



**2023/0138(COD)**

30.10.2023

## **OPINION**

of the Committee on Employment and Social Affairs

for the Committee on Economic and Monetary Affairs

on the proposal for a regulation of the European Parliament and of the Council  
on the effective coordination of economic policies and multilateral budgetary  
surveillance and repealing Council Regulation (EC) No 1466/97  
(COM(2023)0240 – C9-0150/2023 – 2023/0138(COD))

Rapporteur for opinion (\*): Gabriele Bischoff

(\*) Associated committee – Rule 57 of the Rules of Procedure'

PA\_Legam

## AMENDMENTS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to take the following into account:

Amendment 1

### Proposal for a regulation

#### Recital 2

*Text proposed by the Commission*

(2) The Stability and Growth Pact (SGP), which initially consisted of Council Regulation (EC) No 1466/97<sup>19</sup>, Council Regulation (EC) No 1467/97 of 7 July 1997<sup>20</sup> and the Resolution of the European Council of 17 June 1997 on the Stability and Growth Pact<sup>21</sup>, is based on the objective of sound and sustainable 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 and inclusive growth **and** employment.

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<sup>19</sup> Council Regulation (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 (OJ L 209, 2.8.1997, p. 1).

<sup>20</sup> Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

<sup>21</sup> Resolution of the European Council on the Stability and Growth Pact Amsterdam, 17 June 1997 (OJ C 236, 2.8.1997, p. 1).

*Amendment*

(2) The Stability and Growth Pact (SGP), which initially consisted of Council Regulation (EC) No 1466/97<sup>19</sup>, Council Regulation (EC) No 1467/97 of 7 July 1997<sup>20</sup> and the Resolution of the European Council of 17 June 1997 on the Stability and Growth Pact<sup>21</sup>, is based on the objective of sound and sustainable government finances as a means of strengthening the conditions for price stability and for strong sustainable growth **conducive to employment creation** underpinned by financial stability, thereby supporting the achievement of the Union's objectives for sustainable and inclusive growth **aiming at full employment and social progress**.

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<sup>19</sup> Council Regulation (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 (OJ L 209, 2.8.1997, p. 1).

<sup>20</sup> Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

<sup>21</sup> Resolution of the European Council on the Stability and Growth Pact Amsterdam, 17 June 1997 (OJ C 236, 2.8.1997, p. 1).

#### Amendment 2

## Proposal for a regulation

### Recital 5

#### *Text proposed by the Commission*

(5) The economic governance framework of the Union should be adapted to better take into account the growing heterogeneity of fiscal positions, public debt challenges and other vulnerabilities across Member States. The strong policy response to the COVID-19 pandemic proved highly effective in mitigating the economic and social damage of the crisis, but the crisis resulted in a significant increase in public- and private-sector debt ratios, underscoring the importance of reducing debt ratios to prudent levels in a gradual, sustained **and** growth-friendly manner and addressing macroeconomic imbalances, **while** paying due attention to employment and social objectives. At the same time, the economic governance framework of the Union should be adapted to help address the medium- and long-term challenges facing the Union including achieving a fair digital and green transition, including the Climate Law<sup>22</sup>, ensuring energy security, open strategic autonomy, addressing demographic change, strengthening social and economic resilience and implementing the strategic compass for security and defence, all of which requires reforms and sustained high levels of investment in the years to come.

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<sup>22</sup> The European Climate Law sets a Union-wide climate neutrality objective by 2050 and requires Union institutions and Member States to progress in enhancing adaptive capacity, requiring significant public investment to reduce the negative socio-economic impacts of climate change

#### *Amendment*

(5) The economic governance framework of the Union should be adapted to better take into account the growing heterogeneity of fiscal positions, public debt challenges and other vulnerabilities across Member States. The strong policy response to the COVID-19 pandemic proved highly effective in mitigating the economic and social damage of the crisis, but the crisis resulted in a significant increase in public- and private-sector debt ratios, underscoring the importance of reducing debt ratios to prudent levels in a gradual, sustained, growth-friendly **and inclusive** manner and addressing macroeconomic imbalances **as well as supporting upward social convergence**, paying due attention to **quality** employment and social objectives. At the same time, the economic governance framework of the Union should be adapted to help address the medium- and long-term challenges facing the Union including achieving a fair digital and green transition, including the Climate Law<sup>22</sup> **and the implementation of the European Pillar of Social Rights**, ensuring energy security, open strategic autonomy, addressing demographic change, strengthening social and economic resilience, **including through strengthening social investments**, and implementing the strategic compass for security and defence, all of which requires reforms and sustained high levels of investment in the years to come.

