Council of the European Union

Brussels, 20 February 2024
(OR. en)

Interinstitutional File:
2023/0138(COD)

6644/1/24
REV 1

LIMITE

ECOFIN 187
UEM 33
CODEC 501

NOTE

From:	General Secretariat of the Council
To:	Permanent Representative Committee 2
Subject:	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 – Confirmation of the final compromise text with a view to agreement

I. INTRODUCTION

1. On 26 April 2023, the Commission adopted an "Economic Governance Reform package" comprising three proposals: (i) a 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[1, 2] (ii) a proposal for a regulation of the European Parliament and the Council on speeding up and clarifying the implementation of the excessive deficit procedure; and (iii) a proposal for a Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States[3].

[1] Document ST 8776/23 + ADD1.
[2] Document ST 8777/23.
[3] Document ST 8778/23.

2. Only 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, based on Article 121(6) of the Treaty on the functioning of the European Union, is subject to the ordinary legislative procedure.

3. The proposal aims at reinforcing fiscal sustainability and sustainable growth by moving to a risk-based EU surveillance framework that differentiates between Member States by taking into account their public debt and economic challenges. National medium-term fiscal-structural plans would be the cornerstone of the proposed framework. They would integrate fiscal, reform and investment objectives. Member States would have greater leeway in setting their fiscal net expenditure trajectory, strengthening the national ownership of their fiscal trajectories. At the same time, it would be crucial that those plans are anchored in a common Union framework given the potential spillovers that exist among the members of an economic and monetary union. This would also ensure equal treatment of Member States and consistency with common priorities of the Union.

4. The European Central Bank published its opinion on 5 July 2023 (OJ C 290, 18.8.2023, p. 17–25).

5. The proposal was subject to thorough scrutiny at working party level during the Swedish and Spanish Presidencies. Coreper agreed on a mandate to enter into negotiation with the European Parliament on 21 December 2023. The European Parliament agreed on its negotiating position on 17 January 2024.

II. <u>STATE OF PLAY</u>

1. The co-legislators entered negotiations with a first trilogue held on 17 January 2024. Five additional trilogues followed under the Belgian Presidency, along with seven technical meetings, and a provisional agreement was reached at the final one on 9-10 February 2024, subject to a technical review that took place from 12 to 14 February 2024.

2. On 14 February 2024, the Presidency, the European Parliament and the Commission completed the technical review. The Presidency then launched a silence procedure at working party level on the finalised draft legal text, which ended on 16 February 2024 and confirmed that the text is supported by the necessary voting majority. The resulting compromise legal text is set out in documents ST 6645/24 REV 1 + ADD 1 accompanying this note.

III. **CONCLUSION**

1. The Permanent Representatives Committee is therefore invited to:

   a) confirm agreement on the final compromise legal text as set out in document ST 6645/24 REV 1 + ADD 1 with a view to reaching an agreement at first reading with the European Parliament.

   b) authorise the Chair of the Permanent Representative Committee to send a letter to inform the Chair of the European Parliament's ECON committee that, should the European Parliament adopt its position at first reading on the text of the proposal in the exact form as set out in document ST 6645/24 REV 1 + ADD 1 accompanying this note, and subject to revision of that text by the lawyer-linguists of both institutions, the Council will approve the European Parliament's position and the act will be adopted in the wording which corresponds to the European Parliament's position.