


EGOV
ECONOMIC GOVERNANCE AND EMU SCRUTINY UNIT

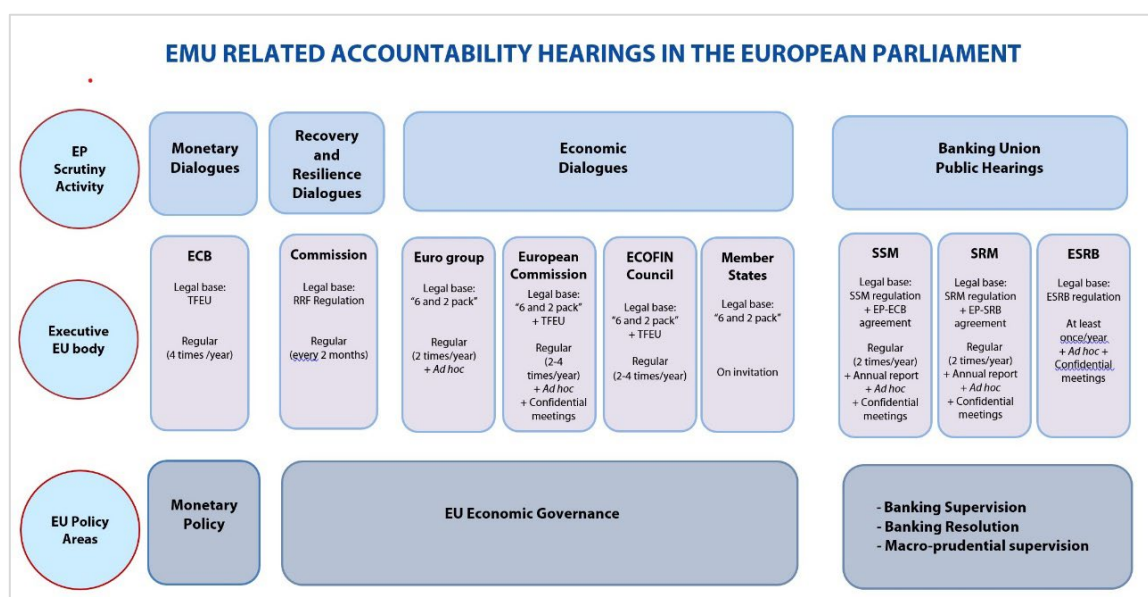

ECONOMIC GOVERNANCE

Enhanced political ownership and transparency of the EU economic governance framework

This paper provides an overview of the role of the European Parliament in scrutinising the application and implementation of the EU economic governance framework, notably by holding Economic Dialogues with the EU executive institutions and, when applicable, with Member States' governments. We also assess the envisaged role for EU parliaments in the European Commission's economic governance reform proposals, notably as regards transparency and parliamentary involvement at EU and national level. This paper is an update of a version published in 2023.

1. The scrutiny role of EU Parliaments

Chart 1: EMU related scrutiny hearings in the competent committee(s) of the European Parliament



1.1. Economic Dialogues until today

The evolution of economic governance in the EU over the past decade has given rise to a complex framework in which national, intergovernmental and supranational features coexist. Key executive actors, such as the European Commission (Commission), the Council, and the Eurogroup, each play roles in the application of the EU framework with the aim to coordinate national policies in line with the agreed supranational framework. The EU level surveillance and coordination framework is complemented by national rules and related bodies, such as independent fiscal institutions.

In this rather complex multilevel governance structure, the European Parliament (EP) plays an important role in scrutinising and overseeing the application of the economic governance framework at the Union level. That role was first enshrined in the EU treaties: according to Article 121 TFEU in particular, the Parliament is informed by the Council of its recommendations on the Broad Economic Policy Guidelines and in accordance to Article 148 is consulted on the joint Employment Guidelines. See also Annex 1 of this briefing for an overview of the various objectives that the EU economic governance framework aims to achieve.

In the EU, proper legitimacy and accountability of the decisions taken by the executives is ensured at the national level by national parliaments and at the EU level by the European Parliament. This principle that the democratic control should take place at the level at which the decisions are taken and implemented has been many times confirmed by EP resolutions¹ and European Council conclusions².

Hence, the EP exercises political control over the Commission, which is accountable to the EP. The EP has the power to censure the Commission, although such a motion has never been carried out. The EP also exercises control over the Commission through the annual budgetary and discharge procedures. Still, the EP has also a role to scrutinise the European Council, the Council of the EU and the Eurogroup in their respective roles in the EU economic governance framework, while the respective national governments are accountable to their respective national parliaments or citizens directly. When exerting their joint executive capacities at the EU level, the national governments have also a responsibility to be transparent to the public, including to the Members of the European Parliament representing directly the EU citizens.

The EP managed to secure stronger institutional involvement in economic governance and reinforce accountability provisions during the previous governance reforms (i.e. the "Six Pack" and "Two Pack" legislative reforms), where the EP was co-legislator, and which introduced the **Economic Dialogue** (EDs). This expanded the political obligation for all EU executive actors (Commission, Council and the Eurogroup) to appear before the EP's competent committee³.

These Economic Dialogues, as introduced after the sovereign debt crises in the Euro Area, form part of the EP scrutiny activities of the EU level executive institutions in the Economic and Monetary Union (EMU). They **complement similar regular public dialogues and hearings**, on the conduct of monetary policy by the European Central Bank (ECB), banking supervision by the Single Supervisory Mechanism (SSM), and banking resolution by the Single Resolution Mechanism (SRM). See Chart 1 on the cover page.

It is worth highlighting that in the EMU context, primary and secondary legal provisions stipulate that these **accountability powers resides at the committee level of the EP**. In two areas, this is even defined in the

¹ See e.g. [EP resolution of 16 April 2014](#) on relations between the European Parliament and the national parliaments (2013/2185(INI)).

² See for instance, the principle set out in the [conclusion](#) on "completing EMU" of the December 2022 European Council meeting, that "*throughout the process, the general objective remains to ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented*".

³ See also a recent paper by [Bressanelli, 2022](#), "*Democratic control and legitimacy in the evolving economic governance framework*", for a qualitative and quantitative analysis of Economic Dialogues organised by the competent committees of the EP.

* The authors are grateful to the contribution provided by Matteo Bursi during his traineeship in the Unit.

Treaty. For monetary policy, Article 284(3) TFEU refers to “competent committees” with respect to Monetary Dialogues with the ECB President and other hearings with ECB Executive Board members. For economic governance, Art 121(5) TFEU refers to hearings in the “competent committee” with the President of the Council in the context of multilateral surveillance. These are the only two references in the entire TFEU to the “competent committees of the EP” instead of EP as a whole. This means that the accountability powers given to the EP in these domains are an integral part of the committee competences.

It has been customary for the representatives of the invited EU institution to provide a brief introduction, followed by a question and answer session with the Members of the competent committee. During this session, Members are typically allocated five-minute slots to ask questions and engage in discussion with the invitee. The insights gained from these scrutiny hearings are channelled into the EP’s annual reports, such as the report on the European Semester, the report on the ECB, and the report on the Banking Union. Furthermore, the plenary of the House typically holds discussions on these topics once a year.