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<sup>22</sup> The European Climate Law sets a Union-wide climate neutrality objective by 2050 and requires Union institutions and Member States to progress in enhancing adaptive capacity, requiring significant public investment to reduce the negative socio-economic impacts of climate change

on the EU and its Member States,  
including negative impacts on growth and  
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### Amendment 3

#### Proposal for a regulation

##### Recital 7

###### *Text proposed by the Commission*

(7) The multilateral surveillance procedure set out in Article 121(2), (3) and (4) and Article 148(4) TFEU should monitor in accordance with more detailed rules the full range of economic *and* employment developments in each of the Member States and in the Union. That includes the detection of macroeconomic imbalances and the prevention and correction of excessive imbalances as set out in Regulations (EU) No 1174/2011<sup>23</sup> and (EU) No 1176/2011<sup>24</sup> of the European Parliament and of the Council. For the monitoring of such economic *and* employment developments, Member States should present information in the form of medium-term fiscal-structural plans.

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<sup>23</sup> Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area (OJ L 306, 23.11.2011, p. 8).

<sup>24</sup> 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 (OJ L 306, 23.11.2011, p. 25).

###### *Amendment*

(7) The multilateral surveillance procedure set out in Article 121(2), (3) and (4) and Article 148(4) TFEU should monitor in accordance with more detailed rules the full range of economic, employment *and relevant social* developments in each of the Member States and in the Union, *linked to the headline targets, including progress towards the national targets, and their main and secondary indicators of the European Pillar of Social Rights*. That includes the detection of macroeconomic imbalances and the prevention and correction of excessive imbalances as set out in Regulations (EU) No 1174/2011<sup>23</sup> and (EU) No 1176/2011<sup>24</sup> of the European Parliament and of the Council. For the monitoring of such economic, employment *and social convergence* developments, Member States should present information in the form of medium-term fiscal-structural plans.

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<sup>23</sup> Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area (OJ L 306, 23.11.2011, p. 8).

<sup>24</sup> 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 (OJ L 306, 23.11.2011, p. 25).

## Amendment 4

### Proposal for a regulation Recital 7 a (new)

*Text proposed by the Commission*

*Amendment*

***(7a) In order to promote upward social convergence, the multilateral surveillance procedure set out in Article 148(4) TFEU is complemented with an early warning system within the European Semester (Social Convergence Framework). Within the Social Convergence Framework the Commission - pursuant to Article 148 TFEU - first identifies risks to upward convergence for Member States in the joint employment report based on the social scoreboard headline indicators. In the second stage, the Commission identifies Member States requiring further examination and publishes the 'Social Convergence Reports' for those Member States identified as facing risks to upward social convergence. The country-specific conclusions of the multilateral surveillance activities under the new framework should provide input to the Commission's reflection on country-specific recommendations'proposals.***

## Amendment 5

### Proposal for a regulation Recital 8

*Text proposed by the Commission*

*Amendment*

(8) Detailed rules should therefore be laid down regarding the content, submission, assessment and monitoring of the national medium-term fiscal-structural plans, in order to promote debt sustainability ***and*** sustainable and inclusive growth in the Member States and prevent the occurrence of excessive government

(8) Detailed rules should therefore be laid down regarding the content, submission, assessment and monitoring of the national medium-term fiscal-structural plans, in order to promote debt sustainability, sustainable and inclusive growth ***and upward social convergence*** in the Member States and prevent the occurrence of excessive government

deficits through medium-term planning.

## Amendment 6

### Proposal for a regulation

#### Recital 9

##### *Text proposed by the Commission*

(9) National medium-term fiscal-structural plans should bring together the fiscal, structural reforms and investment commitments of each Member State and these plans should be the cornerstone of the economic governance framework of the Union. Each Member State should present a medium-term plan that sets out its fiscal trajectory as well as priority public investment and reform commitments that together ensure sustained and gradual debt reduction and sustainable and inclusive growth, avoiding a pro-cyclical fiscal policy, as well as broader reform and investment commitments, including in relation to the green and digital transitions, social and economic resilience and the implementation of the **European Pillar of Social Rights**. During the lifetime of the Recovery and Resilience Facility<sup>25</sup>, commitments undertaken in the national Recovery and Resilience Plans should be duly taken into account.

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<sup>25</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the

deficits through medium-term planning.

##### *Amendment*

(9) National medium-term fiscal-structural plans should bring together the fiscal, structural reforms and investment commitments of each Member State and these plans should be the cornerstone of the economic **and social** governance framework of the Union. Each Member State should present a medium-term plan that sets out its fiscal trajectory as well as priority public investment and reform commitments that together ensure sustained and gradual debt reduction and sustainable and inclusive growth, avoiding a pro-cyclical fiscal policy, as well as broader reform and investment commitments, including in relation to the green and digital transitions, social and economic resilience and the implementation of the European Pillar of Social Rights, **including the related targets on employment, skills and poverty reduction by 2030<sup>1a</sup>**. During the lifetime of the Recovery and Resilience Facility<sup>25</sup>, commitments undertaken in the national Recovery and Resilience Plans should be duly taken into account.

