AMENDMENTS 001-081
by the Committee on Economic and Monetary Affairs

Report
Elisa Ferreira **A7-0173/2012**
Monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area

Proposal for a regulation (COM(2011)0821 – C7-0448/2011– 2011/0386(COD))

Amendment 1

Proposal for a regulation
Recital 1 a (new)

Text proposed by the Commission	*Amendment*
	(1a) Article 9 of the Treaty on the Functioning of the European Union (TFEU) provides that, in defining and implementing its policies and actions, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.

Amendment 2

Proposal for a regulation
Recital 2

Text proposed by the Commission	*Amendment*
(2) The Stability and Growth Pact, in particular Regulations (EC) No 1466/97 of	(2) The Stability and Growth Pact, in particular Regulations (EC) No 1466/97 of

7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies and Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, ***designed to*** secure budgetary discipline across the Union, sets out the framework for preventing and correcting excessive government deficits. *It has been further strengthened by Regulation No .../2011 of the European Parliament and of the Council amending Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies and Regulation (EU) No .../2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure. Regulation (EC) No .../2011* of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area added a system of effective, preventive and gradual enforcement mechanisms in the form of financial sanctions for the Member States whose currency is the euro.

7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies and Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, ***aiming at*** secure budgetary discipline across the Union, sets out the framework for preventing and correcting excessive government deficits. *Regulations (EC) No 1466/97 and 1467/97 have been amended and the Stability and Growth Pact has been further strengthened, by Regulation (EU) No 1175/2011 of the European Parliament and of the Council*[1] *and by Regulation (EU) No 1177/2011 of the European Parliament and of the Council*[2]*. Regulation (EU) No 1173/2011* of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area[3] added a system of effective, preventive and gradual enforcement mechanisms in the form of financial sanctions for the Member States whose currency is the euro. ***Article 2-a of Regulation (EC) No 1466/97, moreover, lays down the elements that constitute the European Semester for economic policy coordination.***

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[1] ***OJ L 306, 23.11.2011, p. 12.***

[2] ***OJ L 306, 23.11.2011, p. 33.***

[3] ***OJ L 306, 23.11.2011, p. 1.***

Amendment 3

Proposal for a regulation
Recital 2 a (new)

Text proposed by the Commission	*Amendment*
	(2a) Pursuant to Article 2-a of Regulation (EU) No 1466/97, the European Semester includes the formulation, and the surveillance of the implementation, of the broad guidelines of the economic policies of the Member States and of the Union

(broad economic policy guidelines) in accordance with Article 121(2) TFEU; the formulation, and the examination of the implementation, of the employment guidelines that must be taken into account by Member States in accordance with Article 148(2) TFEU (employment guidelines); the submission and assessment of Member States' stability or convergence programmes under that Regulation; the submission and assessment of Member States' national reform programmes supporting the Union strategy for growth and jobs and established in line with the broad economic guidelines, with the employment guidelines and with the general guidance to Member States issued by the Commission and the European Council at the beginning of the annual cycle of surveillance; the surveillance to prevent and correct macroeconomic imbalances under Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances[1].

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[1] OJ L 306, 23.11.2011, p. 25.

Amendment 4

Proposal for a regulation
Recital 3

Text proposed by the Commission	*Amendment*
(3) The amendments to the Stability and Growth Pact increase both the guidance, and, for the Member States whose currency is the euro, ***incentives for the setting and the implementation of*** a prudent budgetary policy, while avoiding excessive government deficits. These provisions have created a more robust framework at the level of the Union for the surveillance of national economic policies.	(3) The amendments to the Stability and Growth Pact increase both the guidance, and, for the Member States whose currency is the euro, ***reinforced and more automatic sanctions for non-compliance with*** a prudent budgetary policy, while avoiding excessive government deficits. These provisions have created a more robust framework at the level of the Union for the surveillance of national economic policies ***but deeper coordination of economic policy and incentives for compliance are***

needed.

Amendment 5

Proposal for a regulation
Recital 3 a (new)

Text proposed by the Commission	*Amendment*
	(3a) The revised Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth underpinned by financial stability, thereby supporting the achievement of the Union's objectives for sustainable growth and jobs.

Amendment 6

Proposal for a regulation
Recital 3 b (new)

Text proposed by the Commission	*Amendment*
	(3b) The European Council, meeting on 17 June 2010, adopted a new Union strategy for growth and jobs, to enable the Union to emerge stronger from the crisis, and to turn its economy towards smart, sustainable and inclusive growth, accompanied by a high level of quality employment, productivity and social cohesion. The Union strategy for growth and jobs also contains objectives in the fields of poverty, education, innovation and the environment.

Amendment 7

Proposal for a regulation
Recital 3 c (new)

Text proposed by the Commission	*Amendment*
	(3c) Due attention should be paid to the Union strategy for growth and jobs and how it is implemented by Member States

via their national reform programmes.

Amendment 8

Proposal for a regulation
Recital 4

Text proposed by the Commission	*Amendment*
(4) The *Treaty* allows the adoption of specific measures in the euro area which go beyond the provisions applicable to all Member States in order to ensure the proper functioning of the *Economic and Monetary Union*.	(4) The *TFEU* allows the adoption of specific measures in the euro area which go beyond the provisions applicable to all Member States in order to ensure***, and to avoid policies in the Member States that jeopardise,*** the proper functioning of the *economic and monetary union*. ***More active use, where appropriate and necessary, should be made of specific measures provided for in Article 136 TFEU in order to create the necessary conditions for a deeper and more resilient integration which should go hand in hand with enhanced democratic legitimacy of the economic and monetary union.***

Amendment 9

Proposal for a regulation
Recital 4 a (new)

Text proposed by the Commission	*Amendment*
	(4a) Sound public finances and balanced budgets are a prerequisite for economic and financial stability as clearly demonstrated by the sovereign debt crisis, underlining the need for strong and solid fiscal frameworks. Furthermore, the deficits of today, associated with stagnated economies, highlight the need for reforms rather than increased spending.

Amendment 10

Proposal for a regulation
Recital 4 b (new)

Text proposed by the Commission	*Amendment*
	(4b) Member States should refrain from adopting any measure which could jeopardise the attainment of the Union's objectives in the framework of the economic and monetary union, in particular the practice of accumulating debts outside the general government accounts.

Amendment 11

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) Strong public finances are best ensured at the planning stage and gross errors should be identified as early as possible. Member States should benefit not just from the setting of guiding principles and budgetary targets but also from a synchronised monitoring of their budgetary policies.	(5) Strong public finances ***and coordinated economic policies*** are best ensured at the planning stage and gross errors should be identified as early as possible. Member States should benefit not just from the setting of guiding principles and budgetary targets but also from a synchronised monitoring of their budgetary ***and macroeconomic*** policies ***and public debt issuances***. ***With a view to better coordinating the planning of national debt issuances, Member States need to report ex-ante on their public debt issuance plans***.

