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#### 'I/A' ITEM NOTE

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From: General Secretariat of the Council

To: European Council

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Subject: Council Decisions addressed to Hungary and Romania in the context of the Significant Deviation Procedure under Article 121(4) TFEU

– Report to the European Council

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In accordance with Article 10(2) of 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, the Council shall submit a formal report to the European Council on the decisions adopted establishing that no effective action has been taken in response to Council recommendations under Article 121(4) TFEU, in the context of the Significant Deviation Procedure (SDP). This has been the case for Romania and Hungary.

#### **Romania**

On 16 June 2017 the Council established in accordance with Article 121(4) of the Treaty on the Functioning of the European Union ('TFEU') that a significant observed deviation in 2016 from the adjustment path toward the medium-term budgetary objective existed in Romania and adopted a Recommendation with a view to correcting it.

On 5 December 2017, the Council adopted a Decision establishing that Romania had not taken effective action in response to the Council Recommendation of 16 June 2017, and on that basis, issued a revised Recommendation.

On 22 June 2018, the Council adopted a Decision establishing that Romania had not taken effective action in response to the revised recommendation of 5 December 2017. The Council also established in accordance with Article 121(4) TFEU that a significant observed deviation in 2017 from the adjustment path toward the medium-term budgetary objective existed in Romania and adopted a Recommendation with a view to correcting it.

On 4 December 2018, the Council adopted a Decision establishing that Romania had not taken effective action in response to the Council Recommendation of 22 June 2018, and on that basis, issued a revised Recommendation.

On 14 June 2019, the Council adopted a Decision establishing that Romania had not taken effective action in response to the revised recommendation of 4 December 2018. The Council also established in accordance with Article 121(4) TFEU that a significant observed deviation in 2018 from the adjustment path toward the medium-term budgetary objective existed in Romania and adopted a Recommendation with a view to correcting it.

## **Hungary**

On 22 June 2018 the Council established in accordance with Article 121(4) TFEU that a significant observed deviation in 2017 from the adjustment path toward the medium-term budgetary objective existed in Hungary and adopted a Recommendation with a view to correcting it.

On 4 December 2018, the Council adopted a Decision establishing that Hungary had not taken effective action in response to the Council Recommendation of 22 June 2018, and on that basis, issued a revised Recommendation.

On 14 June 2019, the Council adopted a Decision establishing that Hungary had not taken effective action in response to the revised recommendation of 4 December 2018. The Council also established in accordance with Article 121(4) TFEU that a significant observed deviation in 2018 from the adjustment path toward the medium-term budgetary objective existed in Hungary and adopted a Recommendation with a view to correcting it.

The texts of the Council Decisions establishing that Romania and Hungary had not taken effective action are set out in the documents listed in the annex to this note.

The Council, at its meeting on 16 September 2019, is invited to transmit this note to the European Council in accordance with the provisions of Council Regulation (EC) No 1466/97 of 7 July 1997.

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COUNCIL DECISION establishing that no effective action has been taken by Romania in response to the Council Recommendation of 16 June 2017

14854/17 ECOFIN 1025 UEM 334

COUNCIL DECISION establishing that no effective action has been taken by Romania in response to the Council Recommendation of 5 December 2017

9759/18 ECOFIN 567 UEM 231

COUNCIL DECISION establishing that no effective action has been taken by Romania in response to the Council Recommendation of 22 June 2018

14683/18 ECOFIN 1128 UEM 385

COUNCIL DECISION establishing that no effective action has been taken by Romania in response to the Council Recommendation of 4 December 2018

10003/19 ECOFIN 583 UEM 195

COUNCIL DECISION establishing that no effective action has been taken by Hungary in response to the Council Recommendation of 22 June 2018

14685/18 ECOFIN 1130 UEM 387

COUNCIL DECISION establishing that no effective action has been taken by Hungary in response to the Council Recommendation of 4 December 2018

10005/19 ECOFIN 585 UEM 197