The frequency of participation in Economic Dialogues depends on the formal and actual (executive) roles of the institutions being invited. The Commission is inclined to accept an invitation, even on short notice, whereas the situation for the Council, the Eurogroup, and the Member States may vary over time and circumstances. In some cases, it has been more difficult to find a suitable date for these dialogues. Since the introduction of the Economic Dialogues, it has been clear that the President of the European Council would not appear at the committee level but rather have an exchange of views and/or report back on relevant aspects of economic governance to the plenary of the house.

During the 9th Parliamentary term (from summer 2019 until today), the competent committee held 22 EDs with the other EU institutions and 6 EDs with EU Member States. These were complemented with regular Recovery and Resilience Dialogues (see Table 1 below).

Table 1: Economic Dialogues during the 8th and 9th Parliamentary term

	Commission	Council	Eurogroup	Member State
9th term (2019 - until today)	9 + 13 (RRDs)	8	6	6
8th term (2014-2019)	16	18	10	9

Sources: [EGOV table](#): Economic Dialogues with the other EU Institutions under the European Semester Cycles during the 9th legislative term; [EGOV table](#): Economic Dialogue with the other EU Institutions under the European Semester Cycles (2014-2019); [EGOV table](#): Economic Dialogues and Exchanges of Views with Member States under the European Semester Cycles.

More into details, the dialogues with the (rotating) **Council Presidency** are related to the (formal) role of the Council in applying the EU economic governance framework, such as respecting the “comply or explain” principle included in the legislative framework. These EDs are currently organised at the beginning of the 6-month rotating presidency and include as well an exchange of views on the priorities and work plan of the Presidency of the Council. In early days these EDs they were organised both at the end and at the beginning of each Council Presidency: this implied that often two meetings took place very close in time, with limited value added for scrutiny activities⁴.

The Economic Dialogues with the **European Commission** are an important features of the economic governance framework due to the institutional role of the Commission. Time wise, they are normally

⁴ See also [Bressanelli, 2022](#), “Democratic control and legitimacy in the evolving economic governance framework”, for a qualitative and quantitative analysis of Economic Dialogues organised in the ECON committee

matched with the main steps of the European Semester. In November, the launch of the next Semester cycle (with the presentation of the priorities for the next economic cycle) and the assessment of draft budgetary plans of Euro Area Member States; in February/March, the analyses of the economic situation of Member States (including progress on the implementation of the country-specific recommendations (CSRs); in May/June, the end of the annual cycle, when the Commission proposes the next set of CSRs. Many of these dialogues are organised in the EP in the form of joint committee meetings, with Members of the ECON and EMPL committees. Since pandemic times, the European Semester has been streamlined and many Economic Dialogues with the Commission have been replaced or complemented by Recovery and Resilience Dialogues (RRDs).

As a custom practice, the **President of the Eurogroup** (PEG)⁵ participates in an ED with the competent committee of the EP twice a year, in spring and in autumn. This practice was agreed already during the 7th parliamentary term, in the form of exchange of letters between the Chair of ECON and the PEG. Nevertheless, the timing of these hearings has not been formalised and this has created some organisational difficulties to find a suitable timeslots. This has been the case in particular during this parliamentary term. The hearings with the PEG cover notably issues discussed at the Eurogroup, according to its semi-annual work programmes and the annual policy recommendations for the Euro Area as a whole (EAR)⁶. Due to the informal nature of the Eurogroup, public information on its deliberations is limited. It should also be mentioned that since spring 2018, the ECON Chair has also been invited to the meetings of the Eurogroup/ECOFIN twice a year, coinciding with the informal ECOFIN meetings.

Finally, the **Economic Dialogues with Member States** take place on the basis of applicable EU law and a decision by the Coordinators of the competent committee to make an invitation to the concerned Member State.

Also regular public hearings and exchange of views has been organised by the ECON committee with the Chair of the **European Fiscal Board**, notably in view to have an exchange of view on its annual report.

The services of the EP⁷ regularly provide **expertise and support** on the implementation of the EU economic governance framework, including elements related to its review. Prior to each Economic Dialogue, briefings are provided to ensure participants are well-informed. Additionally, thematic papers are commissioned from external experts to provide a more normative assessment of the issues at stake.

⁵ See specific EGOV [briefing](#) on the role and accountability of the President of the Eurogroup

⁶ See specific EGOV [overview](#) on the institutional role of the EAR and [briefing](#) on the implementation of the 2022 EAR.

⁷ See, for instance, the EGOV annual reports for [2021](#) and [2022](#).

Box 1: Why an EU-level economic governance framework - some Euro Area specificities

The institutional framework for economic policy-making in the European Union is unique. Fiscal, economic and social policies are national competences, while the EU Treaties oblige Member States to coordinate them at the EU level in various forms. This is, in particular, the case for the Member States that have adopted the euro and are therefore fully sharing the single monetary policy (and currency exchange rates) inside the EMU. This unique design is rooted in a number of reasons.

Firstly, as learned from the first decade of the single currency area, economic growth may not always be supported by the economic fundamentals. For instance, nominal wages may develop in a way that is not compatible with growth potential. In some cases, strong nominal growth in one country may even be fuelled by diverging real interest rates among the participating Member States, possibly resulting in 'assets bubbles' in one or more Member States.

Secondly, countries inside a monetary union cannot rely on individual monetary policy and nominal exchange rate to absorb adverse country-specific shocks, country-specific effects of common shocks, or different country-specific economic developments. These constraints place a greater burden on other mechanisms, such as fiscal, labour and product market policies, in their role of compensating for shocks and facilitating adjustments. According to the IMF, member countries' resilience to shocks – whether temporary or permanent – must be improved (see e.g. [IMF Staff Discussion Note No 19/05, June 2019](#)) in order to ensure the long-term viability of the EMU.

Thirdly, the importance of avoiding pro-cyclical fiscal policies (during both upturns and downturns) may be even greater for members of a monetary union. A fiscal framework that supports the building of fiscal buffers in good economic times could help to avoid a detrimental fiscal consolidation during economic recessions that would undermine sustainable growth.

Finally, inside a monetary union, unsustainable national economic and fiscal policies (or the absence of some policies) in one Member State may, if not addressed in time, have strong externalities (or spillover effects) on other Member States.

Source: [The European Semester for economic policy coordination: A reflection paper \(2019\)](#).

1.2. Parliamentary scrutiny of the Recovery and Resilience Facility

The parliamentary scrutiny of EU economic governance matters also applies to the application and implementation of the Recovery and Resilience Facility (RRF) as co-decided by the EP. In comparison with the EU economic governance framework, the actual role of the Commission in overseeing the correct application of the framework has increased, while the Council still has the formal role to make the final decision. The actual role of the Eurogroup has been smaller.

Again, effective scrutiny requires timely access to the relevant information. Recognising that, the RRF-Regulation refers to various instances where Parliament is to receive information, to allow it to exercise its scrutiny mandate. Hence, the so-called **Recovery and Resilience Dialogues** (RRDs) foresees that the Commission appears in the competent committee every two months to discuss:

- (a) the state of recovery, resilience and adjustment capacity in the Union, as well as the measures adopted under the RRF-Regulation;
- (b) the Recovery and Resilience Plans (RRPs) of the Member States;
- (c) the assessment of the RRPs;
- (d) the main findings of the review report;
- (e) the status of fulfilment of the milestones and targets of the RRPs;
- (f) payment, suspension and termination procedures, including any observation presented and remedial measures taken by the Member States to ensure a satisfactory fulfilment of the milestones and targets;

(g) any other relevant information and documentation provided by the Commission to the competent committee of the EP in relation to the implementation of the Facility.