Amendment 12

Proposal for a regulation
Recital 5 a (new)

Text proposed by the Commission	*Amendment*
	(5a) The aim of this Regulation is to put in place further Union mechanisms for the coordination and surveillance of Member States' budgetary and economic policies. Nevertheless, prudence should be shown at all stages, and, for this reason, no matters related to the Member States' debt issuance plans, the renewal of outstanding debt or other relevant

operations should be made public, and they should be used for internal coordination only. This need arises from the risk that a Member State may be subject to by making its financial needs known in advance to the financial markets.

Amendment 13

Proposal for a regulation
Recital 6

Text proposed by the Commission	*Amendment*
(6) Setting-up a common budgetary timeline for Member States whose currency is the euro should better synchronize the key steps in the preparation of national budgets, thus contributing to the effectiveness of the European semester for budgetary policy coordination. Adopting a common budgetary timeline should lead to stronger synergies by facilitating policy coordination among Member States whose currency is the euro and ensure that the ***Council and Commission*** recommendations are appropriately integrated in the national process for budget adoption.	(6) Setting-up a common budgetary timeline for Member States whose currency is the euro should better synchronize the key steps in the preparation of national budgets, thus contributing to the effectiveness of the European semester for ***economic and*** budgetary policy coordination. Adopting a common budgetary timeline should lead to stronger synergies by facilitating policy coordination among Member States whose currency is the euro and ensure that the ***country-specific policy*** recommendations ***and the national reform programmes and stability and convergence programmes, as well as the recommendations based on the macroeconomic imbalances analysis*** are appropriately integrated in the national process for budget adoption.

Amendment 14

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission	*Amendment*
	(6a) It is essential that the common budgetary plan timeline is coherent with the Member States' budgetary timeframes. If it is not, any Commission opinion regarding a Member State's draft budgetary plan has the risk of lacking democratic legitimacy in that Member

State's parliament.

Amendment 15

Proposal for a regulation
Recital 6 b (new)

Text proposed by the Commission	*Amendment*
	(6b) Where the budget is not adopted by 31 December as provided for by this Regulation, reversionary budget procedures should be in place to ensure that the government remains able to discharge its essential duties.

Amendment 16

Proposal for a regulation
Recital 7

Text proposed by the Commission	*Amendment*
(7) ***There is strong evidence showing the effectiveness of*** rules-based fiscal frameworks in supporting sound and sustainable fiscal policies. The introduction of national fiscal rules that are consistent with the budgetary objectives set at Union level should be a crucial element to ensure the respect of the Stability and Growth Pact provisions. In particular, Member States should put in place ***structural balanced budget rules which transpose into national legislation the main principles of the Union fiscal framework. This transposition should be effective through binding rules preferably of a constitutional nature so as to demonstrate the strongest commitment of national authorities in relation to the Stability and Growth Pact.***	(7) ***Effective*** rules-based fiscal frameworks ***can be important*** in supporting sound and sustainable fiscal policies. The introduction of national fiscal rules that are consistent with the ***economic and*** budgetary objectives set at Union level***, and which include the definition of exceptional circumstances and severe economic downturns,*** should be a crucial element to ensure the ***sustainable*** respect of the Stability and Growth Pact provisions. In particular, Member States should put in place ***a mechanism to be triggered in the case of a significant deviation from the medium-term budgetary objective or the adjustment path towards it aiming at ensuring a timely return to the medium-term objective. It is essential that those rules cover the general government as a whole and be of binding force or otherwise guaranteed to be fully complied with throughout the national budgetary processes.***

Amendment 17

Proposal for a regulation
Recital 7 a (new)

Text proposed by the Commission	*Amendment*
	(7a) The extent of sovereign indebtedness in the Union is a paramount challenge which should be addressed if the economy is to return to a stable and resilient growth trend in the short as well as the long term. A significant time span will elapse before the average level of indebtedness among Member States returns to the 60 % trajectory stipulated by the Stability and Growth Pact. Fulfilment of the medium-term budgetary objectives is a fundamental precondition in this regard while deviating from them could trigger soaring interest rates and thereby threaten growth and recovery.

Amendment 18

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) Biased and unrealistic macroeconomic and budgetary forecasts can considerably hamper the effectiveness of budgetary planning and consequently impair commitment to budgetary discipline. Forecasts from independent bodies can provide unbiased and realistic macroeconomic forecasts.	(8) Biased and unrealistic macroeconomic and budgetary forecasts can considerably hamper the effectiveness of budgetary planning and consequently impair commitment to budgetary discipline. Forecasts from independent ***and technically competent*** bodies ***endowed with functional autonomy vis-à-vis the budgetary authorities of the Member State which comply with minimum requirements, as laid down in Annex I,*** can provide unbiased and realistic macroeconomic forecasts***, once their comparability and coherence have been established***.

Amendment 19

Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission	*Amendment*
	(8a) The Commission should set indicative lower and upper thresholds that are symmetric by drafting the alert mechanism report, in particular with respect to current account balances.

Amendment 20

Proposal for a regulation
Recital 9

Text proposed by the Commission	*Amendment*
(9) This gradually strengthened surveillance will further complement the existing provisions of the Stability and Growth Pact and strengthen the surveillance of budgetary ***discipline*** in Member States whose currency is the euro. A gradually enhanced monitoring procedure should contribute to better budgetary outcomes to the benefit of all Member States whose currency is the euro. As part of a gradually strengthened procedure, a closer monitoring is particularly valuable to Member States that are subject to an excessive deficit procedure.	(9) This gradually strengthened surveillance ***and coordination*** will further ***complete the European Semester for economic policy coordination,*** complement the existing provisions of the Stability and Growth Pact and strengthen the surveillance of budgetary ***and macro-financial soundness and economic convergence*** in Member States whose currency is the euro. A gradually enhanced monitoring procedure should contribute to better budgetary ***and economic*** outcomes to the benefit of all Member States whose currency is the euro***, without creating unnecessary bureaucracy***. As part of a gradually strengthened procedure, a closer monitoring is particularly valuable to Member States that are subject to an excessive deficit procedure.

Amendment 21

Proposal for a regulation
Recital 10

Text proposed by the Commission	*Amendment*
(10) ***As demonstrated by the sovereign debt crisis, and in particular by the need to put in place common financial backstops,*** Member States whose currency is the euro ***share enhanced spill-overs*** from their budgetary ***policy***. Each of the Member States whose currency is the euro	(10) Member States whose currency is the euro ***generate or are affected by spill-over effects*** from their budgetary ***and macroeconomic policies***. ***Spill-over effects should therefore be identified and addressed within the framework of country-specific surveillance procedures***

should consult the Commission and other Member States whose currency is the euro before the adoption of any major fiscal policy reform plans with potential spill-over effects, so as to give the possibility for an assessment of possible impact for the euro area as a whole. They should consider their budgetary plans to be of common concern and submit them to the Commission for monitoring purposes in advance of the plans becoming binding. The Commission should be in a position, if necessary, to adopt an opinion on the draft budgetary plan, that the Member State and in particular budgetary authorities should be invited to take into account in the process of the budget law adoption. Such an opinion should ensure that Union's policy guidance in the budgetary area is appropriately integrated in the national budgetary preparations. In particular, this opinion should include an assessment of whether or not the budgetary plans appropriately address the recommendations issued in the context of the European semester in the budgetary area. The Commission should stand ready to present this opinion to the Parliament of the Member State concerned at its request. The extent to which this opinion has been taken into account should be part of the assessment, if and when the conditions are met, leading to the decision to place the concerned Member State in excessive deficit procedure, where no follow-up to the early guidance from the Commission should be considered as an aggravating factor. Also, based on an overall assessment of the plans by the Commission, the Eurogroup should discuss the budgetary situation and prospects for the euro area.

