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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	COUNCIL EXPLANATORY NOTE - Accompanying document to the 2025 Council recommendations endorsing the national medium-term fiscal-structural plans of Member States

EXPLANATORY NOTE

*Accompanying document to the 2025 Council recommendations
endorsing the national medium-term fiscal-structural plans of Member States*

Article 29 of Regulation 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97, states that *"The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or publicly explain its position."*

In respect of this "comply or explain rule" the Council hereby presents the following explanations to changes that the Council agrees to Commission recommendations for Council recommendations endorsing the national medium-term fiscal structural plans, submitted in 2024, on which the Commission is in disagreement.

1. In the recommendations for all Member States: final clause (non-numbered item)

a) For Member States with plans without an extension of the fiscal adjustment path

Commission's text for the final clause (non-numbered item):

In addition, the Council invites [*the Member State*] to ensure the delivery of other reforms and investments responding to the main challenges identified in the context of the European Semester, in particular in the country-specific recommendations, and addressing the common priorities of the Union.

Council's agreed text in the recital in the section 'Overall conclusion of the Council':

The Council takes note of the Commission description of the reforms and investment needs and intentions responding to the main challenges identified in the context of the European Semester, and stresses the importance of ensuring the delivery of such reforms and investments. The Council will, on the basis of reports submitted by the Commission, assess such reforms and investments and monitor their implementation within the framework of the European Semester.

b) For Member States with plans with an extension of the fiscal adjustment path

Commission's text for the final clause (non-numbered item):

In addition, the Council invites [the Member State] to ensure the delivery of reforms and investments responding to the main challenges identified in the context of the European Semester, in particular in the country-specific recommendations, and addressing the common priorities of the Union.

Council's agreed text in the recital in the section 'Overall conclusion of the Council':

The Council takes note of the Commission description of the reforms and investment needs and intentions, besides the assessment of the set of reforms and investment commitments underpinning an extension of the adjustment period, responding to the main challenges identified in the context of the European Semester, and stresses the importance of ensuring the delivery of such reforms and investments. The Council will, on the basis of reports submitted by the Commission, assess such reforms and investments and monitor their implementation within the framework of the European Semester.

Explanation:

The Council refers to Regulation 2024/1263 Article 17(1) on the endorsement of the national medium-term fiscal-structural plan by the Council, which states: "*Upon a recommendation from the Commission, the Council shall adopt a recommendation setting the net expenditure path of the Member State concerned and, where applicable, endorsing the set of reform and investment commitments underpinning an extension of the adjustment period included in the national medium-term fiscal-structural plan. That Council recommendation shall, as a rule, be adopted within six weeks of the adoption of the Commission recommendation.*"

The Council confirms that it issues the recommendation within the scope of Article 17(1) of the Regulation 2024/1263. Beyond Article 17, the Council agrees on the importance of all Member States delivering the reforms and investments that respond to their main macroeconomic challenges, including those identified in the context of the European Semester, and responding to common Union priorities. The Council will, on the basis of reports submitted by the Commission, assess such reforms and investments and monitor their implementation within the framework of the European Semester.

2. In the recommendation for Italy: Annex II

Commission's text included in the table in Annex II:

Increase in yearly public expenditure.	Step 4: By Q4-2027, ensure adequate financial coverage for operating available childcare facilities.	Increase public expenditure to cover for the operating costs of the existing and new childcare facilities realised through NRRP investments and national resources, of children aged 0–2. The increase will amount to at least 20% of the yearly public expenditure dedicated to running costs of available childcare facilities for children under 3 years of age including the costs of new places resulting from the NRRP infrastructure.
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Text agreed by the Council:

Increase in yearly public expenditure.	Step 4: By Q4-2027, ensure adequate financial coverage for operating available childcare facilities.	Increase public expenditure to cover for the operating costs of the existing and new childcare facilities realised through NRRP investments and national resources, of children aged 0–2. The increase will amount to at least 20% with respect to 2021 of the yearly public expenditure dedicated to running costs of available childcare facilities for children under 3 years of age including the costs of new places resulting from the NRRP infrastructure.
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Explanation:

The Council amended Annex II of the recommendation to make the table consistent with the Italian medium-term plan adopted by the Italian Government and Parliament and submitted to the Commission and the Council in Italian. The wording in the Commission recommendation was based on a clerical inconsistency between the Italian version and the English translation (provided for courtesy by Italy) of the medium-term plan.

In line with the goal of the new framework to foster ownership, the Council recognises the importance of the use of national languages in the drafting and the related consultation with national stakeholders, involved in the preparation of the official medium-term fiscal structural plan.

The Council acknowledges the very good cooperation between the Commission and Italy, in relation to the process and the bilateral exchanges leading to the submission of the plan and the subsequent assessment by the Commission.
