



**COUNCIL OF
THE EUROPEAN UNION**



Brussels, 28 February 2013
6866/13
PRESSE 78

Economic governance: Council confirms agreement with EP on "two-pack"

The Permanent Representatives Committee (Coreper) today agreed to a compromise reached with the European Parliament on 20 February on two draft regulations aimed at further improving economic governance in the euro area ([6726/13](#) + [6727/13](#)).

This "two-pack" legislation includes:

- a regulation on enhanced monitoring and assessment of draft budgetary plans of euro area member states, with closer monitoring for those in an excessive deficit procedure;
- a regulation on enhanced surveillance of euro area member states that are experiencing or threatened with serious financial difficulties, or that request financial assistance.

Proposals were presented by the Commission in November 2011, following adoption of an initial "six-pack" of economic governance measures¹.

The Council finalised its position on the "two-pack" in February 2012 and negotiations with the Parliament started in July 2012.

Under the two regulations:

- By 15 October annually, each member state will have to submit its draft budget for the following year. If an examination of the draft budget reveals a serious non-compliance with the budgetary obligations laid down in the Stability and Growth Pact, the Commission will request a revised draft budget;

¹ Press release [16446/11](#).

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- A member state experiencing severe financial disturbance or receiving precautionary financial assistance will come under enhanced surveillance, whilst a member state receiving (non-precautionary) financial assistance will also be subject to a macroeconomic adjustment programme.

The compromise agreed with the Parliament introduces the following elements:

- By 31 July 2013, the Commission will examine and report on ways to balance productive public investment needs with fiscal discipline objectives.
- Reference to various documents on the further development of the EU's economic and monetary union.
- The Commission will draw up guidelines in the form of a harmonised framework for the specification of the content of draft budgetary plans.
- The Commission will set up a group of experts to analyse the possible merits, risks, requirements and obstacles in relation to a partial substitution of national debt issuance by joint issuance in the form of a debt redemption fund and eurobills. The group will be composed of experts in law and economics, public finances, financial markets and sovereign debt management. It will report back by March 2014 and the Commission will make proposals if appropriate.

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Today's go-ahead from the Permanent Representatives Committee paves the way for adoption of the texts at first reading. If the Parliament approves the package as agreed in the trilogue, the Council will also proceed with adoption once the texts have been finalised.