as well as in the overall assessment of the budgetary situation and prospects in the euro area as a whole. That assessment should identify, on a country-by-country basis, potential negative spill-over effects on the sustainability of public finances of the Member States generated by their private sector or by other Member States. The sovereign debt crisis has also demonstrated the interlinkage between sovereign debt, financial stability and bank solvency. Each of the Member States whose currency is the euro should consult the Commission and other Member States whose currency is the euro before the adoption of any major ***economic and*** fiscal policy reform plans with potential spill-over effects, so as to give the possibility for an assessment of possible impact for the euro area as a whole. They should consider their budgetary ***and economic*** plans to be of common concern and submit them to the Commission for monitoring purposes in advance of the plans becoming binding. The Commission should be in a position to adopt***, as soon as possible and no later than 15 November,*** an opinion on the draft budgetary plan, that the Member State should be invited to take into account in the process of the budget law adoption. Such an opinion should ensure that Union's policy guidance in the ***economic and*** budgetary area is appropriately integrated in the national budgetary preparations. In particular, this opinion should include an assessment of whether or not the budgetary plans appropriately address the recommendations issued in the context of the European semester in the ***economic and*** budgetary area ***(country-specific policy recommendations). In the same context, it should ensure that Member State commitments in the framework of their national reform programmes as well as any commitments made by them within the framework of economic partnership programmes and Council recommendations within the macroeconomic imbalances procedure are appropriately reflected in the draft***

national budget. The Commission should stand ready to present this opinion to the Parliament of the Member State concerned at its request. The extent to which this opinion has been taken into account should be part of the assessment, if and when the conditions are met, leading to the decision to place the concerned Member State in excessive deficit procedure, where no follow-up to the early guidance from the Commission should be considered as an aggravating factor. Also, based on an overall assessment of the plans by the Commission, the Eurogroup ***and the European Parliament*** should discuss the budgetary situation and prospects for the euro area.

Amendment 22

Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission	*Amendment*
	(10a) In the event of particularly serious non-compliance of the draft budgetary plan with the adjustment path towards the medium-term budgetary objective, the Commission, in its opinion on the draft budgetary plan, should request, after consultation with the Member State concerned, a revised draft budgetary plan, in accordance with the provisions of this Regulation. This will be the case in particular where the implementation of the initial budgetary plan would put at risk the financial stability of the Member State concerned or risk jeopardising the proper functioning of the economic and monetary union or where the implementation of the initial budgetary plan would entail an obvious significant violation of the recommendations formulated by the Council under the Stability and Growth Pact.

Amendment 23

Proposal for a regulation
Recital 10 b (new)

Text proposed by the Commission	*Amendment*
	(10b) In the context of better coordination and ex ante discussions among Member States of any major economic and fiscal policy reform plans with potential spill-over effects, the Commission should put forward a report, and if necessary a proposal, to the European Parliament and to the Council, with a detailed plan setting out how such coordination and ex ante discussions are to operate, what form such coordination and discussions are to take, what policies are envisaged, and the likely political consequences - to the Member States and, in particular, to the national parliaments - of decisions arising from such coordination and ex ante discussions. That Commission opinion should, at least, ensure that the coordination is integrated into the European Semester framework.

Amendment 24

Proposal for a regulation
Recital 10 c (new)

Text proposed by the Commission	*Amendment*
	(10c) Furthermore, strengthening economic governance should include a closer and more timely involvement of the European Parliament and the national parliaments. While recognising that the counterparts of the European Parliament in the framework of the dialogue are the relevant institutions of the Union and their representatives, the competent committee of the European Parliament may offer an opportunity to participate in an exchange of views to a Member State which is the subject of a Council decision imposing an interest-bearing deposit or an annual fine in accordance with this Regulation. The Member State's participation in such an exchange of

views is voluntary.

Amendment 25

Proposal for a regulation
Recital 11

Text proposed by the Commission	*Amendment*
(11) Member States whose currency is the euro and which are subject to an excessive deficit procedure should be monitored more closely to secure a ***full*** and timely correction of the excessive deficit. A closer monitoring should ensure early correction of any deviations from the Council recommendations to correct the excessive deficit. Such monitoring should complement the provisions set out in Regulation (EC) No 1467/97. The modalities of this closer monitoring should be graduated depending on the stage of the procedure the Member State is subject to, as provided for in Article 126 *of the Treaty*.	(11) Member States whose currency is the euro and which are subject to an excessive deficit procedure should be monitored more closely to secure a ***coherent, sustainable*** and timely correction of the excessive deficit. A closer monitoring should ensure early ***prevention and*** correction of any deviations from the Council recommendations to correct the excessive deficit ***or from the country-specific recommendations.*** Such monitoring should complement the provisions set out in Regulation (EC) No 1467/97. The modalities of this closer monitoring should be graduated depending on the stage of the procedure the Member State is subject to, as provided for in Article 126 *TFEU*. ***Member States that are subject to an excessive deficit procedure should present an economic partnership programme including a detailed description of the structural reforms. It is essential that such structural reforms be put in place and implemented to ensure an effective and durable correction of their excessive deficits. Where appropriate, the social partners should be involved in accordance with national law and practices.***

Amendment 26

Proposal for a regulation
Recital 12

Text proposed by the Commission	*Amendment*
(12) ***The*** closer monitoring for Member States subject to an excessive deficit procedure ***should allow the identification of risks in the compliance of a Member***	(12) ***It is essential that*** closer monitoring for Member States subject to an excessive deficit procedure ***be undertaken in the context of an economic partnership***

State's deadline to correct the excessive deficit. In the event of such risks being identified, the Commission should ***issue a recommendation to*** the Member State ***for measures to be taken within a given timeframe that should be presented to the Parliament of the Member State concerned at its request. This assessment should allow rapid correction of any developments putting at risk the correction of the excessive deficit within the established deadline. Assessment of compliance with this Commission recommendation should be part of the continuous assessment made by the Commission of effective action to correct an excessive deficit. When deciding whether effective action to correct the excessive deficit has been taken, the Council should also base its decision on whether or not the Member State complied with the Commission recommendation***.

programme. In that context, the Commission should ***invite*** the Member State ***to carry out a comprehensive assessment of in-year budgetary execution for the general government and its sub-sectors and to report regularly to the Commission and to the Economic and Financial Committee, for the general government and its sub-sectors, the in-year budgetary execution, the budgetary impact of discretionary measures taken on both the expenditure and the revenue side, targets for the government expenditure and revenues, as well as information on the measures adopted and the nature of those envisaged to achieve the targets***.