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<sup>25a</sup> **Communication from the Commission to the European Parliament, the Council, the European economic and social committee and the Committee of the regions "The European Pillar of Social Rights Action Plan" of 4 March 2021 (COM(2021)0102).**

<sup>25</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the

## Amendment 7

### Proposal for a regulation Recital 10

#### *Text proposed by the Commission*

(10) Cohesion policy funds are also synchronised with the European Semester process. As the long-term investment policy of the EU budget, cohesion policy investments and reforms should also be duly taken into account in the drawing of the national medium-term fiscal-structural plans. Each Member State should also explain how its national medium-term fiscal-structural plan will ensure consistency with the expenditure on EU programmes fully matched by EU funds revenue and the relevant national co-financing.

#### *Amendment*

(10) Cohesion policy funds are also synchronised with the European Semester process. As the long-term investment policy of the EU budget ***strengthening economic, social and territorial cohesion***, cohesion policy investments and reforms should also be duly taken into account in the drawing of the national medium-term fiscal-structural plans. Each Member State should also explain how its national medium-term fiscal-structural plan will ensure consistency with the expenditure on EU programmes fully matched by EU funds revenue and the relevant national co-financing.

## Amendment 8

### Proposal for a regulation Recital 13

#### *Text proposed by the Commission*

(13) To provide guidance to the Member States in the drafting of their medium-term fiscal-structural plan, the Commission should put forward a technical trajectory based on the minimum fiscal adjustment that brings the debt trajectory of the Member State on a plausibly downward path or maintains debt at a prudent level. It should also ensure that the public debt ratio at the end of the planning horizon declines below its level in the year before the start of the technical trajectory. ***The sustainability of that debt reduction***

#### *Amendment*

(13) To provide guidance to the Member States in the drafting of their medium-term fiscal-structural plan, the Commission should put forward a technical trajectory based on the minimum fiscal adjustment that brings the debt trajectory of the Member State on a plausibly downward path or maintains debt at a prudent level, ***while also taking into account the targeted investments needed to achieve the common priorities of the Union***. It should also ensure that the public debt ratio at the end of the planning horizon declines below



*should result from appropriate fiscal policies.*

its level in the year before the start of the technical trajectory.

## Amendment 9

### Proposal for a regulation

#### Recital 22

##### *Text proposed by the Commission*

(22) To ensure a more gradual debt reduction, the adjustment period can be extended by a maximum of 3 years if the Member State underpins its medium-term fiscal-structural plan with a set of verifiable and time-bound reforms and investment that, taken altogether: ***are growth-enhancing***, support fiscal sustainability, address the common priorities of the Union, address relevant country-specific recommendations addressed to the Member State under the European Semester, and address the country-specific investment priorities without leading to cuts in other nationally financed public investment over the adjustment period in order to ensure a macroeconomic impact of investments and avoid crowding out of other investment priorities.

##### *Amendment*

(22) To ensure a more gradual debt reduction, the adjustment period can be extended by a maximum of 3 years if the Member State underpins its medium-term fiscal-structural plan with a set of verifiable and time-bound reforms and investment that, taken altogether: ***enhance sustainable and inclusive growth, promote upward social convergence***, support fiscal sustainability, address the common priorities of the Union, address relevant country-specific recommendations addressed to the Member State under the European Semester, and address the country-specific investment priorities without leading to cuts in other nationally financed public investment, ***including social investments***, over the adjustment period in order to ensure a macroeconomic impact of investments and avoid crowding out of other investment priorities.

## Amendment 10

### Proposal for a regulation

#### Article 1 – paragraph 1

##### *Text proposed by the Commission*

This Regulation sets out rules ensuring effective coordination of economic policies of the Member States, thereby supporting the achievement of the Union's objectives for growth ***and*** employment.

##### *Amendment*

This Regulation sets out rules ensuring effective coordination of economic policies of the Member States, thereby supporting the achievement of the Union's objectives for ***sustainable and inclusive growth and quality*** employment.

## Amendment 11

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

#### *Text proposed by the Commission*

It lays down detailed rules concerning the content, submission, assessment and monitoring of national medium-term fiscal-structural plans as part of multilateral budgetary surveillance by the Council and the Commission so as to promote debt sustainability **and** sustainable and inclusive growth in the Member States and prevent the occurrence of excessive government deficits, by medium-term planning.

#### *Amendment*

It lays down detailed rules concerning the content, submission, assessment and monitoring of national medium-term fiscal-structural plans as part of multilateral budgetary surveillance by the Council and the Commission so as to promote debt sustainability, sustainable and inclusive growth **and upward social convergence** in the Member States and prevent the occurrence of excessive government deficits, by medium-term planning, **while ensuring the targeted economic and social investments in line with the Union common priorities.**

## Amendment 12

### Proposal for a regulation Article 3 – paragraph 1

#### *Text proposed by the Commission*

In order to ensure closer coordination of economic policies and **sustained** convergence of the economic and social performance of the Member States, the Council and the Commission shall conduct multilateral surveillance within the European Semester in accordance with the objectives and requirements set out in the TFEU. Multilateral surveillance shall rely on high quality and independent statistics, produced in accordance with the principles laid down in Regulation (EC) No 223/2009 of the European Parliament and of the Council.