The RRF Regulation also stipulates that the **Commission shall take into account any elements** arising from the views expressed through the RRDs, including the resolutions from the EP, if provided.

The RRF Regulation includes a **specific provision on transparency** complementing the right of holding regular RRDs with the Commission. According to this:

1. The Commission shall transmit the RRP officially submitted by the Member States, and the proposals for Council implementing decisions, as made public by the Commission, simultaneously and on equal terms to the EP and the Council without undue delay.
2. Information transmitted by the Commission to the Council or any of its preparatory bodies in the context of this Regulation or its implementation shall simultaneously be made available to the EP, subject to confidentiality arrangements if necessary. Relevant outcomes of discussions held in Council preparatory bodies shall be shared with the competent committee of the EP.
3. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State. In such a case, the Commission shall liaise with the EP and the Council regarding how the redacted information can be made available to them in a confidential manner in accordance with the applicable rules.
4. The Commission shall provide the competent committee of the EP with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets included in the RRP.
5. The competent committee of the EP may invite the Commission to provide information on the state of play of the assessment of the RRP in the context of the RRD.

Other key novelties include in particular the fact that suspending payment proposals must go to the Parliament and Council, allowing the Parliament to question the Commission.

Moreover, the Parliament ensured that a recovery and resilience scoreboard, with a monitoring tool to be developed through Commission Delegated Acts, could be scrutinised.

A **dedicated parliamentary working group** (lead by the BUDG and ECON committees) supports the Parliament's scrutiny role in the RRF, preparing and following up Dialogues and Delegated Act scrutiny. It has 27 members across political groups, mostly from budget and economic committees plus one from associated committees.

The parliament services have provided expertise services for the Members to support their scrutiny activities of the RRF implementation. Notably, in advance of each RRD a briefing on the latest developments has been provided to the Members of the BUDG and ECON committees. The EP has opened a [specific website](#) displaying the Parliament's initiatives and activities as regards the RRF.

The Parliament will incorporate the scrutiny of RRF spending in the normal **discharge procedure**. The discharge procedure starts in the autumn of the year following the financial year in question. During this procedure, the [Budgetary Control committee](#) (CONT) prepares reports based on the Commission report and the annual report of the European Court of Auditors (ECA) on the implementation of the budget.

1.3 The role of EU national parliaments

The role of national parliaments in the application of the EU economic governance framework by the Council and the Commission and in the implementation of the related policy recommendations at the national level can take various forms pending national specificities and traditions. They may act as legislators, tax and budget authorities, and oversee their governments' activities related to EU decision-making in the Council. This parliamentary oversight may cover the adoption of EU policy recommendations, such as CSRs under the European Semester or national RRFs under the RRF. During crises times, EU institutions have frequently needed to make rather quick decisions, which may have in certain cases have led to limited full parliamentary involvement and scrutiny⁸.

The European Semester can be either a constraint or an opportunity for national parliaments to be involved early in its various stages: when the Commission and Council are outlining economic and social priorities for the following year based on the Annual Sustainable Growth Survey; when their governments submit their RRFs (or National Reform Programmes), and Stability/Convergence Programs; when the Commission and the Council prepare and adopt the annual CSRs; and when the Euro Area countries submit their Draft Budgetary Plans to the Commission and the Eurogroup. The Commission's opinion on the DBPs can be presented by the Commission in the national parliaments, if so requested.

EGOV has regularly launched questionnaires assessing national parliaments' involvement into the European Semester process⁹. One general lesson of these questionnaires is that the involvement of national parliaments in the European Semester process varies to a large degree depending on the parliament considered, some delivering opinions to their governments on Semester documents or discussing them while in other cases their involvement is more limited.

The situation is somewhat similar as regards the involvement of national parliaments in the scrutiny of the implementation of the RRF based on a recent EGOV survey¹⁰ showing that parliamentary practises are very heterogeneous across Member States. Most parliaments were involved in policy decisions relating to the implementation of the RRF in their legislative and budgetary capacity, while a few used softer instruments like resolutions or opinions to scrutinise the design and implementation of the RRF by their government. Half of the surveyed parliaments indicated that they would involve stakeholders as part of the scrutiny activities. Overall, the focus remains in most cases purely domestic, with little attention paid to what other countries are doing with their RRFs.

⁸ This was underlined in particular by [Bressanelli, 2022](#): "At the peak of the economic and financial crisis, EU executive actors have often taken decisions of an existential nature in emergency mode, with the urgency to act hollowing out the space for parliamentary scrutiny."

⁹ See EGOV briefing on [the role of national parliaments in the European Semester for economic policy coordination](#).

¹⁰ See [Survey on the role of national parliaments in the implementation of the Recovery and Resilience Facility](#)

2. The Commission reform proposals and political ownership and transparency

2.1. Key elements of the proposed new economic governance framework

On 26 April, the Commission presented its legislative proposals for the EU economic governance reform, which are largely based on the principles outlined in [the Commission communication of 9 November 2022](#).

The reform proposals by the Commission comprises of [three legal texts](#):

- [Proposal to repeal and replace the current preventive arm of the Stability and Growth Pact](#) (co-legislation);
- [Proposal amending the Regulation on the corrective arm of the Stability and Growth Pact](#) (consultation);
- [Proposal amending the Directive on the requirements for budgetary frameworks of Member States](#) (consultation).

Box 2: Core elements of the Commission's proposal for review of the economic governance framework

The proposals pivot around a number of key elements:

- **Country-specific fiscal adjustment:** Depending on levels of public indebtedness, as measured by the Maastricht reference values of debt above 60% of GDP and deficit above 3% of GDP, the Commission would propose technical trajectories for debt/deficit reduction. After bilateral discussions with the Commission and endorsement in Council, each Member State would adopt country-specific medium-term fiscal-structural adjustment plans (MTFSP) outlining numerical targets to be achieved by the end of the assessment period.
- **Medium-term focus:** The minimum length of the MTFSP would be four years, but could be extended by three more years to achieve a more gradual debt reduction subject to the commitment to investment and reform programmes. Changes in government would allow for a revision as long as this does not lead to lower ambition in the fiscal adjustment effort or back loading. The Commission also envisages a certain degree of flexibility by codifying the existence of two escape clauses and regulate their use.
- **Shift towards more observable indicators:** Compliance would be monitored only through net public expenditure targets. The Commission would establish a control account to track cumulative deviations from the expenditure path while Member States would be obliged to report annually on their plans.
- **More automaticity for debt-based excessive deficit procedures (EDPs):** This would allow to replace the current 1/20th annual debt reduction rule. The degree of debt challenge for a Member State would become a key relevant factor to assess when considering the launch of an EDP.

These legal texts propose *de facto* amendments that would also affect the application of some of the other EU economic governance legal acts in force today¹¹.

The reformed norms seek to **increase political ownership, simplify fiscal rules¹², facilitate investments for EU priorities and promote an effective enforcement**. The new governance architecture envisaged by

¹¹ The Proposal to repeal and replace the current preventive arm of the SGP has a connection with Regulation No 1176/2011 to prevent and correct macroeconomic imbalances: if a Member State does not fulfil its commitments regarding reforms and investments outlined in its medium-term fiscal-structural plan to address the CSRs relevant to the Macroeconomic Imbalances Procedure, the Council may issue a recommendation declaring that an excessive imbalance exists. Moreover, when providing an opinion on the draft budgetary plans submitted pursuant to Article 6 of Regulation No 473/2013, the Commission should assess if the DBPs are consistent with the net expenditure paths pursuant to this proposal.