Amendment 27

Proposal for a regulation
Recital 12 a (new)

Text proposed by the Commission	*Amendment*
	(12a) In order to ensure the proper functioning of economic and monetary union and respect for budgetary discipline, it is indispensable to safeguard the stability in the euro area as a whole and therefore to strengthen the efficiency and the resilience of the euro area financial system to adverse shocks, to address liquidity constraints as well as negative externalities related to the fragmentation of the sovereign bond markets and to reduce marginal funding costs for Member States facing funding pressures. For that overarching purpose, it is necessary to adopt a roadmap towards euro area common sovereign debt instruments including the establishment of an enhanced economic policy coordination framework. As a first step

for the coordinated and common issuance of euro area sovereign debt instruments, it is essential that a redemption fund be established over a period of approximately 25 years together with the coordination of euro area Member State debt issuance. This first step is without prejudice to the implementation of further steps in the roadmap before the end of that period.

Amendment 28

Proposal for a regulation
Recital 12 b (new)

Text proposed by the Commission	*Amendment*
	(12b) In applying this Regulation, the Council and the Commission should fully respect the role of the social partners, as well as differences between national systems, such as those relating to wage formation.

Amendment 29

Proposal for a regulation
Recital 13

Text proposed by the Commission	*Amendment*
(13) 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 offer the opportunity to the Member State concerned by a Commission recommendation to participate in an exchange of views**,**	(13) 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 offer the opportunity to the Member State concerned by a Commission recommendation to participate in an exchange of views***. Rules should also be provided for strengthening accountability***, ***transparency and scrutiny of budgetary and more broadly euro area economic policy surveillance and coordination, in accordance with democratic principles. To that end, specific provisions should be provided for, in accordance with national practices for involving national parliaments, the social partners and civil***

society organisations.

Amendment 30

Proposal for a regulation
Recital 13 a (new)

Text proposed by the Commission	*Amendment*
	(13a) Budgetary plans and structural reforms should be consistent with the protection of social rights and should avoid increasing inequalities. Therefore budgetary discipline should not be implemented to the detriment of medium and long-term means required for a sustainable and environmentally friendly transformation of the economy in line with the Union strategy for jobs and growth and the 2050 climate change objectives.

Amendment 31

Proposal for a regulation
Recital 13 b (new)

Text proposed by the Commission	*Amendment*
	(13b) Tax policy plays a crucial role for enhancing the effectiveness and fairness of budgetary plans while contributing to sustainable growth. A comprehensive set of measures and legislative initiatives such as a European financial transaction tax and a common consolidated corporate tax base should be swiftly adopted at the Union and at the national level in order to remove unjustified exceptions, broaden the tax base, improve the efficiency of tax collection, tackle tax evasion and apply comprehensively the 'polluter pays' principle.

Amendment 32

Proposal for a regulation
Article 1 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. This Regulation sets out provisions for enhanced monitoring of budgetary policies in the euro area by:	1. This Regulation sets out provisions for enhanced monitoring of budgetary ***and economic*** policies ***and an enhanced economic policy coordination framework*** in the euro area by:

Amendment 33

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

Text proposed by the Commission	*Amendment*
	(aa) complementing the procedure for prevention and correction of excessive macroeconomic imbalances as established by Regulation (EU) No 1174/2011;

Amendment 34

Proposal for a regulation
Article 1 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) guaranteeing the compatibility between budgetary policies and the procedure for prevention and correction of excessive macroeconomic imbalances as established by Regulation (EU) No 1174/2011, through a closer monitoring of Member States' national reform programmes and any economic partnership programmes, in order to ensure sustainable compliance and convergence within the euro area.

Amendment 35

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

Text proposed by the Commission	*Amendment*
	1a. This Regulation shall be applied in full compliance with Article 152 TFEU and the recommendations adopted under

this Regulation shall be applied in a manner fully respecting practices and institutions for wage formation. The application of this Regulation and those recommendations shall take into account Article 28 of the Charter of Fundamental Rights of the European Union, and, accordingly, shall not affect the right to negotiate, conclude or enforce collective agreements and to take collective action in accordance with national law and practices.

Amendment 36

Proposal for a regulation
Article 2 – paragraph 1 – point 1

Text proposed by the Commission	*Amendment*
(1) "***independent*** fiscal council" means ***a*** body endowed with functional autonomy vis-à-vis the ***fiscal*** authorities of the Member State in charge of monitoring the implementation of national fiscal rules;	(1) "fiscal council" means ***an independent and technically competent*** body endowed with functional autonomy vis-à-vis the ***budgetary*** authorities of the Member State in charge of monitoring the implementation of national fiscal rules;

Amendment 37

Proposal for a regulation
Article 2 – paragraph 1 – point 2

Text proposed by the Commission	*Amendment*
(2) "independent macroeconomic forecasts" means the macroeconomic ***and/or budgetary*** forecasts produced by an independent body ***or a body*** endowed with functional autonomy vis-à-vis the ***fiscal*** authorities of the Member State;	(2) "independent macroeconomic forecasts" means the macroeconomic forecasts produced ***or endorsed*** by an independent ***and technically competent*** body endowed with functional autonomy vis-à-vis the ***budgetary*** authorities of the Member State ***which complies with the minimum requirements laid down in Annex I. The Commission shall ensure the comparability and coherence of the independent forecasts across Member States***;

Amendment 38

Proposal for a regulation
Article 2 – paragraph 1 – point 5

Text proposed by the Commission	*Amendment*
(5) 'government' ***and*** 'deficit' *have the meaning' set out* in Article 2 of the Protocol *(*No 12*)* on the excessive deficit procedure annexed to the *Treaty on European Union* and the Treaty *on the Functioning of the European Union*.	(5) 'government'**,** 'deficit' ***and 'debt'*** *mean, respectively, 'government', 'deficit' and 'debt' as defined* in Article 2 of the Protocol No 12 on the excessive deficit procedure annexed to the *Treaty on European Union* and the *TFEU*;

Amendment 39

Proposal for a regulation
Article 2 – paragraph 1 – point 5 a (new)

Text proposed by the Commission	*Amendment*
	(5a) "Stability and Growth Pact" means the multilateral surveillance system laid down in Regulation (EC) No 1466/97 and the procedure for the avoidance of Member States' excessive deficit laid down in Article 126 TFEU and in Regulation (EC) No 1467/97;

Amendment 40

Proposal for a regulation
Article 2 – paragraph 1 – point 5 b (new)

Text proposed by the Commission	*Amendment*
	(5b) "a particularly serious non-compliance with the adjustment path towards the medium-term budgetary objective" means a deviation in the figures presented in the draft budget which is at least 1 % of GDP in a single year or at least 0,5 % of GDP on average per year in two consecutive years and that cannot be justified by exceptional circumstances or a severe economic downturn, after taking into account mitigating factors and spill-over effects, as described in Regulation (EC) No 1467/97 and Regulation (EU) No 1176/2011.

Amendment 41

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

Text proposed by the Commission	*Amendment*
	2a. The application of this Regulation is without prejudice to Article 9 TFEU.