#### *Amendment*

In order to ensure closer coordination of economic **and employment** policies and **upward** convergence of the economic and social performance of the Member States **in line with the common Union priorities**, the Council and the Commission shall conduct multilateral surveillance within the European Semester in accordance with the objectives and requirements set out in the TFEU. Multilateral surveillance shall rely on high quality and independent statistics, produced in accordance with the principles laid down in Regulation (EC) No 223/2009 of the European Parliament and of the Council.

## Amendment 13

## Proposal for a regulation

### Article 3 – paragraph 2 – point b

#### *Text proposed by the Commission*

(b) the formulation, and the surveillance of the implementation, of the employment guidelines that are to be taken into account by Member States in accordance with Article 148(2) TFEU, **including the *European Pillar of Social Rights***, and of the related country-specific recommendations;

#### *Amendment*

(b) the formulation, and the surveillance of the implementation, of the employment guidelines that are to be taken into account by Member States in accordance with Article 148(2) TFEU, **of the European Pillar of Social Rights *and its headline targets***, and of the related country-specific recommendations **as well as the social scoreboard and its headline and secondary indicators and the Social Convergence Framework to prevent and identify social convergence risks.**

## Amendment 14

## Proposal for a regulation

### Article 4 – paragraph 1

#### *Text proposed by the Commission*

1. Where necessary, following the assessment pursuant to this Regulation of the medium-term fiscal-structural plans, the annual progress reports and the socio-economic situation of the Member States concerned, the Council shall, on the basis of recommendations from the Commission, address recommendations to those Member States making full use of the legal instruments provided in Articles 121 and 148 TFEU **and** related secondary legislation.

#### *Amendment*

1. Where necessary, following the assessment pursuant to this Regulation of the medium-term fiscal-structural plans, the annual progress reports and the socio-economic situation of the Member States concerned, the Council shall, on the basis of recommendations from the Commission, address recommendations to those Member States making full use of the ***European Pillar of Social Rights and of the*** legal instruments provided in Articles 121 and 148 TFEU, related secondary legislation.

## Amendment 15

## Proposal for a regulation

### Article 4 – paragraph 3 – point b a (new)

*Text proposed by the Commission*

*Amendment*

***(ba) a recommendation by the Council based on a proposal by the Commission pursuant to Article 148(4) TFEU or reflecting the outcomes of the Social Convergence Framework;***

## **Amendment 16**

### **Proposal for a regulation**

#### **Article 7 – paragraph 1 – point b**

*Text proposed by the Commission*

*Amendment*

(b) its macroeconomic forecast and assumptions;

(b) its macroeconomic forecast and assumptions; ***its social risks forecast and assumptions;***

## **Amendment 17**

### **Proposal for a regulation**

#### **Article 11 – paragraph 1 – subparagraph 2**

*Text proposed by the Commission*

*Amendment*

The national medium-term fiscal-structural plan shall also describe the actions of the Member State concerned to address the country-specific recommendations, including those that are relevant for the Macroeconomic Imbalances Procedure, and the warnings by the Commission, where applicable, or the recommendations by the Council, where applicable, made pursuant to **Article** 121(4) TFEU.

The national medium-term fiscal-structural plan shall also describe the actions of the Member State concerned to address the country-specific recommendations, including those that are relevant for the Macroeconomic Imbalances Procedure, ***as well as the challenges identified in the Social Convergence Reports under the Social Convergence Framework,*** and the warnings by the Commission, where applicable, or the recommendations by the Council, where applicable, made pursuant to **Article** 121(4) TFEU ***and to Article 148(4) TFEU.***

## **Amendment 18**

**Proposal for a regulation**  
**Article 12 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) explain how it will ensure the delivery of investment and reforms responding to the main challenges identified within the European Semester, in the country-specific recommendations, correct the identified macroeconomic imbalances under the Macroeconomic Imbalances Procedure if applicable, and address the common priorities of the Union referred to in Annex VI of this Regulation, including the European Green Deal, ***European Pillar of Social Rights*** and the Digital Decade while being consistent with the updated National Energy and Climate Plans and the National Digital Decade Roadmaps;

*Amendment*

(b) ***assess the national public investment gaps to achieve the common priorities; on that basis it shall provide that the planned fiscal adjustment allows for the necessary social investment to implement the principles of the European Pillar of Social Rights. In addition, it shall*** explain how it will ensure the delivery of investment and reforms responding to the main challenges identified within the European Semester, in the country-specific recommendations, correct the identified macroeconomic imbalances under the Macroeconomic Imbalances Procedure if applicable, ***correct the identified social convergence risks under the Social Convergence Framework if applicable,*** and address the common priorities of the Union referred to in Annex VI of this Regulation, including the European Green Deal, the European Pillar of Social Rights, ***including the related targets on employment, training and poverty reduction by 2030,*** and the Digital Decade while being consistent with the updated National Energy and Climate Plans and the National Digital Decade Roadmaps. ***In addition, it shall explain how it contributes to the implementation of the broad guidelines for the economic policies of the Member States and to the employment guidelines in accordance with Article 121(2) and Article 148(2) TFEU;***

