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From: Ms Christine LAGARDE, President of the European Central Bank

To: Ms Thérèse BLANCHET, Secretary-General of the Council of the  
European Union

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Subject: Opinion of the European Central Bank of 18 November 2025 on a  
proposal for a fiscal simplification package containing targeted changes  
to certain Union economic governance rules (2025/0311 (COD),  
2025/0312 (COD), 2025/0313 (APP))

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Delegations will find attached the opinion adopted by the European Central Bank on the fiscal consistency package proposals contained in the above files.



EUROPEAN CENTRAL BANK

EUROSYSTEM

EN

**OPINION OF THE EUROPEAN CENTRAL BANK****of 18 November 2025****on a proposal for a fiscal simplification package containing targeted changes to certain  
Union economic governance rules****(CON/2025/37)****Introduction and legal basis**

On 17 and 22 October 2025 the European Central Bank (ECB) received requests from the Council of the European Union and the European Parliament, respectively, for an opinion on (a) a proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1173/2011 and (EU) No 473/2013 as regards alignment with the EU economic governance framework and further simplification of that framework<sup>1</sup> (hereinafter the ‘proposed regulation amending Regulations (EU) No 1173/2011 and (EU) No 473/2013’); and (b) a proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 472/2013 as regards the economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability<sup>2</sup> (hereinafter the ‘proposed regulation amending Regulation (EU) No 472/2013’).

In addition, on 17 October 2025 the ECB received a request from the Council of the European Union for an opinion on a proposal for a Council Regulation amending Council Regulation (EC) No 332/2002 as regards funding arrangements and the use of a diversified funding strategy<sup>3</sup> (hereinafter the ‘proposed regulation amending Regulation (EC) No 332/2002’), and together with the proposed regulation amending Regulations (EU) No 1173 and (EU) No 473/2013 and the proposed regulation amending Regulation (EU) No 472/2013, the ‘proposed regulations’).

The ECB’s competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union since the proposed regulations are relevant to the primary objective of the European System of Central Banks to maintain price stability, as referred to in Articles 127(1) and 282(2) of the Treaty and Article 2 of the Statute of the European System of Central Banks and of the European Central Bank. In accordance with Article 17.5, first sentence, of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

**1. General observations**

- 1.1 The ECB welcomes the proposed regulations, which include necessary and targeted changes to certain Union economic governance rules specific to the euro area. These changes are aimed at ensuring the alignment of the latter with the comprehensive reform of the Union economic

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1 COM(2025) 591 final.

2 COM(2025) 593 final.

3 COM(2025) 595 final.

governance for the whole Union adopted in April 2024<sup>4</sup>. Indeed, the elements of Union economic governance specific to the euro area covered by the proposed regulations had not been included in that comprehensive reform and should therefore be brought into line with it. The proposed regulations also aim at reducing reporting requirements for Member States including avoiding some duplication of reporting.

- 1.2 More specifically, the proposed regulations entail, inter alia, the following changes to ensure the alignment with the 2024 reform: (a) common provisions on monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficits of the euro area Member States; (b) sanctions for euro area Member States' non-compliance with economic governance rules; and (c) provisions on enhanced surveillance for euro area Member States experiencing or threatened with serious difficulties with respect to their financial stability or receiving financial assistance, and post-programme surveillance. This alignment will contribute to the robustness of Union economic governance overall. As already stated in the ECB's opinion on that reform, a robust Union framework for economic and fiscal policy coordination and surveillance is in the profound and overwhelming interest of the Union, the Member States and, in particular, the euro area<sup>5</sup>.
- 1.3 Clarifying and simplifying procedures and reporting obligations, as envisaged in the proposed regulations, will also improve the efficiency of economic and fiscal surveillance and reduce the reporting burden on Member States.
- 1.4 As regards, in particular, enhanced surveillance, the ECB welcomes the clarification that its application to a euro area Member State in receipt of precautionary financial assistance is explicitly linked to such precautionary financial assistance requiring new policy measures to be adopted by the Member State. This would be the case regardless of whether the precautionary financial assistance is granted under an enhanced conditions credit line (ECCL) of the European Stability Mechanism (ESM), which includes per se such a requirement of adoption of new policy measures, or under another precautionary financial assistance instrument<sup>6</sup>. This clarification will exclude from the application of enhanced surveillance euro area Member States benefiting from precautionary financial assistance for which no new policy measures are required. Furthermore, for possible future ESM precautionary financial assistance instruments the Commission will assess whether the application of enhanced surveillance is ultimately warranted. The ECB welcomes this systematisation of the application or exclusion of enhanced surveillance to euro area Member States in receipt of precautionary financial assistance. The ECB also welcomes that the proposed regulations clarify the objective and scope of post-programme surveillance, and streamline it, while maintaining an effective assessment of repayment risks.

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<sup>4</sup> Comprising Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: <http://data.europa.eu/eli/reg/2024/1263/oj>), Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024, ELI: <http://data.europa.eu/eli/reg/2024/1264/oj>) and Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024, ELI: <http://data.europa.eu/eli/dir/2024/1265/oj>).

<sup>5</sup> See the general observations in Opinion CON/2023/20 of the European Central Bank of 5 July 2023 on a proposal for economic governance reform in the Union (OJ C 290, 18.8.2023, p. 17). All ECB opinions are published on EUR-Lex.

<sup>6</sup> See recital 8 of the proposed regulation amending Regulation (EU) No 472/2013.

- 1.5 Finally, the proposed regulations also align the funding arrangements backing Union financial assistance to non-euro area Member States facing balance of payments difficulties with the overall Union diversified funding strategy currently in force, which the ECB also welcomes.