¹² According to [Blesse, Dorne & Lay](#) (2023), the focus on country-specific consolidation paths would make the assessment “more complex and based on a longer period and various criteria”.

the Commission seeks to reconcile the sustainability of public finances with sustainable and inclusive growth, particularly in light of the green and digital transitions.

As regards the proposed governance regime, notably to increase political ownership at the national level the Commission proposals may be regarded as a shift from a very detailed “rule-based” system to a more “judgement-based” one, opting for a more tailored approach per Member State based on their debt sustainability and national reform and investment needs. This proposed “risk-based” governance regime may result in a **higher degree of discretion in the application of the EU framework**.

We focus here on **core elements of the Commission’s proposal** that may impact the actual governance of the framework in the future, notably having possible implications for parliamentary control and transparency.

2.2. Economic Dialogues in the European Parliament

Regarding the specific **scrutiny rights for the European Parliament** under the reformed governance framework, the Commission’s proposals would broadly maintain the role of the Parliament to hold Economic Dialogues with the other EU institutions and, when applicable, with specific Member States at the same level as today. In its Communication, the Commission floated the possibility to enhance “reputational sanctions” (e.g. national governments participating in public hearings with the European Parliament), yet no major changes were tabled in the Commission legislative proposals.

In the preventive arm Regulation, the Commission has proposed some changes to the wording of the provisions for the Economic Dialogues. The Commission has **rebranded the dialogue as the European Semester Dialogue**, proposed removing the reference that these dialogues take place at the committee level, and made more general the wording triggering these invitations for dialogues.

By proposing a change to the wording of the dialogue provisions in the preventive arm Regulation and leaving the current wording intact in the other EU legal acts on EU economic governance, the Commission may have wanted to add to EU law the current practice of having annual or semi-annual European Semester debates at the plenary level. The relevant recital¹³ of the proposed reform would indicate this. Similarly, the Commission has also removed the reference to the committee level when referring to the right of the Parliament to invite a Member States for a dialogue under the preventive arm.

This being said, **some clarifications between the European Semester Dialogues and the Economic Dialogues may be warranted** as part of the negotiation procedure, at least for sake of consistency. Notably, at the committee level Economic Dialogues would not according to the Commission proposal be formally enshrined in the preventive arm Regulation. As outlined in Section 1 of this briefing, the regular scrutiny activities by the EP have until today taken place at committee level, while the plenary has allowed for a wider policy debate. Having these parliamentary practices legally recognised may indeed be a welcome suggestion, while it will be up to the Parliament to decide in practise on the operationalisation of these dialogues. Also the Recovery and Resilience Dialogues are framed in the RRF-Regulation as a public exchange of views at the committee level.

The Commission proposal on the preventive arm suggests that the Council and the Commission “*include in their report to the EP the results of multilateral surveillance*”. While the proposal does not specify the modalities and the deadlines for such reporting, one can note an overlap between the proposed new Article 26 (and current Article 2-a, which already requires the President of the Council, and the Commission to report on an

¹³ Recital 21 of the preventive arm proposal: “In order to ensure the implementation of the medium-term fiscal-structural plans, the Commission and the Council should monitor the reform and investment commitments made in these plans under the European Semester, based on the annual progress reports submitted by the Member States, and in accordance with the provisions of Articles 121 and 148 TFEU. To that effect, they should engage in a European Semester dialogue with the European Parliament”.

annual basis to the European Parliament) and the new Article 29 (i.e. the European Semester Dialogue). Also as mentioned in the beginning of this briefing the TFEU refers to the competent committee of the EP as regards the reporting of the outcome of the multilateral surveillance.

See the **Annex 2** for a comparison of the current provisions and the draft provision proposed by the Commission under the preventive arm of the SGP to invite the other EU institutions and Member States to appear in front of the European Parliament for Economic Dialogues.

2.3. Other elements relating to EP involvement

The Commission proposes as a novelty in the preventive arm Regulation an **extensive use of Delegated Acts** (DA) i.e. the use of the possibility for the Commission to amend certain elements included in the proposed VII Annexes by means of DAs (with the exception of Annex I on the criteria to set the technical trajectories)

This would therefore allow the Commission to adapt the criteria over time on the information to be included in the medium-term fiscal-structural plans, annual progress reports, functioning of the control account, methodologies for assessment of plausibility, definition of common priorities of the Union and assessment framework for the reforms and investments necessary for an extension of the plan. Concretely, this would allow the European Parliament, as co-legislator, to veto potential changes to these core elements.

Furthermore, recital 33 seeks to clarify that “*ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts*”. Yet, article 33 of the proposal indicates that “*Before adopting a delegated act, the Commission shall consult experts designated by each Member State*” without foreseeing a formal consultation with the EP.

However, this also implies that the specific elements of the preventive arm would be determined through Delegated Acts, thereby limiting the EP’s ability to exercise full co-decision powers. To ensure that the Parliament can continue to feed into the thinking of the Commission on these core elements, the legal framework could ensure that the EP may actively participate in the discussions of the Commission expert groups instead of purely having systemic access to the meetings as observers.

Despite the use of delegated acts, the Commission may retain substantial discretion over many elements included in the reform proposals. For instance, the assessment framework (the Annexes VI and VII) for the set of national reforms and investments to be taken into account by the Commission, will imply plenty of room for economic assessments/judgement by the Commission.

As concerns the core definition of the methodology for the DSA, the Commission has not proposed it to be covered in a delegated act. However, it claims full transparency by regularly documenting its approach in the Debt Sustainability Monitor (see latest methodology in [Debt Sustainability Monitor 2022](#)) and envisages regular discussions with Member States to commonly agree on the underlying assumptions. According to the Commission services¹⁴, the methodology and data will be made available to Member States¹⁵. This approach however may raise some questions relating to the equal access to information by the EP and on the extent to which the methodology could be easily replicated. Similarly, transparency could be further enhanced in the preliminary stages of the new governance architecture by ensuring that the EP is kept informed already at the design phase of the medium-term fiscal-structural adjustment plans, for instance by

¹⁴ The [Commission's Q&As of 26 April 2023](#) accompanying the proposal argue that the DSA framework is “*transparently and thoroughly documented*”. See also the [Q&As of the Commission services](#) on the written questions received by Member States of 17 February 2023.

¹⁵ [Heimberger \(2023\)](#) calls for full transparency regarding the “*black box*” behind the analysis carried out by the Commission, by publishing all the relevant data considered and adopting a common methodology which should be replicable and predictable. In his view, the DSA cannot be considered “*a technical tool to compute public debt trajectories and derive optimal fiscal policy*”, as “*the analysis heavily relies on assumptions*” which involve “*the estimation of unobservable variables [...] and policy judgement*”.

granting it observer status in the context of the technical dialogues between the Commission and Member States for ensuring compliance prior to the submission of the plans.