**Amendment 19**

**Proposal for a regulation**  
**Article 12 – paragraph 1 – point d a (new)**

*Text proposed by the Commission*

*Amendment*

***(d a) explain the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, and other relevant stakeholders, and how the input of the stakeholders is reflected in the plan and in the implementation process; and***

## **Amendment 20**

### **Proposal for a regulation**

#### **Article 13 – paragraph 2 – subparagraph 2 – point iv**

*Text proposed by the Commission*

*Amendment*

(iv) address relevant country-specific recommendations addressed to the Member State concerned, including, where applicable, recommendations issued under the Macroeconomic Imbalances Procedure;

(iv) address relevant country-specific recommendations addressed to the Member State concerned, ***under Article 121(4) and Article 148(4) TFEU*** including, where applicable, recommendations issued under the Macroeconomic Imbalances Procedure ***as well as under the Social Convergence Framework***;

## **Amendment 21**

### **Proposal for a regulation**

#### **Article 16 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

The Council, on a recommendation from the Commission, shall adopt a recommendation setting the net expenditure path of the Member State concerned and, if applicable, endorsing the set of reform and investment commitments underpinning an extension of the adjustment period included in its national medium-term fiscal-structural plan ***within four weeks of*** the adoption of the Commission recommendation as a rule.

The Council, on a recommendation from the Commission, ***and after consulting the relevant advisory committees identified in accordance with Article 26***, shall adopt a recommendation setting the net expenditure path of the Member State concerned and, if applicable, endorsing the set of reform and investment commitments underpinning an extension of the adjustment period included in its national medium-term fiscal-structural plan

*between six and ten weeks from the adoption of the Commission recommendation as a rule.*

## Amendment 22

### Proposal for a regulation Article 17 – paragraph 1

#### *Text proposed by the Commission*

Where it considers that the plan does not comply with the requirements set out in Article 15 (2) and (3) point (a), the Council shall, on a recommendation from the Commission, recommend that the Member State concerned submits a revised national medium-term fiscal-structural plan.

#### *Amendment*

Where it considers that the plan does not comply with the requirements set out in Article 15 (2) and (3) point (a) **and (b)**, the Council shall, on a recommendation from the Commission, **and after consulting the relevant advisory committees identified in accordance with Article 26**, recommend that the Member State concerned submits a revised national medium-term fiscal-structural plan.

## Amendment 23

### Proposal for a regulation Article 20 – paragraph 2

#### *Text proposed by the Commission*

2. The annual progress report referred to in paragraph 1 shall contain in particular information about the progress in the implementation of the net expenditure path, the implementation of broader reform and investment commitments in the European Semester context and, if applicable, in the implementation of the set of reform and investment commitments underpinning an extension of the adjustment period.

#### *Amendment*

2. The annual progress report referred to in paragraph 1 shall contain in particular information about the progress in the implementation of the net expenditure path, the implementation of broader reform and investment commitments in the European Semester context **including the progress on Union and national targets on employment, training and poverty reduction by 2030, as well as the common priorities of the Union referred to in Annex VI** and, if applicable, in the implementation of the set of reform and investment commitments underpinning an extension of the adjustment period.

## Amendment 24

### Proposal for a regulation Article 22 – paragraph 1

#### *Text proposed by the Commission*

Each national independent fiscal institution referred to in Article 8 of Council Directive [...] <sup>32</sup> [on the national budgetary frameworks] shall provide an assessment of compliance of the budgetary outturns data reported in the progress report referred to in Article 20 with the net expenditure path. Where applicable, each national independent fiscal institution shall also analyse the factors underlying a deviation from the net expenditure path.

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<sup>32</sup> Council Directive [...] of [...] [amending Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States] (OJ ...., ..., p,...)

#### *Amendment*

Each national independent fiscal institution referred to in Article 8 of Council Directive [...] <sup>32</sup> [on the national budgetary frameworks] shall:

- (a) provide an assessment of compliance of the budgetary outturns data reported in the progress report referred to in Article 20 of this Regulation with the net expenditure path;
- (b) where applicable, also analyse the factors underlying a deviation from the net expenditure path;
- (c) ***provide an assessment of the social impact of fiscal adjustment policy choices.***

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<sup>32</sup> Council Directive [...] of [...] [amending Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States] (OJ ...., ..., p,...)

## Amendment 25

### Proposal for a regulation Article 26 – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

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.

taken, in particular by means of an economic *and employment* dialogue *as well as for setting macroeconomic and social policy priorities*. 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. ***The European Economic and Social Committee and the Committee of the Regions shall also be consulted within the European Semester where appropriate.*** Relevant stakeholders, in particular the social partners *and civil society organisations*, 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.