Amendment 42

Proposal for a regulation
Chapter I a (new)

Text proposed by the Commission	*Amendment*
	Chapter Ia
	Economic policy coordination
	Article 2a
	Timeline for the European Semester for economic policy coordination referred to Article 2-a of Regulation (EC) No 1466/97
	1. The Member States' budgetary procedure shall be coherent with the framework of the European Semester, in accordance with an annual cycle which includes:
	(a) the Spring European Council policy orientations to individual Member States, based on the Annual Growth Survey, including the Commission's draft Joint Employment Report, and the annual reports under Article 3 of Regulation (EC) No 1176/2011; such policy orientations will provide guidance to Member States in the drafting of their national reform programmes and their stability or convergence programmes, to be presented by Member States in April in accordance with Article 4(1) and Article 8(1) of Regulation (EC) No 1466/97;
	(b) the Summer European Council endorsement of the country-specific policy recommendations, according to the Commission opinions on the adequacy of

Member States' national reform programmes and stability or convergence programmes, presented in accordance with Articles 121 and 148 TFEU.

Amendment 43

Proposal for a regulation
Chapter 2 – title

Text proposed by the Commission	*Amendment*
Common Budgetary Provisions	Common Budgetary Provisions ***and information requirements on national public debt issuance***

Amendment 44

Proposal for a regulation
Article 3 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall make public ***annually*** their medium-term fiscal plans in accordance with their medium-term budgetary framework based on independent macroeconomic ***forecast*** together with their ***Stability Programmes, no later than 15 April***.	1. Member States shall***, in the context of the European Semester*** make public***, preferably by 15 April but*** no later than ***30 April each year,*** their ***national*** medium-term fiscal plans in accordance with their medium-term budgetary framework***,*** based on ***credible and*** independent macroeconomic ***forecasts***. ***Such plans shall be presented*** together with ***the national reform programmes and the stability or convergence programmes and shall be fully consistent with the policy orientations based on the annual growth survey and the annual reports under Article 3 of Regulation (EU) No 1176/2011.***

Amendment 45

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Budget laws for the general government shall be adopted and made public annually	3. Budget laws for the general government shall be adopted and made public annually no later than 31 December. ***Member States***

no later than 31 December.	***shall have in place reversionary budget procedures to be applied where objectively justified for reasons beyond the control of the Member State's government, the budget is not adopted or agreed and made public by 31 December.***

Amendment 46

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall have in place numerical fiscal rules ***on the budget balance*** that implement in the national budgetary processes their medium-term budgetary objective as defined in Article 2a of Regulation (EC) No 1466/97. Such rules shall cover the general government as a whole ***and be of binding, preferably constitutional, nature***.	1. Member States shall have in place numerical fiscal rules that implement in the national budgetary processes their medium-term budgetary objective as defined in Article 2a of Regulation (EC) No 1466/97. ***Those rules shall also include the definition of exceptional circumstances and severe economic downturns which may lead to temporary deviation from the medium-term budgetary objective or the adjustment path towards it, provided that such deviation does not endanger fiscal sustainability in the medium term, as set out in Articles 5 and 6 of Regulation (EC) No 1466/97. Those rules shall include a mechanism, to be triggered in the case of significant deviation from the medium-term budgetary objective or the adjustment path towards it, aiming at ensuring a timely return to the medium-term objective***. Such rules shall cover the general government as a whole ***and shall be binding or otherwise guaranteed to be fully respected and complied with throughout the national budgetary process***.

Amendment 47

Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall have in place ***an***	2. Member States shall have in place ***a***

independent fiscal council for monitoring the implementation of national fiscal rules as referred to in paragraph 1.	fiscal council for monitoring ***both ex ante and ex post*** the implementation of national fiscal rules ***which complies with the minimum requirements laid down in Annex I***.

Amendment 48

Proposal for a regulation
Article 5 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Member States shall submit annually to the Commission and the Eurogroup a draft budgetary plan for the forthcoming year no later than ***15 October***.	1. Member States shall submit annually to the Commission and the Eurogroup a draft budgetary plan for the forthcoming year no later than ***1 October, taking into account the country-specific policy recommendations of the Summer European Council and any recommendations addressed to the Member State in the context of the Stability and Growth Pact or the macroeconomic imbalances procedure as established by Regulations (EU) No 1174/2011 and 1176/2011***.

Amendment 49

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The draft budgetary plan shall be made public ***at the same time***.	2. The draft budgetary plan, ***as set out in this Article***, shall be made public ***when submitted to the Commission***.

Amendment 50

Proposal for a regulation
Article 5 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) the projections at unchanged policies for expenditure and revenue as a percentage of GDP for the general government and their main components.;	(b) the projections at unchanged policies for expenditure and revenue as a percentage of GDP for the general government and their main components; ***those projections shall cover both current***

expenditure and investment expenditure and, to that end, clear budgetary targets on current and investment expenditure shall be set and, in the case of investment expenditure, an evaluation of its economic returns shall be published;

Amendment 51

Proposal for a regulation
Article 5 – paragraph 3 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) details of the expenditure directly linked to the achievement of the Union strategy for growth and jobs, including public investment, together with details of the link with the achievement of the budgetary objectives in the long term as well as a social impact assessment of the measures provided for in the budgetary plan;

Amendment 52

Proposal for a regulation
Article 5 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) a detailed description and a well-documented quantification of the measures to be included in the budget for the year to come in order to bridge the gap between the targets referred to in ***point*** (c) and the projections at unchanged policies provided in accordance with point (b). The description may be less detailed for measures with a budgetary impact estimated to be lower than 0.1% of GDP. Particular attention shall be paid to major fiscal policy reform plans with potential *spillover* effects for other Member States whose currency is the euro.	(d) a detailed description and a well-documented quantification of the measures to be included in the budget for the year to come in order to bridge the gap between the targets referred to in ***points*** (c) ***and (ca)*** and the projections at unchanged policies provided in accordance with point (b). The description may be less detailed for measures with a budgetary impact estimated to be lower than 0.1% of GDP. Particular ***and explicit*** attention shall be paid to major fiscal policy reform plans with potential *spill-over* effects for other Member States whose currency is the euro*;*

Amendment 53

Proposal for a regulation
Article 5 – paragraph 3 – point e

Text proposed by the Commission	*Amendment*
(e) the main assumptions about expected economic developments and important economic variables which are relevant to the achievement of the budgetary targets. ***These assumptions shall be based on independent macroeconomic growth forecast***;	(e) the main assumptions about expected economic developments and important economic variables which are relevant to the achievement of the budgetary targets ***set in accordance with Article 4 of Directive 2011/85/EU. The macroeconomic and budgetary forecasts shall include an estimation of the assumed impact on potential output and macroeconomic multiplier effects. The methodology, the economic and econometric underlying models and assumptions, as well as any other relevant parameter underpinning independent macroeconomic forecast shall be annexed to the annual medium-term fiscal plans***;

Amendment 54

Proposal for a regulation
Article 5 – paragraph 3 – point f

Text proposed by the Commission	*Amendment*
(f) where applicable, additional indications on how the current recommendations addressed to the Member State concerned in accordance with ***Article*** 121 *of the Treaty* ***in the budgetary area*** will be met***.***	(f) where applicable, additional indications on how the current recommendations addressed to the Member State concerned in accordance with ***Articles*** 121 ***and 148*** *TFEU* will be met ***in accordance with points (a) to (ca);***

Amendment 55

Proposal for a regulation
Article 5 – paragraph 3 – point f a (new)

Text proposed by the Commission	*Amendment*
	(fa) a quantification of the public investment needs and, as appropriate, of the budgetary impact together with an evaluation of the economic returns of the measures foreseen in the national reform

programmes;

Amendment 56

Proposal for a regulation
Article 5 – paragraph 3 – point f b (new)

Text proposed by the Commission	*Amendment*
	(fb) an analysis of the contribution of reforms and investments included in the national reform programmes to the achievement of the objectives of stability programmes including a cost-benefit analysis of the reforms from a budgetary point of view.