2.4. Independent Fiscal Institutions and European Fiscal Board

The new architecture would **expand the role of national independent fiscal institutions (IFIs)** into the reformed EU fiscal and economic surveillance framework¹⁶. The proposal outlines some minimum standards for IFIs' independence, resources and tasks (e.g. providing opinions to their Member States¹⁷, issuing or endorsing macroeconomic and budgetary forecasts, monitoring compliance, taking part to parliamentary hearings). National governments would also have to "comply or explain" deviations from IFI's recommendations¹⁸. While the Communication indicated that the Commission would have "*reconsidered the mandate and role of the European Fiscal Board*" (EFB)¹⁹, the **Commission did not propose any changes to the role of the EFB**²⁰. In the explanatory memorandum to the preventive arm proposal, the Commission merely indicates that it would "*explore how to strengthen the role of the European Fiscal Board, while preserving the surveillance role conferred on the Commission by the EU*"²¹.

2.5. EU national parliaments

The Commission also aims to further **enhance national ownership** of the framework by further embedding national parliaments at the core of the reformed architecture. While the EU cannot directly legislate on competences of national parliaments, the proposals thus suggest ways to improve parliamentary involvement, e.g. by suggesting that Member States report on the level of scrutiny of national parliaments on the design of medium-term fiscal structural adjustment plans (see below for further information).

The proposals also touch upon the **role of national parliaments in light of the increased ownership** they seek to achieve but overall it seems to lack concrete enhancements:

- In the Proposal on the preventive arm of the SGP, recital 16 indicates that medium-term fiscal structural plans should mention "*whether the plan was presented to the national parliament and whether there has been parliamentary approval of the plan*" as well as "*whether the national parliament had the opportunity to discuss the Council recommendation on the previous plan and, if relevant, any other Council recommendation or decision, or any Commission warning*". However, no formal requirement can be found in the main body of the text nor in the Annex II on the information to be provided in the plans, which instead merely refers to information on consultations with relevant stakeholders in preparation of the plan.

¹⁶ According to [Beetsma \(2023\)](#), strengthening the role of IFIs could be particularly useful for the EP, as the availability of information and interpretation from IFIs would give it "*a stronger position in challenging national economic and financial policies*".

¹⁷ Furthermore, the proposal mandates Member States to submit in their annual reports the assessment of the IFIs with respect to "*compliance of the budgetary outturns data reported (...) with the net expenditure path*". Additionally, IFIs' role is expanded in both the preventive arm, e.g. to evaluate the factors leading to a deviation from the path, as well as in the corrective arm, e.g. to issue an opinion on the relevant factors affecting compliance with the debt/deficit criteria.

¹⁸ The network of EU IFIs published in May 2023 [a study](#) on assessing the relationship between EU and domestic fiscal frameworks, also reacting to the Commission legislative package. The study concludes that while there is generally harmony between the two frameworks, there have been cases of material disagreement, particularly regarding output gaps, structural balance, and compliance with rules. National frameworks and IFIs have tended to take a more prudent approach than the EU rules. The study suggests that the proposed legislative reform in April 2023 could reduce discrepancies and improve transparency, but some potential areas of divergence may remain.

¹⁹ See also EGOV [briefing](#) on the role of the European Fiscal Board.

²⁰ [Heimberger](#) (2023), [Van den Noord](#) (2023) and by [Blesse, Dorne & Lay](#) (2023) welcome a greater involvement of IFIs and the EFB. Notably, [Blesse, Dorne & Lay](#) (2023) propose to delegate the assessment of compliance with adjustment plans to these entities.

²¹ The memorandum also indicates some potential new tasks, including "*informing the periodic evaluation of the reformed framework and providing assessments on the implementation of central elements of the reformed governance system*" as well as advising Council on the decisions surrounding the activation/extension of the general escape clause.

- In the Proposal on the corrective arm of the SGP, when referring to Commission's dedicated surveillance missions to Member States, the proposal posits the possibility for the Commission to present its fiscal and economic assessment of a Member State's situation upon request of its national parliament. It seems however that the Commission will retain discretion on whether it would ultimately report. Also, Member States are obliged to include the opinion of the national IFI on the adequacy of the measures taken by the government to comply with the targets under the EDP (Article 126(7) of the TFEU).
- The Proposal amending the Directive on the requirements for budgetary frameworks of Member States mentions that Member States shall ensure that the Independent Fiscal Institutions (IFIs) participate in regular hearings and discussions at the national parliament. Still, connections with national parliaments already exist in some Member States and the Commission proposals do not spell out in particular a shared minimum level of interaction of IFIs with national parliaments²².

3. The ECON position political ownership, democratic control and transparency

On 11 December 2023, **the European Parliament's Committee on Economic and Monetary Affairs (ECON), the lead committee for the three draft legislative proposals, adopted its position on the reform.** Interinstitutional negotiations with the Council (so-called "*trilogues*") will only start once the EP plenary has provided its mandate. Formally, the EP has only a role as co-legislators for the preventive arm proposal (ordinary legislative procedures) while it will be consulted on the other two proposals.

The EP position, prepared under the leadership of MEPs *Esther de Lange* (EPP, NL) and *Marguerida Marques* (S&D, PT) as co-rapporteurs, was further informed by an opinion of the Committee on Employment and Social Affairs (EMPL) based on its areas of competence (e.g. European Pillar of Social Rights in the context of the European Semester) under the leadership of MEP Gabriele Bischoff (S&D, DE).

Please see [here](#) the EP press release following the vote in the ECON Committee. The final report as voted by the committee are available [here](#) (preventive arm), [here](#) (corrective arm) and [here](#) (national IFIs).

From an accountability perspective, the ECON position presents amendments to the framework aimed at strengthening the role of the EP and revising the framework for national parliaments, IFIs and the EFB.

3.1. Role of the European Parliament in the ECON position

The **role of the European Parliament is enhanced compared to the Commission legislative proposals with regards to the information requirements** as it is suggested that it gets simultaneous and equal information as the Council, though subject to confidentiality agreements if necessary. Such a provision mirrors the RRF framework laid down, which as previously explained expanded the scope of EP's scrutiny.

²² See [Beetsma \(2023\)](#) for an assessment of the links between IFIs and national parliaments.

Please refer to the **Annex 2** for a full list of information that the EP shall receive as stipulated by the new Article 25a.

Box 3: Core elements of the ECON position on the review of the economic governance framework

Relative to the Commission's proposals, the European Parliament introduces a number of changes to increase the credibility and the predictability of the rules, boost transparency and provide Member States with further leeway to invest in key priorities. In particular, notable changes include:

- **Exclusion of certain spending items from net expenditure:** The text proposes to exclude government expenditure on programmes fully matched by Union funds revenue, national expenditure on co-financing of Union's programmes (capped at 0.25% GDP), cyclical elements of unemployment benefit expenditures and costs related to costs of borrowing under the RRF.
- **More national ownership in definition of debt reduction trajectories:** Member States could choose to present their own technical trajectory for debt reduction. The dialogue with the Commission on the definition of debt reduction paths would further be strengthened.
- **Fiscal consolidation for high debt Member States:** A rule mandates a yearly reduction of public debt by 1 percentage point (p.p.) for countries with debt ratios above 90% GDP, and at least 0.5 p.p. for those between 60% and 90%. Exceptions exist for deficit over 3% but debt below 60%. The requirement for expenditure growth to stay below medium-term output growth is deleted.
- **Focus on enforcement and investments:** Member States are considered non-compliant with their net expenditure path if the cumulative balance on the control account exceeds 1% of GDP during growth years. An exception allows temporary deviations (up to 5 years) for strategic investments aligned with Union priorities. Similarly, investments in common priorities and use of EU investment instruments (e.g. RRF) or Union's funds should be taken into account for the purposes of launching a debt-based EDP.