## Amendment 26

### Proposal for a regulation Article 26 – paragraph 2

#### *Text proposed by the Commission*

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.

#### *Amendment*

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, ***including early warning systems established pursuant to Articles 121(4) and 148 TFEU.***

## Amendment 27

### Proposal for a regulation Article 26 – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

***The competent committees of the European Parliament may invite the Commission to discuss the following matters:***

- (a) the Commission's medium-term public debt projection assessment of the national medium-term fiscal-structural plans as well as the debt sustainability analysis;***
- (b) the assessment of the information provided by Member States in the annual progress reports;***
- (c) the assessment of the set of reform and investment commitments underpinning an extension of the adjustment period;***
- (d) 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.***

## Amendment 28

### Proposal for a regulation Annex II – paragraph 1 – point d

*Text proposed by the Commission*

*Amendment*

(d) Information on implicit ***liabilities related to ageing***, and contingent liabilities with a potentially large impact on government budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including the extent thereof, potential expenses and obligations arising from court cases and, to the extent possible, information on disaster and

(d) Information on implicit and contingent liabilities with a potentially large impact on government budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including the extent thereof, potential expenses and obligations arising from court cases and, to the extent possible, information on disaster and climate

climate contingent liabilities.

contingent liabilities.

## Amendment 29

### Proposal for a regulation

#### Annex II – paragraph 1 – point f

##### *Text proposed by the Commission*

(f) In case the Member State makes use of assumptions referred to under point (e) that differ from the Commission's assumptions over the adjustment period of the national medium-term fiscal-structural plan and the subsequent 10-year period in the absence of further budgetary measures, due explanations and justifications based on sound economic arguments of these differences.

##### *Amendment*

(f) In case the Member State makes use of assumptions referred to under point (e) that differ from the Commission's assumptions over the adjustment period of the national medium-term fiscal-structural plan and the subsequent 10-year period in the absence of further budgetary measures, due explanations and justifications based on sound economic **and social** arguments of these differences.

## Amendment 30

### Proposal for a regulation

#### Annex II – paragraph 1 – point g

##### *Text proposed by the Commission*

(g) An analysis of how changes in the main economic assumptions would affect the budgetary and debt position of the Member State.

##### *Amendment*

(g) An analysis of how changes in the main economic **and social** assumptions would affect the budgetary and debt position of the Member State **as well as the achievement of the national targets, linked to the headline targets of the European Pillar of Social Rights and their main secondary indicators and the common priorities of the Union.**

## Amendment 31

### Proposal for a regulation

#### Annex II – paragraph 1 – point h

*Text proposed by the Commission*

(h) If applicable, the duly substantiated reasons (with relevant sound and verifiable economic arguments) for deviating from the technical trajectory put forward by the Commission.

*Amendment*

(h) If applicable, the duly substantiated reasons (with relevant sound and verifiable economic **and social** arguments) for deviating from the technical trajectory put forward by the Commission.

**Amendment 32**

**Proposal for a regulation**

**Annex II – paragraph 1 – point j**

*Text proposed by the Commission*

(j) Total public investment expenditure, as well as reforms and public investment expenditure addressing the common priorities of the Union referred to in Annex VI.

*Amendment*

(j) Total public investment expenditure, as well as reforms and public investment expenditure addressing **each of** the common priorities of the Union referred to in Annex VI.

**Amendment 33**

**Proposal for a regulation**

**Annex II – paragraph 1 – point k**

*Text proposed by the Commission*

(k) If applicable, information on a specific, time-bound and verifiable set of reform and investment commitments underpinning an extension of the adjustment period pursuant to Article 13, a timeline for its implementation, as well as sound economic arguments that this set of reform and investment commitments fulfil the criteria under Article 13 taking into account the assessment criteria in Annex VII.

*Amendment*

(k) If applicable, information on a specific, time-bound and verifiable set of reform and investment commitments underpinning an extension of the adjustment period pursuant to Article 13, a timeline for its implementation, as well as sound economic **and social** arguments that this set of reform and investment commitments fulfil the criteria under Article 13 taking into account the assessment criteria in Annex VII.

**Amendment 34**

**Proposal for a regulation**

**Annex II – paragraph 1 – point l**

*Text proposed by the Commission*

(l) A quantification, as much as possible, of the expected impacts of reforms and investment referred to under point (k) on fiscal sustainability, growth and employment, where applicable in line with commonly agreed methodologies.

*Amendment*

(l) A quantification, as much as possible, of the expected impacts of reforms and investment referred to under point (k) on fiscal sustainability, ***sustainable and inclusive*** growth and ***competitiveness, quality*** employment ***as well as upward social convergence***, where applicable in line with commonly agreed methodologies.

