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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 1)/Council
Subject:	Council Draft Regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure - Adoption

I. INTRODUCTION

1. On 26 April 2023, the Commission adopted a proposal for a Council regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure. The proposal was part of the Economic Governance package.

2. The proposal for a Council Regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure is based on Article 126(14) second subparagraph of the Treaty on the functioning of the European Union and is hence subject to the special legislative procedure, which foresees consultation of the European Parliament and the European Central Bank.

3. The proposals of the Economic Governance package aim 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. Specifically, the rules for the opening and closing of an excessive deficit procedure (EDP) for breaches of the 3% of GDP deficit reference value (the so-called ‘deficit-based EDP’) would remain broadly unchanged, with some adjustments to ensure consistency with the EDP for breaches of the debt criterion (the so-called ‘debt-based EDP’).

4. The Financial Counsellors Working Party has examined the proposals in 31 meetings from 2 May to 19 December 2023.

5. The Permanent Representatives Committee came to an agreement in principle on 21 December 2023, subject to legal-linguistic review. A new consultation process of the European Parliament and of the European Central Bank was launched on account of the substantive changes introduced compared to the Commission’s proposal.

6. The European Central Bank published its opinion on 5 July 2023 (OJ C 290, 18.8.2023, p. 17–25.) and opted not to adopt a new opinion when being re-consulted.

7. The European Parliament adopted its opinion on 23 April 2024.

8. The legal-linguistic review has been completed; the final text is set out in document 6919/24.

III. CONCLUSION

9. The Permanent Representatives Committee is therefore invited to recommend that the Council adopt the text of the draft Council Regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure as set out in doc. 6919/24 as a "A" item of a forthcoming meeting.