In general, the ECON text also suggests to **further embed the European Parliament into the European Semester**, for instance with the possibility to call for appearances from the Commission and Member States. Similarly, it proposes that Council and Commission must regularly report to the EP whereas it requests the Eurogroup to submit an annual report. The Commission shall further consider the outcome of dialogues (see below) and EP resolutions in its policy guidance.

More into details, new Dialogues are introduced:

- A **European Semester Dialogue**, whereby the Presidents of the Council, of the Commission and (where appropriate) of the Eurogroup shall appear before the EP *at plenary level* upon invitation,
- A **MTFSP ('Medium-term fiscal structural plan') Dialogue**, whereby the Commission appears at committee level upon the EP's request to regularly inform on the application of the framework. The EP could also invite various presidents (Council, EUCO, or Eurogroup) for discussions in the competent committee at least twice a year²³.
- **The EP's competent committee would also be able to invite Member States to participate in an Economic Dialogue** when the Council issues recommendations to Member States in case of failures to submit a MTFSP, non-compliance with commitments leading to an extension of the adjustment period, or when the Council recommends measures to address the risk of surpassing the 3% reference value for debt-to-GDP. This would, on the one hand, increase peer pressure on Member States to deliver on their

²³ *De facto*, the distinction between these two above dialogues might suggest that the plenary-level European Semester Dialogue could focus more on the annual priorities of the Union in the context of the European Semester, whereas the MTFSP Dialogue would enhance the scrutiny role and instruments available to the EP competent committee over the outcomes of the multilateral surveillance framework.

commitments while, on the other, allowing Member States to explain their position and receive peer support.

Finally, the ECON Committee also proposes to increase the transparency on the methodology for **the assessment of plausibility and debt sustainability** which underpin the revised economic governance framework. In particular, it proposes to introduce detailed Delegated Acts ('DAs') to ensure replicable debt sustainability assessments. These pieces of secondary legislation shall specify elements for the Commission's analysis and call for transparent methodologies. This would ultimately allow the EP to retain a final say on the methodology by potentially raising an objection to the DAs while remaining informed on the Commission's analysis and underlying data.

3.2. Role of the European Fiscal Board (EFB) and Independent Fiscal Institutions (IFIs) in the ECON position

The framework for national fiscal institutions and the European Fiscal Board is substantively revised in the text adopted in ECON.

The **EFB** would be **established as an independent advisory body** with diverse members, providing its opinion to multiple entities (including the EP and the Eurogroup). In a similar way, **IFIs would need to bring diverse views in assessments** and should disclose minority positions. The proposal suggests to publicising their opinions and sharing best practices among IFIs under the coordination of the EFB.

The opinions of the EFB and the IFIs should accompany several documents foreseen by the framework. As an example, the **Commission's assessments of MTFSPs** should be accompanied by EFB opinion on Union aspects and relevant IFI opinions on national aspects. Similarly, an EFB's opinion should accompany the proposal for activation of the general escape clause, but a delay should not hinder the Commission from recommending clause triggering.

3.3. The role of national parliaments and other stakeholders in the ECON position

The text also attempts to further **increase the national ownership of the framework by further requiring the participation of national stakeholders**.

ECON has indeed suggested to mandate Member States to discuss the progress reports on the implementation of the framework with national parliaments, civil society and other relevant parties, including regional authority, when in line with national legal frameworks.

4. The Council positions on political ownership and transparency

On 20 December 2023, the Council reached a political agreement on the economic governance reform. One an [official negotiating position](#) (general approach) is [formally endorsed](#), the Council will be ready to start interinstitutional negotiations. Based on the **latest publicly available compromise texts** put forward by the Spanish Presidency on 8 December (see preventive arm [here](#), corrective arm [here](#), budgetary frameworks [here](#)), it is possible to identify **key accountability and transparency issues** addressed by Member States.

As regards the parliamentary dimension and transparency, the text of the Council does not substantially change what has been proposed by the Commission, notably on the role of the European Parliament, but it still presents a few relevant amendments to boost the national dimension of the framework.

The Council strengthens the language on the **role of national parliaments, who are now explicitly recognised among the relevant stakeholders to be involved in the European Semester** in Article 26. A

new recital 4 further clarifies that such involvement is “*key to ensure ownership as well as transparent and inclusive policy-making*”.

Concurrently with the deletion of Article 23 of the Commission proposal, which allowed the Commission (Council) to issue a warning (recommendations) for policy measures in the event of a significant risk of deviation from the net expenditure path or of overshooting the 3% deficit-to-GDP ceiling, the **Council removes the possibility for the European Parliament to invite the concerned Member State to an exchange of views**. One might note a departure from the approach of the ECON report, which strengthened the provision on the Economic Dialogue with a Member State to allow for both peer pressure and peer support.

The framework for IFIs and the EFB is also changed:

- The text seems **more prescriptive on the role of the European Fiscal Board**, whose independence and advisory tasks to the Commission and Council are now laid down in an ad hoc Article 22bis. The EFB shall provide ex post evaluations of the implementation of the framework and could provide opinions, upon Council’s request only, on the implementation of the SGP and the extension of the general escape clause
- Key changes to the framework for IFIs include the possibility for Member States to establish more than one **independent fiscal institution**, the possibility to offer a non-binding opinion at Council’s request on the extension of the national escape clause and a softer role of IFIs in assessing deviations from the net expenditure path, which is now made optional. A new list of tasks is also provided for in Article 8 of the Directive on national budgetary frameworks. A review clause is also introduced to assess the functioning of IFIs and to explore the establishment of minimum standards.

5. Some concluding remarks

To ensure that the proposed new EU economic governance regime effectively enhances transparency and democratic control of the framework, the EP needs to have strong legal backing to call for timely dialogues on the application (by the EU level executive bodies) and the implementation (by national governments) of the agreed framework. As a prerequisite for this democratic control, equal access to information at all stages of the governance framework, including methodological assumptions, to both the EP and the Council, is essential. This is particularly crucial in a shift from a detailed “rule-based” system to a more “risk-based” approach, which provides both a stronger role and more responsibility to the Commission in the application of the framework, especially during bilateral discussions with Member States.

In addition to this, enhancing political ownership and transparency vis-à-vis the European Parliament would be beneficial for maintaining consistency and fairness in the application of the common framework. Therefore, ensuring equal access to information for both the EP and the Council is crucial to promote transparency and democratic accountability.

The Commission’s proposals include elements to strengthen the role of national IFIs, including widening their mandate beyond providing independent expertise assessments on implementing national fiscal frameworks. While enhancing the European Fiscal Board’s role has been left open for further policy debate at the European level by the Commission, a dedicated third party providing regular assessments on applying and implementing the EU economic governance framework would facilitate public understanding and debate, thereby also enhancing parliamentary control and transparency. The EP position pursues such a goal by clearly proposing the use of IFIs and the EFB to provide opinions across institutions and across various steps of the multilateral surveillance framework increasing its transparency.