Amendment 57

Proposal for a regulation
Article 5 – paragraph 4

Text proposed by the Commission	*Amendment*
4. Where the budgetary targets reported in the draft budgetary plan in accordance with points (a) and ***(c)*** of paragraph 3 or the projections at unchanged policies differ from those in the most recent stability programme, the differences shall be duly explained.	4. Where the budgetary targets reported in the draft budgetary plan in accordance with points (a) and ***(ca)*** of paragraph 3 or the projections at unchanged policies differ from those in the most recent stability programme, the differences shall be duly explained.

Amendment 58

Proposal for a regulation
Article 5 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. The medium-term fiscal plans shall contain an updated projection of multiannual expenditure as a percentage of GDP for the general government and their main components as well as multiannual targets and commitments on expenditure earmarked to the achievement of the objectives embedded in the Union strategy for growth and jobs.

Amendment 59

Proposal for a regulation
Article 5 – paragraph 5

Text proposed by the Commission	*Amendment*
5. ***Where*** the Commission ***identifies particularly serious non-compliance with the budgetary policy obligations laid down in the Stability and Growth Pact, it shall, within two weeks from the submission of the draft budgetary plan, request a revised draft budgetary plan from the Member State concerned. This request shall be made public.*** Paragraphs 2 to 4 ***shall apply in case of revised draft budgetary plan.***	5. The Commission ***shall be empowered to adopt delegated acts in accordance with Article -11 specifying the content of the draft budgetary plan referred to in paragraph 1 and the content of the provisions referred to in*** paragraphs 2 to 4***.***

Amendment 60

Proposal for a regulation
Article 6 – paragraph -1 (new)

Text proposed by the Commission	*Amendment*
	-1. Where the Commission identifies a particularly serious non-compliance of the draft budgetary plan with the adjustment path towards the medium-term budgetary objective, it may request a revised draft budgetary plan, after adequate consultation of and explanation by the Member State. The request shall be made up to one month from the submission of the draft budgetary plan. ***Article 5(2) and (4) shall apply to revised draft budgetary plans.***

Amendment 61

Proposal for a regulation
Article 6 – paragraph 1

Text proposed by the Commission	*Amendment*
1. The Commission shall***, if necessary,*** adopt an opinion on the draft budgetary plan by ***30*** November.	1. The Commission shall adopt an opinion on the draft budgetary plan ***of each Member State no later than 15*** November.

Amendment 62

Proposal for a regulation
Article 6 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The Commission opinion shall be made public and***, at*** the request of the *Parliament* of the Member State concerned, shall be presented by the Commission to the *Parliament* concerned.	2. The Commission opinion ***referred to in paragraph 1*** shall be made public and ***presented to the Eurogroup. At*** the request of the *parliament* of the Member State concerned ***or of the European Parliament, it*** shall be presented by the Commission to the *parliament* concerned.

Amendment 63

Proposal for a regulation
Article 6 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Commission shall make an overall assessment of the budgetary situation and prospects in the euro area as a whole. The assessment shall be made public.	3. The Commission shall make an overall assessment of the budgetary situation and prospects in the euro area as a whole. The ***overall*** assessment shall ***include stress tests that provide an indication of the risks to public finance sustainability in the event of adverse financial or budgetary developments. The assessment shall identify on a country-by-country basis potential negative spill-over effects on the sustainability of public finances of the Member States generated by their private sector or by other Member States.*** ***The assessment shall*** be made public ***and shall be integrated in the forthcoming annual growth survey***. ***The Commission shall annex to the assessment a detailed summary of the Spring and Autumn forecasts for the euro area as a whole. The chosen baseline scenario for the assessment shall be described with reasoning and shall be built on a balanced account of downside and upside risks in order to consider the complete range of possible outcomes. The assessment shall disclose the methodologies, assumptions and relevant parameters that underpin its***

macroeconomic forecasts and stress tests as well as an ex post evaluation of the previous year baseline scenario.

Amendment 64

Proposal for a regulation
Article 6 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The Eurogroup shall discuss opinions of the Commission on the national budgetary plans and the budgetary situation and prospects in the euro area as a whole on the basis of the overall assessment made by the Commission in accordance with paragraph 3. The ***assessment*** shall be made public.	4. The Eurogroup ***and the relevant committee of the European Parliament*** shall discuss opinions of the Commission on the national budgetary plans and the budgetary situation and prospects in the euro area as a whole on the basis of the overall assessment made by the Commission in accordance with paragraph 3. The ***outcome of that discussion*** shall be made public ***and shall be taken into account in the following European Semester, in particular in the annual growth survey***.

Amendment 65

Proposal for a regulation
Article 6 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4a. Following the discussions between the Eurogroup and the relevant committee of the European Parliament, if appropriate the Commission shall update its specific recommendations in the framework of the annual growth survey aiming at reinforcing the common macroeconomic framework of the euro area as well as outlining supportive measures foreseen in case of adverse financial, economic or budgetary developments.

Amendment 66

Proposal for a regulation
Article 6 a (new)

Text proposed by the Commission	*Amendment*
	Article 6a
	Reporting on debt issuance
	1. Member States shall report to the Commission and the Eurogroup, ex-ante and in a timely manner, on their national debt issuance plans.
	2. The form and content of the reporting referred to in paragraph 1 shall be harmonised and laid down by the Commission in cooperation with the Member States.
	3. Issues relating to the annual debt issuance plan of the Member States, such as financial needs, renewal of outstanding debt, shall not be made public.

Amendment 67

Proposal for a regulation
Chapter III a (new)

Text proposed by the Commission	*Amendment*
	Chapter IIIa
	Establishment of a roadmap for enhanced economic policy coordination, a growth facility and a framework for enhanced debt issuance
	Article 6b
	Roadmap for enhanced economic policy coordination framework and growth facility
	1. By ...*, the Commission shall present a report establishing a roadmap towards euro area stability bonds. It shall also present a proposal for a euro area sustainable growth instrument aiming at mobilising approximately 1 % of GDP per year over a period of ten years, including an increase in the capital of the EIB and project bonds, to be invested in European infrastructure including science and technology. The instrument shall aim at

creating the necessary conditions for sustainable growth in order to ensure the proper functioning of economic and monetary union and to safeguard the stability of the euro and thereby the sustainable coordination of Member States' budgetary discipline.

