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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 1)/Council
Subject:	Council Draft Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States - Adoption

I. INTRODUCTION

1. On 26 April 2023, the Commission adopted a proposal for a Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States. The proposal was part of the Economic Governance package.

2. The proposal for a Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States is based on Article 126(14) third subparagraph of the Treaty on the functioning of the European Union and provides for a non 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 proposal for a Council Directive presents some amendments to Directive 2011/85/EU. In line with the Commission's orientations of 9 November 2022 for a reform of the EU economic governance framework, the amendments aim at strengthening national ownership and the medium-term orientation of budgetary planning.

4. The Working Party on Financial Counsellors examined the Commission's proposal 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 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.).

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 doc. 6920/24.

II. CONCLUSION

9. The Permanent Representatives Committee is therefore invited to recommend that the Council adopt the text of the draft Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States as set out in doc. 6920/24 as a "A" item of a forthcoming meeting.