## 2. Specific observations

### 2.1 *Proposed regulation amending Regulations (EU) No 1173/2011 and (EU) No 473/2013*

The ECB welcomes the proposed amendments to Regulations (EU) No 1173/2011 and (EU) No 473/2013 as they aim to ensure the alignment of these regulations with the provisions and the overall logic and approach of the reformed Union economic governance framework. Ensuring consistency across the various regulations of which the Union economic governance framework is composed will contribute to greater clarity and transparency, which are vital for the effective implementation of the reformed framework.

### 2.2 *Proposed regulation amending Regulation (EU) No 472/2013*

- 2.2.1 As indicated in paragraph 1.4, the ECB welcomes the clarifications concerning the proposed amendments to Regulation (EU) No 472/2013. According to recital 8, a euro area Member State that receives financial assistance on a precautionary basis from one or several other Member States or third countries, the European Financial Stabilisation Mechanism, the ESM, or another relevant international financial institution, such as the International Monetary Fund, which requires the adoption of new policy measures, should be subject to enhanced surveillance, including if that financial assistance is not yet drawn. The recital also clarifies that an ESM ECCL requires such new policy measures and, as such, a Member State receiving such financial assistance on a precautionary basis should be subject to enhanced surveillance. Finally, recital 8 clarifies that with regard to new ESM precautionary financial assistance instruments, the Commission should assess on a case-by-case basis whether there are indeed such new policy measures attached to the new instrument used in that case and whether the receipt of such financial assistance by a Member State warrants the application of enhanced surveillance.

- 2.2.2 Also as indicated in paragraph 1.4, the ECB welcomes the proposed insertion into Article 14 of Regulation (EU) No 472/2013 of a provision that clarifies the objective and scope of post-programme surveillance as the monitoring and assessment of (a) the capacity of the Member State concerned to repay the financial assistance received, taking into account its economic, budgetary, and financial situation; (b) the implementation of any reforms included in the macroeconomic adjustment programme or the conditionality underpinning the precautionary financial assistance received; and (c) the need for corrective measures to mitigate risks of the Member State concerned to repay the financial assistance received<sup>7</sup>. Review missions and the communication of the resulting assessment by the Commission to the competent committee of the European Parliament, to the Economic and Financial Committee and to the parliament of the Member State concerned are to continue to take place, in liaison with the ECB and, as a rule, every six months.

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<sup>7</sup> See Article 1, point (9)(b), of the proposed amendments to Regulation (EU) No 472/2013, which inserts a new Article 14(1a) into Regulation (EU) No 472/2013.

2.2.3 The ECB also welcomes the proposed insertion of another new provision into Article 14 of Regulation (EU) No 472/2013, allowing the Commission to suspend the application of post-programme surveillance five years after the start of its application, for a period of five years, subject to a specific assessment that the Commission may prepare on the capacity of the Member State concerned to repay the financial assistance received, for which the Commission must take into account certain circumstances set out in that proposed new provision<sup>8</sup>. The ECB notes that it is not expected to act in liaison with the Commission in the communication of its assessment or the decision regarding the suspension of post-programme surveillance. Relevant missions are, however, to be conducted in liaison with the ECB, similar to post-programme review missions.

2.2.4 Council Regulation (EU) No 1024/2013<sup>9</sup> (hereinafter the 'SSM Regulation') had not yet been adopted at the time of publication of the Commission proposal that resulted in the adoption of Regulation (EU) No 472/2013. Furthermore, the ECB opinion on that Commission proposal<sup>10</sup> was adopted on 7 March 2012, well in advance of the finalisation of the SSM Regulation and before the ECB assumed the tasks conferred on it by the SSM Regulation on 4 November 2014. The ECB welcomes the explicit reference in the proposed regulation to the interaction between the SSM Regulation on the one hand, and the roles of the ECB as supervisor and of the relevant national competent authorities within enhanced surveillance<sup>11</sup> under Article 3(3) of Regulation (EU) No 472/2013 on the other.

### 2.3 *Proposed regulation amending Regulation (EC) No 332/2002*

2.3.1 The ECB welcomes the proposed regulation amending Regulation (EC) No 332/2002, which aims to simplify the funding arrangements of the balance of payments facility in favour of non-euro area Member States and increase its efficiency and cost-effectiveness.

2.3.2 The Union facility's funding method is currently based on back-to-back financing, under which the Commission conducts market operations based on the requirements of each specific lending situation. This means that each borrowing transaction by the Commission is directly linked to a disbursement need. The proposed regulation amending Regulation (EC) No 332/2002 changes the funding method of the facility towards a diversified funding strategy, bringing it in line with the unified diversified funding strategy of the Commission currently in operation.

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<sup>8</sup> See Article 1, point (9)(d), of the proposed amendments to Regulation (EU) No 472/2013, which inserts a new Article 14(2a) into Regulation (EU) No 472/2013.

<sup>9</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63, ELI: <http://data.europa.eu/eli/reg/2013/1024/oj>).

<sup>10</sup> See Opinion CON/2012/18 of the European Central Bank of 7 March 2012 on strengthened economic governance of the euro area (OJ C 141, 17.5.2012, p. 7).

<sup>11</sup> The ECB notes that Articles 7(4) (programme surveillance) and 14(2) (post-programme surveillance) of Regulation (EU) No 472/2013, would, following amendment by the proposed regulation amending Regulation (EU) No 472/2013, cross-refer to Article 3(3).

Done at Frankfurt am Main, 18 November 2025.

A handwritten signature in black ink, appearing to read 'Chiyard', written in a cursive style.

*The President of the ECB*  
Christine LAGARDE