2. The steps set up in Articles 6c and 6d are without prejudice of further steps being implemented before the end of this period.

Article 6c

Coordination of euro area Member State debt issuance

1. With a view to better coordinating the planning and placement of their national debt issuance, Member States shall report ex ante on their public debt issuance plans to the Commission and to the Council.

2. Member States whose currency is the euro shall seek to improve the financing conditions of their pubic debt by agreeing, following a proposal by the Commission, an annual coordinated public debt issuance framework.

3. Member States cooperating under paragraph 2 may further improve and stabilise their financing conditions on the basis of the prevailing economic fundamentals and market conditions and following a methodology to be established by a regulation of the European Parliament and the Council.

Article 6d

European redemption fund

1. As an element of the first step of the roadmap referred to in Article 6a, a European redemption fund (ERF) based on joint liability and strict fiscal discipline shall be established with the aim of reducing excessive debt over a period of 25 years to be adjusted according to actual growth figures. Following that period, the ERF shall be wound up.

2. Member States whose currency is the euro and who are not subject to an assistance or adjustment programme shall:

(a) transfer debt amounts above 60 % of GDP to the ERF over a roll-in period of five years;

(b) have in place numerical fiscal rules that implement in the national budgetary processes their medium-term budgetary objective as described in Article 2a of Regulation (EC) No 1466/97;

(c) implement a fiscal consolidation strategy and a structural reform agenda;

(d) lodge guarantees to adequately cover loans provided by the ERF;

(e) reduce their structural deficit during the roll-in period to comply with the budget rule in point (b).

3. The Commission shall ensure the setting up and day-to-day management of the ERF, the details of which should be established in a Regulation from the European Parliament and the Council.

4. Participation in the ERF shall be open to other Member States as from the entry into force of the decision of the Council of the European Union taken in accordance with Article 140(2) TFEU to abrogate their derogation from adopting the euro.

5. Member States shall implement provisions in national law to ensure winding up and terminating the ERF after a maximum of 25 years adjustable according to actual growth figures.

**** OJ please insert date: one month after entry into force of this Regulation.***

Amendment 68

Proposal for a regulation
Article -7 (new)

Text proposed by the Commission	*Amendment*
	Article -7
	Economic partnership programmes
	1. If the Council, acting under Article 126(6) TFEU, decides that an excessive deficit exists in a Member State, the Member State concerned shall present to the Commission and to the Council an economic partnership programme describing the policy measures and structural reforms that are needed to ensure an effectively durable correction of the excessive deficit, as a detailed development of its national reform programme and its stability programme and fully taking into account the Council recommendations on the implementation of the integrated guidelines for the economic and employment policies of the Member State concerned.
	2. The economic partnership programme shall be fully consistent with the policies referred to in Article 1.
	The economic partnership programme shall identify and select a number of specific budgetary priorities aiming at stabilising the economy in the short term, enhancing long-term sustainable growth and addressing structural weaknesses in the Member State concerned. Those priorities shall be aimed at rebalancing competitiveness according to the creation of European Added Value and shall be consistent with the Union strategy for growth and jobs. The Member State, in close coordination with the Commission, shall prepare a report outlining the selected programmes and projects including an action plan aiming at identifying, frontloading and mobilising financial resources, including EIB credit lines and relevant Union financial

instruments. That report shall be updated on an annual basis.

3. In the event of a severe economic downturn as defined in Article 2(2) of Council Regulation (EC) No 1467/97 or of a significant downside correction of forecasts, the Member State concerned shall adopt an updated adjustment path towards the medium-term budgetary objective to be agreed with the Commission taking into proper account pro-cyclical effects of consolidation measures. The application of the debt rule shall be coherently adjusted.

4. The economic partnership programme shall be presented at the same time as the reports provided for in Article 3(4a) and Article 5(1a) of Regulation (EC) No 1467/97.

5. The Council, acting by qualified majority on a proposal from the Commission, shall adopt an opinion on the economic partnership programme.

6. If a corrective action plan exists in accordance with Article 8(1) of Regulation (EU) No 1176/2011, the measures referred to in paragraph 1 shall be included in that plan.

7. The implementation of the programme, and the annual budgetary plans consistent with it, shall be monitored by the Commission and by the Council.

8. The competent committee of the European Parliament may offer the opportunity to the Member State concerned and the Commission to participate to an exchange of views. The competent committee of the European Parliament may invite other committees of the European Parliament to join in that exchange of views.

Amendment 69

Proposal for a regulation
Article 7 – paragraph 1

Text proposed by the Commission	*Amendment*
1. ***When*** the ***Council decides in accordance with Article 126(6) of the Treaty that an excessive deficit exists in a Member State,*** the Member State concerned shall ***be subject to paragraphs 2 to 5*** of this Article, until the abrogation of its excessive deficit procedure.	1. ***For*** the ***purpose of monitoring the partnership programme referred to in Article -7(7),*** the Member State concerned, ***on a request from the Commission,*** shall ***fulfil the requirements described in paragraphs 2 to 6*** of this Article, until the abrogation of its excessive deficit procedure.

Amendment 70

Proposal for a regulation
Article 7 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The Member State ***subject to closer monitoring*** shall ***without delay*** carry out a comprehensive assessment of in-year budgetary execution for the general government and its sub-sectors. The financial risks associated to government-owned entities and ***government contracts*** shall also be covered by the assessment to the extent that they may contribute to the existence of an excessive deficit. The result of this assessment shall be included in the report submitted in accordance with Article 3(4a) or 5(1a) of Regulation (EC) No 1467/97 on action taken to correct the excessive deficit.	2. ***On a request from the Commission,*** the Member State shall carry out a comprehensive assessment of in-year budgetary execution for the general government and its sub-sectors. The financial risks associated to government-owned entities and ***contingent liabilities with potentially large impacts on public budgets, as described in Council Directive 2011/85/EU*** shall also be covered by the assessment to the extent that they may contribute to the existence of an excessive deficit. The result of this assessment shall be included in the report submitted in accordance with Article 3(4a) or 5(1a) of Regulation (EC) No 1467/97 on action taken to correct the excessive deficit.

Amendment 71

Proposal for a regulation
Article 7 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Member State shall report regularly to the Commission and to the Economic and	3. ***On a request from the Commission, the*** Member State shall report regularly to the

Financial Committee ***or any sub-committee it will designate for that purpose***, for the general government and its sub-sectors, the in-year budgetary execution, the budgetary impact of discretionary measures taken on both the expenditure and the revenue side, targets for the government expenditure and revenues, as well as information on the measures adopted and the nature of those envisaged to achieve the targets. The report shall be made public.	Commission and to the Economic and Financial Committee, for the general government and its sub-sectors, the in-year budgetary execution, the budgetary impact of discretionary measures taken on both the expenditure and the revenue side, targets for the government expenditure and revenues, as well as information on the measures adopted and the nature of those envisaged to achieve the targets. The report shall be made public.
The Commission shall specify the content of the report referred to in this paragraph.	The Commission shall specify the content of the report referred to in this paragraph.
	The competent committee of the European Parliament may offer the opportunity to the Member State concerned to participate in an exchange of views.