**Amendment 35**

**Proposal for a regulation  
Annex II – paragraph 1 – point n a (new)**

*Text proposed by the Commission*

*Amendment*

***(na) If applicable, reforms and investments to correct the identified social convergence risks under the Social Convergence Framework.***

**Amendment 36**

**Proposal for a regulation  
Annex II – paragraph 1 – point p**

*Text proposed by the Commission*

*Amendment*

(p) For Member States with low public debt challenges but large implicit liabilities ***due to population ageing***, the national net expenditure trajectory and the reforms in the national medium-term fiscal-structural plans should take due consideration of long-term fiscal sustainability challenges of public finances.

(p) For Member States with low public debt challenges but large implicit liabilities, the national net expenditure trajectory and the reforms in the national medium-term fiscal-structural plans should take due consideration of long-term fiscal sustainability challenges of public finances ***as well as social convergence risks as established in the most recent monitoring.***

**Amendment 37**

**Proposal for a regulation**  
**Annex II – paragraph 1 – point q**

*Text proposed by the Commission*

(q) Information on the consultations of social partners, civil society organisations and other relevant stakeholders in view of the preparation of the plan.

*Amendment*

(q) Information on the **effective** consultations of social partners, civil society organisations and other relevant stakeholders in view of the preparation of the plan.

**Amendment 38**

**Proposal for a regulation**  
**Annex III – paragraph 1 – point b**

*Text proposed by the Commission*

(b) A comparison from the beginning of the national medium-term fiscal-structural plan between the projections of the main economic variables submitted in that plan and the outturn data for these variables, as well as the implications for compliance with the net expenditure path set by the Council and the implications on the projected path of the public debt ratio reported in that plan.

*Amendment*

(b) A comparison from the beginning of the national medium-term fiscal-structural plan between the projections of the main economic **and social** variables submitted in that plan and the outturn data for these variables, as well as the implications for compliance with the net expenditure path set by the Council and the implications on the projected path of the public debt ratio reported in that plan **as well as for compliance with the achievement of the national targets linked to the headline targets of the European Pillar of Social Rights.**

**Amendment 39**

**Proposal for a regulation**  
**Annex III – paragraph 1 – point h**

*Text proposed by the Commission*

(h) The main assumptions about expected economic developments and main economic variables for the following years of the adjustment period, including the public debt ratio.

*Amendment*

(h) The main assumptions about expected economic **and social** developments and main economic **and social** variables for the following years of the adjustment period, including the public debt ratio.

## Amendment 40

### Proposal for a regulation Annex III – paragraph 1 – point l

#### *Text proposed by the Commission*

(l) An analysis of the evolution of the macroeconomic imbalances identified under the Macroeconomic Imbalance Procedure and of the impact on them of the implementation of the relevant reforms and investment reported in the national medium-term fiscal-structural plan in accordance with Annex II, **point** (n), where applicable.

#### *Amendment*

(l) An analysis of the evolution of the macroeconomic imbalances identified under the Macroeconomic Imbalance Procedure **as well as the social convergence risks identified under the Social Convergence Framework** and of the impact on them of the implementation of the relevant reforms and investment reported in the national medium-term fiscal-structural plan in accordance with Annex II, **points** (n) **and** (o), where applicable.

## Amendment 41

### Proposal for a regulation Annex III – paragraph 1 – point n

#### *Text proposed by the Commission*

(n) Information on labour market, skills and social policy developments, and on the implementation of policy measures taken that foster upward social convergence among Member States towards better working and living conditions, in line with the principles of the **European Pillar of Social Rights** and the Employment Guidelines under Article 148 TFEU. That includes the expected impact of measures, in relation to progress on the national targets on employment, skills and poverty reduction by 2030.

#### *Amendment*

(n) Information on labour market, skills and social policy developments, and on the implementation of policy measures taken that foster upward social convergence among Member States towards better working and living conditions, in line with the principles of the European Pillar of Social Rights and the Employment Guidelines under Article 148 TFEU **and the Social Convergence Framework**. That includes the expected impact of measures, in relation to progress on the national targets on employment, skills and poverty reduction by 2030, **and if applicable, the expected impact of measures to correct identified social convergence risks under the Social Convergence Framework**.

## Amendment 42

### Proposal for a regulation Annex III – paragraph 1 – point oa (new)

*Text proposed by the Commission*

*Amendment*

***(o a) Information on the consultations of social partners, civil society organisations and other relevant stakeholders in view of the preparation of the report.***

## Amendment 43

### Proposal for a regulation Annex VII – point 2 – paragraph 2 – point 2.1 – introductory part

*Text proposed by the Commission*

*Amendment*

2.1 The set of reform and investment commitments are growth-enhancing;

2.1 The set of reform and investment commitments are ***sustainable*** growth-enhancing. ***The set of reform and investment commitments are expected to entail a sufficient progress towards the national targets, linked to the headline targets of the European Pillar of Social Rights and their main and secondary indicators;***

