the actual economic situation in the Member State and identify risks or potential difficulties in complying with the objectives of this Regulation.

4. The Commission shall, in the context of surveillance visits, monitor the processes and verify that measures have been taken in accordance with decisions of the Council or the Commission in accordance with the objectives of this Regulation.

Surveillance visits shall be undertaken wherever recommendations have been issued. The Commission may invite representatives of the European Central Bank or other relevant institutions to take part in surveillance visits.

5. The Commission shall regularly inform the Economic and Financial Committee of the findings of the dialogue and surveillance visits.

6. Member States shall take all necessary measures to facilitate dialogue and surveillance visits. Member States shall provide, at the request of the Commission and on a voluntary basis, the assistance of all the relevant national authorities for the preparation for and conduct of dialogue and surveillance visits.

Or. en

Amendment 45

Proposal for a regulation Article -12 a (new)

Text proposed by the Commission

Amendment

Article -12a

Exercise of the delegation

- 1. The power to adopt delegated acts referred to in Article 3(3a) and (4) shall be conferred on the Commission for a period of four years from*. The Commission shall draw up a report in respect of the delegated power at the latest six months before the end of the four-year period. The delegation of power shall be automatically extended for periods of an identical duration, unless the European Parliament or the Council revokes it in accordance with Article -12b.*
- 2. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*
- 3. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in Articles -12b and -12c.*

** Date of entry into force of this Regulation.*

Or. en

Amendment 46

Proposal for a regulation Article -12 b (new)

Text proposed by the Commission

Amendment

Article -12b

Revocation of the delegation

- 1. The delegation of power referred to in Article 3(3a) and (4) may be revoked at*

any time by the European Parliament or by the Council.

2. The institution which has commenced an internal procedure for deciding whether to revoke a delegation of power shall endeavour to inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated power which could be subject to revocation.

3. The decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect immediately or on a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the Official Journal of the European Union.

Or. en

Amendment 47

Proposal for a regulation Article -12 c (new)

Text proposed by the Commission

Amendment

Article -12c

Objections to delegated acts

1. The European Parliament or the Council may object to the delegated act within a period of three months from the date of notification. At the initiative of the European Parliament or the Council that period shall be extended by three months.

2. If, on expiry of the period referred to in paragraph 1, neither the European Parliament nor the Council has objected to the delegated act, it shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein.

The delegated act may be published in the Official Journal of the European Union and enter into force before the expiry of

that period if the European Parliament and the Council have both informed the Commission of their intention not to raise objections.

3. If either the European Parliament or the Council objects to the delegated act within the period referred to in paragraph 1, it shall not enter into force. In accordance with Article 296 of the Treaty on the Functioning of the European Union, the institution which objects shall state the reasons for objecting to the delegated act.

Or. en

Amendment 48

Proposal for a regulation Article -12 d (new)

Text proposed by the Commission

Amendment

Article -12d

Review

*1. By ... * and every three years thereafter, the Commission shall publish a report on the application of this Regulation.*

That report shall evaluate, inter alia:

(a) whether the indicators and thresholds of the scoreboard have managed to detect emerging imbalances and to monitor their development;

(b) the progress of effective coordination of economic policies in accordance with the TFEU.

2. The report and any accompanying proposals shall be forwarded to the European Parliament and the Council.

** OJ please insert date: xxx years after the date of entry into force of this Regulation.*

Or. en

Amendment 49

Proposal for a regulation Article 12 – paragraph 1

Text proposed by the Commission

This Regulation shall enter into force ***on the twentieth day following that of its publication in the Official Journal of the European Union.***

Amendment

This Regulation shall enter into force ***when normal economic circumstances have been reestablished and, in any event, by 1 January 2015.***

Or. en

EXPLANATORY STATEMENT

- The six rapporteurs will deal with the six legislative proposals on economic governance as adopted by the Commission on 29 September 2010 with a deep sense of responsibility, and the aim to guarantee coherence of all legislative texts. This package is of major importance for the future of the EU and, in particular, of the euro area. The Parliament intends to improve the Commission proposals in order to establish a robust and coherent framework for the next decades, guaranteeing compatibility between fiscal discipline and the economic growth and employment targets in the Union and across Member States. Only this condition will grant stability and sustainability to the Union and the Euro.
- This challenge takes place in a particularly difficult time for the Union and the Euro-area, faced with growth, employment and internal divergences tensions, seriously aggravated by a major international crisis, but this is also the right time to amend, complete and correct the existing model at the light of past and present evidence. This is the first time the Parliament is co-deciding with the Council on macroeconomic developments and fiscal discipline of the Union. The rapporteurs are aware that, according to these new powers given by the Lisbon Treaty, the Council needs the Parliaments' agreement in order to reach a final consensus.
- Strengthening economic governance must go hand in hand with reinforcing the democratic legitimacy of the decisions taken, requiring closer and timelier involvement not only of relevant stakeholders but, in particular, of national parliaments and the European Parliament throughout the process.
- The rapporteurs stress that the framework of the new European Economic Semester has to be included in the legal texts, and not only as a code of conduct endorsed by the Council; the Semester will have to be a major instrument to guarantee coherence between the Stability and Growth Pact, the Stability and Convergence Programmes, the National Reform Programmes and of all of them with the medium and long term objectives, namely convergence and a Union strategy for growth and jobs. The Stability and Growth Pact and the complete economic governance framework should support and be compatible with EU strategies for growth and jobs and with the aim to increase the competitiveness of all Member States and social stability in all regions of the Union.
- The prevention and correction of macroeconomic imbalances is a powerful instrument to address fragilities arising, namely, from medium and long term structural trends, from the enlarging divergences within the Union (and Euro area in particular) and the spill over effects of individual Member States' policies. The complexity and novelty of this approach will require the construction of a scoreboard with limited but adequate set of indicators (to be agreed between Council and Parliament) and with the definition of upper and lower thresholds; the scoreboard shall not be interpreted automatically but rather to be complemented by thorough economic analysis and "in loco" dialogue and surveillance missions.
- Penalties shall punish fraud or unwillingness to act on agreed recommendations without acceptable justification and not the incapacity to achieve the proposed targets. The real effectiveness of all the penalties imposed to a country shall be assessed as well as their cumulative and pro-cyclical character, and their total amount shall be subject to a maximum cap. Paid fines shall be revenue of the Fund central to the Permanent Crisis

Mechanism. Incentives shall be studied as a complement to sanctions and both should be internal to this Mechanism.

- The improved economic governance framework cannot be dissociated from enhanced financial market regulation and supervision (including macro-prudential supervision by the European Systemic Risk Board);
- Experience gained during the first decade of functioning of the Economic and Monetary Union shows a clear need for an **improved economic governance framework**, which should be build on a stronger national ownership of commonly agreed rules and policies, on a more robust surveillance system at the European level of national economic policies, the two elements embedded within a framework for sustainable, balanced growth of the Union as a whole. The rapporteurs favour therefore an extensive reform of the governance framework based on the Community (Union) method.