Amendment 72

Proposal for a regulation
Article 7 – paragraph 6 – point a

Text proposed by the Commission	*Amendment*
(a) carry out and report on a comprehensive independent audit of the accounts of the general government conducted in coordination with national supreme audit institutions, aiming at assessing the reliability, completeness and accuracy of these public accounts for the purposes of the excessive deficit procedure. In this context, the Commission (Eurostat) shall assess the quality of data reported by the Member State concerned in accordance with Regulation (EC) No *679/2010*;	(a) carry out and report on a comprehensive independent audit of the accounts of the general government conducted in coordination with national supreme audit institutions, aiming at assessing the reliability, completeness and accuracy of these public accounts for the purposes of the excessive deficit procedure. In this context, the Commission (Eurostat) shall assess the quality of data reported by the Member State concerned in accordance with Regulation (EC) No *479/2009****, as regards the quality of statistical data in the context of the excessive deficit procedure;***

Amendment 73

Proposal for a regulation
Article 8 – paragraph 2

Text proposed by the Commission	*Amendment*
2. *In case of risks* of non-compliance with the deadline to correct the excessive deficit, the Commission shall address a recommendation to the Member State concerned for ***adoption*** of ***further*** measures within a timeframe consistent with the deadline for the correction of its excessive deficit referred to in paragraph 1. The recommendation by the Commission shall be made public***,*** and***,*** at the request of the *Parliament* of the Member State concerned, shall be presented by the Commission to the *Parliament* concerned.	2. *Where there is a risk* of non-compliance with the deadline to correct the excessive deficit ***and where those risks are not due to circumstances beyond the control of the Member State concerned,*** the Commission shall address a recommendation to the Member State concerned for ***the diligent implementation*** of ***the*** measures ***provided for in the initial recommendations*** within a timeframe consistent with the deadline for the correction of its excessive deficit referred to in paragraph 1. The recommendation by the Commission shall be made public, and, at the request of the *parliament* of the Member State concerned, ***it*** shall be presented by the Commission to the *parliament* concerned.

Amendment 74

Proposal for a regulation
Article 8 – paragraph 3

Text proposed by the Commission	*Amendment*
3. Within the timeframe set by the Commission recommendation referred to in paragraph 2, the Member State concerned shall report to the Commission on measures ***adopted*** in response to this recommendation ***together with the reports provided for in Article 7(3). The report shall include the budgetary impact of all discretionary measures taken, targets for the government expenditure and revenues, information on the measures adopted and the nature of those envisaged to achieve the targets, as well as information on the other actions being taken in response to the Commission recommendation***. The report shall be made public.	3. Within the timeframe set by the Commission recommendation referred to in paragraph 2, the Member State concerned shall ***additionally*** report to the Commission on ***the*** measures ***implemented*** in response to this recommendation. The report shall be made public.

Amendment 75

Proposal for a regulation
Article -11 (new)

Text proposed by the Commission	*Amendment*
	Article -11
	Exercise of the delegation
	1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
	2. The delegation of power referred to in Article 5(5) shall be conferred on the Commission for a period of three years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the three-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.
	3. The delegation of powers referred to in Article 5(5) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
	4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
	5. A delegated act adopted pursuant to Article 5(5) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of

notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Amendment 76

Proposal for a regulation
Article -11 a (new)

Text proposed by the Commission	*Amendment*
	Article -11a
	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 European Council or the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to Article 5(5), Article 6(4), Article 7(5), Article 8(4) and Article 9(3).
	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.

Amendment 77

Proposal for a regulation
Article 11 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(ba) the contribution of this Regulation to the achievement of the Union strategy for growth and jobs.

Amendment 78

Proposal for a regulation
Article 11 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3a. As soon as possible and no later than 31 December 2012, the Commission shall present a report to the European Parliament and to the Council examining the feasibility of options and making proposals for a possible roadmap towards common issuance of public debt instruments, taking account of financial, fiscal and legal conditions. The Commission shall pay particular attention to the feasibility of introducing a redemption fund which combines temporary common issuance of debt and strict rules on fiscal adjustment.

Amendment 79

Proposal for a regulation
Article 11 a (new)

Text proposed by the Commission	*Amendment*
	Article 11a
	Commission report
	By ...*, the Commission shall put forward a report, and if necessary a proposal, to the European Parliament and to the Council, setting out how coordination and ex ante discussions among Member States of any major economic and fiscal policy reform plans with potential spill-over effects are to operate, what form that coordination and those discussions are to take, what policies are contemplated, and the likely political consequences - to Member States and, in particular, to the national parliaments - of decisions arising from such coordination and ex ante discussions.
	_____
	**** OJ please insert date: three months***

after entry into force of this Regulation.

Amendment 80

Proposal for a regulation
Article 11 b (new)

Text proposed by the Commission	*Amendment*
	Article 11b
	European debt authority
	By ...*, the Commission shall put forward a report, and if necessary a proposal, to the European Parliament and to the Council, evaluating the possibility of the creation of a European debt authority, responsible for managing and coordinating all issues relating to the annual debt issuance plan of the Member States, the renewal of Member States' outstanding debt and the assessment of the sustainability of all Member States' government debt. The Commission's report shall also evaluate the possible annual publication of data relating to Member States' public debt, deficit and other macroeconomic indicators.
	**** OJ please insert date: three months after entry into force of this Regulation.***

Amendment 81

Proposal for a regulation
Annex I (new)

Text proposed by the Commission	*Amendment*
	Common principles for Independent Fiscal Institutions (IFIs)
	– Ownership: without prejudice to the principles set out below, the characteristics of IFIs should be consistent with the Member State's legal framework and political and administrative system. Design choices may have to take into account capacity

constraints in smaller Member States.

– Mandate: the mandate of IFIs should be clearly defined in legislation to prevent unwarranted interference from fiscal authorities or unwarranted extension of its mandate at the expense of fiscal authorities' powers or the prerogatives of national parliaments.

– Resources: the resources allocated to IFIs should be commensurate with their mandate in order to fulfil it in a credible manner.

– Accountability: statutory mechanisms should be put in place to encourage appropriate accountability to the legislature. The reports and analyses of IFIs should be published and made available free of charge.

– Leadership: senior appointments should be selected on the basis of merit, experience and technical competence, in particular as regards the budget process. The appointment process may involve several institutions, for instance through a parliamentary confirmation procedure or whereby several institutions designate each one or several members. Term lengths that the leadership of IFIs serve should be clearly specified in legislation, should be non-renewable, and should preferably extend beyond the parliamentary term. Termination of contracts should be strictly limited to cases where members are guilty of serious misconduct.

– Staff: staff of IFIs should be selected through open competition based on merit and technical competence. Conditions of employment should be along the lines of that of the civil service.

– Access to information, transparency and communication policy: as a rule, IFIs should be guaranteed full access in legislation to all relevant information needed to discharge effectively their mandate in a timely manner. Any restrictions to the rule should also be

clearly defined. Without prejudice to that legislation, the capability of IFIs to communicate in a timely manner through available media channels should not be impeded. If housed in another entity, it should be made clear that opinions only commit IFIs and not the host institution.