The text of the Council seems to be limiting accountability checks by independent fiscal institutions and favouring instead additional involvement (though limited) of national parliaments. This is done by adopting language that emphasises the non-binding nature of the IFIs' opinions and introduces across the board a requirement that their opinions are provided when explicitly requested by the EU's executive bodies (Commission or Council) in a number of areas. This light touch approach to national independent fiscal institutions seems to be matched by a stronger emphasis on the role of the European Fiscal Board, which however would not be substantially upgraded (at least in legal terms) relative to the status quo. This reflects the [orientations](#) of the European Council of March 2023, which called to maintain and adapt the current role of IFIs to the new framework, explore common standards and a strengthening of the EFB. The scrutiny role of the European Parliament on the European dimension of the framework is kept unchanged and, one could argue, even lessened by deleting the possibility to invite Member States to a hearing. This ultimately affects the institutional balance of powers among the EU institutions, Member States and the corresponding allocation of powers.

The co-legislators may still consider ways to enhance the role of national parliaments to ensure political ownership, democratic legitimacy and effective governance at the national level. However, it may be legally challenging to provide a detailed description of the role of national parliaments in this regard. It will be up to national parliaments to discuss their role in the reformed governance framework.

Ultimately, the co-legislators will need to carefully balance the need for enhanced accountability and transparency with the practical considerations of implementation and the division of powers between the EU institutions and its Member States. All these issues will be addressed in the context of interinstitutional negotiations between the Council and the EP and defined in the final text.

As a final remark, one may note that the Commission's legal proposals would not alter the current legal structure of inter-parliamentary meetings, such as the one under the Treaty on Stability, Coordination and Governance in the EMU (so-called "Article 13 Conference of the Fiscal Compact"). It may still provide a cross-country forum for a parliamentary debate on the EU economic governance framework.

Table 2: Comparison of wording used in the Commission's proposal on the preventive arm of the SGP and the Communication on the principles for economic governance review

	Transparency / Transparent	Democracy / Democratic	Accountability / Accountable	Ownership	Parliament / Parliamentary
Word count - Commission legal proposal	7	0	2	4*	21*
Word count - Communication	15	1	3	16	9

Sources: EGOV elaboration based on the Commission proposal on the preventive arm of the SGP and Commission's Communication.

The table excludes references to the explanatory memorandum accompanying the proposal (where, for instance, "ownership is mentioned 5 times). For references to "Parliament", the table only accounts for substantive references (e.g. excluding "Regulation of the Council and the European Parliament", etc.)

Annex 1: The EU fiscal governance framework: Some pieces of the puzzle

Objectives of the rules	<ul style="list-style-type: none"> • Avoid unsustainable budgetary policies • Avoid pro-cyclical fiscal policies • Promote fiscal stabilisation • Promote good public investments (e.g. "twin transition") • Promote the quality of public finances (e.g. "spending reviews") • Promote strategic/critical investments/spending
Design features of the rules	<ul style="list-style-type: none"> • Simplicity • Enforceability • Flexibility provisions (e.g. "escape clauses") • Division between supranational and/or national level arrangements
Governance features of the rules	<ul style="list-style-type: none"> • Transparency in application • Level of discretion/automaticity in application • Accountability arrangements • Division between supranational and/or national level arrangements
Form of the revision of the rules	<ul style="list-style-type: none"> • Interpretative communication • EU secondary law (e.g. 6-pack and 2-pack) • EU primary law (e.g. EU Treaties and Protocols) • International agreement (e.g. "Fiscal Compact") • National legislation (e.g. "balanced budget rules")
Reform beyond economic governance rules	<ul style="list-style-type: none"> • Enhanced supranational fiscal capacity and public goods, including progress on "EU own resources" • Enhanced national fiscal capacity (e.g. "rainy day funds") • Make progress on Banking Union and Capital Markets Union • Make progress on EU tax policies

Source: EGOV own elaboration.

Annex 2: A comparison of the legal provisions on Economic Dialogues

Current rules in force	Commission proposals for reform	EP ECON Committee position
EUROPEAN PARLIAMENT AND COUNCIL REGULATION NO 1466/97	PROPOSAL FOR A REGULATION repealing Regulation No 1466/97	ECON REPORT on the proposal for a regulation repealing Regulation No 1466/97
<p>Article 2-a: European Semester for economic policy coordination (para 4)</p> <p>4. The European Parliament shall be duly involved in the European Semester in order to increase the transparency and ownership of, and the accountability for the decisions taken, in particular by means of the economic dialogue carried out pursuant to Article 2-ab of this Regulation. The Economic and Financial Committee, the Economic Policy Committee, the Employment Committee and the Social Protection Committee shall be consulted within the framework of the European Semester where appropriate. Relevant stakeholders, in particular the social partners, shall be involved within the framework of the European Semester, on the main policy issues where appropriate, in accordance with the provisions of the TFEU and national legal and political arrangements.</p>	<p>Article 26: European Semester Dialogue (para 1)</p> <p>The European Parliament shall be duly involved in the European Semester in order to increase the transparency and ownership of, and the accountability for the decisions taken, in particular by means of an economic dialogue. The Economic and Financial Committee, the Economic Policy Committee, the Employment Committee and the Social Protection Committee shall be consulted within the framework of the European Semester where appropriate. Relevant stakeholders, in particular the social partners, shall be involved within the framework of the European Semester, on the main policy issues where appropriate, in accordance with the provisions of the TFEU and national legal and political arrangements.</p>	<p>Article 26: European Semester Dialogue (para 1)</p> <p>In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure transparency and accountability, the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup shall appear before the European Parliament shall be duly involved in when invited, to discuss the policy guidance to Member States issued by the Commission, the conclusions drawn by the European Council Semester in order to increase the transparency and ownership of, and the results of multilateral surveillance carried out under this Regulation. A representative of the Economic and Financial Committee, the Economic Policy Committee, the Employment Committee and the Social Protection Committee shall may be invited consulted by the European Parliament within the framework of the European Semester Dialogue where appropriate. Relevant stakeholders, in particular the social partners, shall be involved within the framework of the European Semester, on the main policy issues where appropriate, in accordance with the provisions of the TFEU and national legal and political arrangements.</p>
<p>The President of the Council, and the Commission in accordance with Article 121 TFEU, and, where appropriate, the President of the Eurogroup, shall report annually to the European Parliament and to the European Council on the results of the multilateral</p>	<p>Article 26: European Semester Dialogue (para 3)</p> <p>The President of the Council, and the Commission in accordance with Article 121 TFEU, and, where appropriate, the President of the Eurogroup, shall report annually to the European Parliament and</p>	<p>Article 26: European Semester Dialogue (para 2)</p> <p>The President of the Council, and the Commission in accordance with Article 121 TFEU, and, where appropriate, the President of the Eurogroup, shall report annually to the European Parliament and</p>