## Amendment 44

### Proposal for a regulation Annex VII – point 2 – paragraph 2 – point 2.2 a (new)

*Text proposed by the Commission*

*Amendment*

***2.2a The set of reform and investment commitments support upward social convergence;***

## Amendment 45

### Proposal for a regulation Annex VII – point 2 – paragraph 2 – point 2.4 – introductory part



*Text proposed by the Commission*

2.4 The set of reform and investment commitments, taken altogether, addresses relevant country-specific recommendations, including, where applicable, recommendations issued under the Macroeconomic Imbalance Procedure;

*Amendment*

2.4 The set of reform and investment commitments, taken altogether, addresses relevant country-specific recommendations ***under Article 121(4) and Article 148(4) TFEU***, including, where applicable, recommendations issued under the Macroeconomic Imbalance Procedure;

**Amendment 46**

**Proposal for a regulation**

**Annex VII – point 2 – paragraph 2 – point 2.4 – indent 1**

*Text proposed by the Commission*

– The set of relevant reform and investment commitments underpinning the extension of the adjustment period, taken altogether is expected to address challenges identified in the relevant country-specific recommendations, including the recommendations issued under the Macroeconomic Imbalance Procedure where applicable, taking into account the scope and scale of the country-specific challenges and the commitments made under the Recovery and Resilience Plans, where relevant;

*Amendment*

– The set of relevant reform and investment commitments underpinning the extension of the adjustment period, taken altogether is expected to address challenges identified in the relevant country-specific recommendations, including the recommendations issued under the Macroeconomic Imbalance Procedure where applicable ***and including the recommendations issued pursuant Article 148(4) TFEU*** taking into account the scope and scale of the country-specific challenges and the commitments made under the Recovery and Resilience Plans, where relevant;

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Effective coordination of economic policies and multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97
<b>References</b>	COM(2023)0240 – C9-0150/2023 – 2023/0138(COD)
<b>Committee responsible</b> Date announced in plenary	ECON 12.6.2023
<b>Opinion by</b> Date announced in plenary	EMPL 12.6.2023
<b>Associated committees - date announced in plenary</b>	14.9.2023
<b>Rapporteur for the opinion</b> Date appointed	Gabriele Bischoff 29.6.2023
<b>Discussed in committee</b>	2.10.2023
<b>Date adopted</b>	25.10.2023
<b>Result of final vote</b>	+: 29 –: 4 0: 10
<b>Members present for the final vote</b>	João Albuquerque, Marc Angel, Dominique Bilde, Gabriele Bischoff, Milan Brglez, Jordi Cañas, David Casa, Ilan De Basso, Margarita de la Pisa Carrión, Özlem Demirel, Klára Dobrev, Jarosław Duda, Estrella Durá Ferrandis, Lucia Ďuriš Nicholsonová, Loucas Fourlas, Cindy Franssen, Chiara Gemma, Helmut Geuking, Elisabetta Gualmini, Alicia Homs Ginel, Agnes Jongerius, Stelios Kympouropoulos, Katrin Langensiepen, Miriam Lexmann, Elena Lizzi, Sara Matthieu, Max Orville, Kira Marie Peter-Hansen, Dragoş Pîslaru, Elżbieta Rafalska, Daniela Rondinelli, Pirkko Ruohonen-Lerner, Monica Semedo, Romana Tomc, Nikolaj Villumsen, Marianne Vind, Maria Walsh, Tomáš Zdechovský
<b>Substitutes present for the final vote</b>	Alexander Alexandrov Yordanov, Aurore Lalucq, Eugenia Rodríguez Palop
<b>Substitutes under Rule 209(7) present for the final vote</b>	Sirpa Pietikäinen, Caroline Roose

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

29	+
PPE	David Casa, Loucas Fourlas, Cindy Franssen, Stelios Kympouropoulos, Sirpa Pietikäinen, Maria Walsh
Renew	Jordi Cañas, Lucia Ďuriš Nicholsonová, Max Orville, Dragoș Pîslaru, Monica Semedo
S&D	João Albuquerque, Marc Angel, Gabriele Bischoff, Milan Brglez, Klára Dobrev, Estrella Durá Ferrandis, Elisabetta Gualmini, Alicia Homs Ginell, Agnes Jongerius, Aurore Lalucq, Daniela Rondinelli, Marianne Vind
The Left	Eugenia Rodríguez Palop, Nikolaj Villumsen
Verts/ALE	Katrin Langensiepen, Sara Matthieu, Kira Marie Peter-Hansen, Caroline Roose

4	-
ECR	Margarita de la Pisa Carrión, Elżbieta Rafalska, Pirkko Ruohonen-Lerner
ID	Dominique Bilde

10	0
ECR	Chiara Gemma
ID	Elena Lizzi
PPE	Alexander Alexandrov Yordanov, Jarosław Duda, Helmut Geuking, Miriam Lexmann, Romana Tomc, Tomáš Zdechovský
S&D	Ilan De Basso
The Left	Özlem Demirel

Key to symbols:

+ : in favour

- : against

0 : abstention