

Economic Governance tools ("6 and 2-pack") as part of the European Semester Cycle

Main steps under European Semester Cycle for all Member States

- **November:** Communications from the Commission on Annual Growth Survey (AGS) and Alert Mechanism Report (AMR)
- **January:** European Parliamentary Week with national parliaments to discuss EU priorities under the Semester Cycle
- **March:** EU priorities endorsed by European Council based on the Commission proposals and Council preparations
 - **April:** Submission of National Reform Programmes (NRP) and Stability or Convergence programmes (SCP)
 - **May:** Assessment by the Commission and Council of the NRPs and SCPs
 - **May-June:** Commission proposals for Country Specific Recommendations (draft CSRs)
 - **June:** European Council endorsement and Council adoption of the CSRs
 - **June-September:** Economic Dialogue with the Commission, the Eurogroup and the Council on the CSR
 - Implementation of the CSRs in Member States
 - **October:** Submission of national Draft Budgetary Plans (DBPs) (€-Member States)
 - **November:** Assessment of DBPs and of the implementation of the Semester Cycle as a whole
 - **November:** Next European Semester Cycle starts at the EU level

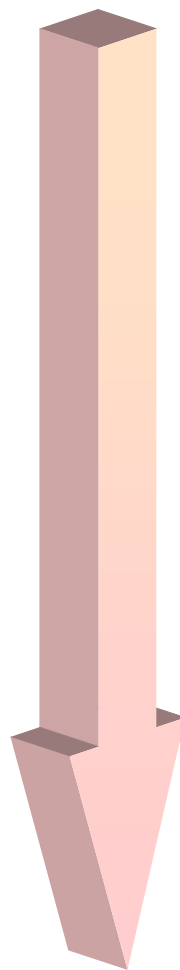
Economic governance tools for policy challenges in one or more Member State (MS)

| Risk of macroeconomic imbalances and/or loss of competitiveness | Risk to the sustainability of public finance | Member States threatened with or experiencing financial difficulties |
|---|--|---|
| <ul style="list-style-type: none"> ▶ Alert Mechanism Report identifies MS at risk of imbalances based on an indicative scoreboard ▶ In-depth review, including surveillance missions, for identified MSs ▶ Submission and assessment of National Reform Programmes ▶ Possibly preventive CSRs based on the Macroeconomic Imbalance Procedure (MIP) ▶ If needed, opening of an Excessive Imbalance Procedure (EIP), including corrective action plans ▶ Possible financial sanctions under MIP (€-MS) ▶ Possible suspension of EU structural and investment funds | <ul style="list-style-type: none"> ▶ Submission and surveillance of Stability or Convergence Programmes ▶ Implementation of the preventive arm of the SGP: (Medium-term Budgetary Objectives) ▶ Possibly preventive CSRs ▶ If needed, launching and implementing of an Excessive Deficit Procedure (EDP) ▶ National Fiscal Councils and independent forecasts ▶ Submission and assessments of Draft Budgetary Plans (€-MS) ▶ Report on debt issuance plans (€-MS) ▶ Possible financial sanctions (€-MS under SGP all signatory MS under TSCG) ▶ Possible suspension of EU structural and investment funds | <ul style="list-style-type: none"> ▶ Enhanced surveillance ▶ If needed, Macroeconomic Adjustment Programme (€-MS) ▶ Financial assistance tools (e.g. ESM, EFSF, EFSM, IMF) ▶ Specific role of ECB and IMF as part of the "Troika", including possible technical assistance ▶ <i>Ex post</i> programme surveillance ▶ If needed, Balance of Payments Support (non-€-MS) |
| Relevant EU law | Relevant EU law | Relevant EU law |
| <ul style="list-style-type: none"> ▶ Regulation (EU) No 1176/2011 on the prevention and correction of macroeconomic imbalances ▶ Regulation (EU) No 1174/2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area ▶ Regulation (EU) No 1303/2013 laying down common and general provisions on five European structural and investment funds | <ul style="list-style-type: none"> ▶ Regulation (EU) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ▶ Regulation (EU) No 1467/97 on speeding up and clarifying the implementation of the Excessive Deficit Procedure ▶ Regulation (EU) No 1173/2011 on the effective enforcement of budgetary surveillance in the euro area ▶ Regulation (EU) No 473/2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area ▶ Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States ▶ Treaty on Stability, Coordination and Governance in EMU (TSCG) ▶ Regulation (EU) No 1303/2013 laying down common and general provisions on five European structural and investment funds | <ul style="list-style-type: none"> ▶ Regulation (EU) No 472/2013 on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area ▶ Council Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments ▶ Rules governing the European Stability Mechanism (ESM), European Financial Stabilisation Mechanism (EFSM) and European Financial Stability Facility (EFSF) ▶ Regulation (EU) No 1303/2013 laying down common and general provisions on five European structural and investment funds |

Intrusiveness to MS policy making

EMU Governance

Lower level



Higher Level

- Multilateral and bilateral EU-level surveillance within the European Semester (peer pressure and support)
- EU2020 targets (CSRs)
- Preventive arm of the Stability and Growth Pact (SGP) (CSRs)
- Preventive arm of the Macroeconomic Imbalance Procedure (MIP) (CSRs)
- Excessive Deficit Procedure (EDP)
- COM opinions on the Draft Budgetary Plans (DBPs)
- Excessive Imbalance Procedure (EIP)
- Sanctions based on SGP and MIP
- Enhanced monitoring
- Macroeconomic Adjustment/Financial Assistance Programme
- Ex post surveillance
- *Next step: Genuine EMU?*

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