surveillance. These reports should be a component of the Economic Dialogue referred to in Article 2-ab of this Regulation.	to the European Council on the results of the multilateral surveillance.	to the European Council on the results of the multilateral surveillance.
<p>Article 2ab: Economic Dialogue</p> <p>1. In order to enhance the dialogue between the institutions of the Union, in particular the EP, the Council and the COM, and to ensure greater transparency and accountability, the competent committee of the EP may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Euro group to appear before the committee to discuss:</p> <p>a) information provided to the committee by the Council on the broad guidelines of economic policy pursuant to Article 121(2) TFEU;</p> <p>(b) general guidance to Member States issued by the Commission at the beginning of the annual cycle of surveillance;</p> <p>(c) any conclusions drawn by the European Council on orientations for economic policies in the context of the European Semester;</p> <p>(d) the results of multilateral surveillance carried out under this Regulation;</p> <p>(e) any conclusions drawn by the European Council on the orientations for and results of multilateral surveillance;</p> <p>(f) any review of the conduct of multilateral surveillance at the end of the European Semester;</p> <p>(g) Council recommendations addressed to MS in accordance with Article 121(4) TFEU in the event of significant deviation and the report made by the Council to the European Council as defined in Article 6(2) and Article 10(2) of the Regulation.</p> <p>2. The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly.</p>	<p>Article 26: European Semester Dialogue (para 2)</p> <p>In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure transparency and accountability, 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 it to discuss the policy guidance to Member States issued by the Commission, conclusions drawn by the European Council and the results of multilateral surveillance carried out under this Regulation.</p> <p>Article 27: Comply or explain rule</p> <p>The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly.</p>	<p>Article 26a: European Semester Medium-term fiscal-structural Dialogue</p> <p>1. In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure transparency and accountability, 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 shall appear before it to discuss the policy guidance to Member States issued by the Commission, conclusions drawn by the European Council and the results of the competent committee of the European Parliament upon request to discuss the content, submission, assessment and monitoring of its medium-term fiscal-structural plans as part of multilateral budgetary surveillance, including the information listed in Article 25a(7), carried out under this Regulation.</p> <p>2. In order to enhance the dialogue between the Union institutions, in particular the European Parliament and the Council, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council and, where appropriate, the President of the European Council or the President of the Eurogroup to appear at least twice a year before its competent committee to discuss the matters referred to in paragraph 1.</p> <p>Article 27: Comply or explain rule</p> <p>The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly.</p>

<p>3. The competent committee of the European Parliament may offer the opportunity to a Member State which is the subject of a Council recommendation under Article 6(2) or Article 10(2) to participate in an exchange of views.</p>	<p>Article 28: Dialogue with a Member State</p> <p>Where the Council addresses a recommendation to a Member State pursuant to Article 23(2) in the event of a significant risk of deviation from the net expenditure path, the European Parliament may offer the opportunity to that Member State, to participate in an exchange of views.</p>	<p>Article 28: Economic Dialogue with a Member State</p> <p>Where the Council addresses a recommendation to a Member State pursuant to Article 23(2) in the event of a significant risk of deviation from the net expenditure path The competent committee of the European Parliament may offer the opportunity to that a Member State to participate in an exchange of views when the Council addresses a recommendation to a Member State pursuant to Article 18, Article 19 or Article 23(2).</p>
<p>4. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation.</p>	<p>Article 29: Regular information of the European Parliament</p> <p>1. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation.</p> <p>2. The Council and the Commission shall include in their report to the European Parliament the results of the multilateral surveillance carried out pursuant to this Regulation.</p>	<p>Article 29: Regular information of the European Parliament</p> <p>1. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation.</p> <p>2. The Council and the Commission shall include in their report to the European Parliament the results of the multilateral surveillance carried out pursuant to this Regulation.</p> <p>Article 25a: Role of the European Parliament</p> <p>1. The European Parliament shall be duly involved in a regular and structured way in the European Semester in order to increase the transparency, democratic accountability and ownership for the decisions taken, in particular by means of the dialogues referred to in this Regulation.</p> <p>2. The Commission shall transmit to the European Parliament the national medium-term fiscal-structural plans submitted by the Member States. The Commission shall inform the European Parliament of its overall assessment of those medium-term fiscal-structural plans. The competent committee of the European Parliament may request the Commission and relevant stakeholders, including social partners, to appear before it. On such occasions, the Commission shall be invited to present its assessment of medium-term fiscal-structural plans and the relevant stakeholders shall be invited to comment thereon.</p> <p>3. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation.</p>

		<p>4. The Council and the Commission shall include in their report to the European Parliament the results of the multilateral surveillance carried out pursuant to this Regulation.</p> <p>5. The Eurogroup shall annually report to the European Parliament on the outcome of its work on the specific responsibilities related to the single currency in the area of multilateral surveillance.</p> <p>6. Information shall be prepared and transmitted by the Commission to the Council and any of its preparatory bodies in the context of this Regulation, or the application thereof, and shall be made available to the European Parliament simultaneously and on equal terms without undue delay, subject to confidentiality arrangements where necessary. Such information shall include, but shall not be limited to:</p> <ul style="list-style-type: none"> (a) the debt sustainability assessments and its methodological framework; (b) the reference trajectories; (c) the national medium-term fiscal-structural plans submitted by the Member States and the proposed net expenditure path; (d) an overview of the Commission's preliminary findings concerning general progress in implementation of national medium-term fiscal-structural plan, including the balance of the control account; (e) an overview of the Commission's preliminary findings concerning the satisfactory fulfilment of the set of reform and investment commitments underpinning the extension of the adjustment period; (f) the evaluation of the country-specific recommendations and social convergence risks, and the progress towards the implementation of the principles of the European Pillar of Social Rights; (g) the revisions of national medium-term fiscal-structural plans; (h) the outcome of missions to Member States under Articles 34 and 35; (i) the Commission warning under Article 23;
--	--	---

		<p>(j) the risk of non-compliance with the net expenditure paths;</p> <p>(k) the Commission's quantitative and qualitative analysis that, in case of activation of the escape clauses pursuant to Article 24 and Article 25, medium-term sustainability shall not be endangered;</p> <p>(l) any other relevant information and documentation provided by the Commission to the competent committee of the European Parliament in relation to the implementation of coordination of economic policies and multilateral budgetary surveillance.</p> <p>7. Relevant outcomes of discussions held in Council preparatory bodies shall be shared with the competent committee of the European Parliament.</p> <p>8. The competent committee of the European Parliament may invite the Commission to provide information on the state of play of the national medium-term fiscal-structural plans in the context of the medium-term fiscal-structural plan dialogues referred to in Article 26a.</p> <p>9. The Commission shall take into account in its policy guidance any elements arising from the views expressed through the European Semester and medium-term fiscal-structural plan dialogues as referred to in Articles 26 and 26a, including any resolutions by the European Parliament.</p>
--	--	--

COUNCIL REGULATION NO 1467/97	A PROPOSAL for amending REGULATION No 1467/97	REPORT on the proposal for amending REGULATION No 1467/97
<ul style="list-style-type: none"> Article 2a: ECONOMIC DIALOGUE 1. In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the COM, 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 Euro group to appear before the committee to discuss: <ul style="list-style-type: none"> - Council decisions under Article 126(6) TFEU, - Council recommendations under Article 126(7) TFEU notices under Article 126(9) TFEU, or - Council decisions under Article 126(11) TFEU. The Council is, as a rule, expected to follow the recommendations and proposals of the Commission or explain its position publicly. The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions, recommendations or notices to participate in an exchange of views. 2. The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation. 	<ul style="list-style-type: none"> No proposal for change 	<ul style="list-style-type: none"> No proposal for change
<ul style="list-style-type: none"> For a list of all the current EU law provisions for Economic Dialogues in the competent committee of the European Parliament, please see this document for EDs with the EU institutions and this document for EDs with Member States. 		

Disclaimer and copyright. The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2023.

Contact: egov@ep.europa.eu

This document is available on the internet at: www.europarl.europa.eu/supporting-analyses