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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party of Financial Counsellors
Subject:	EGR - Technical draft suggestions from the Presidency on Block 5 (Regulation 466/97)

Delegations will find attached technical draft suggestions from the Presidency to be discussed at the Financial Counsellors Working Party on 24 July 2023.

This document includes some technical draft suggestions to be considered by delegates in order to steer the debate in the Financial Counsellors Working Party. Due to the multiple cross-references in the proposal, these suggestions may imply changes in other articles or recitals, which could be amended in due time. As a rule, deletion or addition of provisions will not result in a change in the numeration of previous or subsequent articles in the drafts presented to the working party.

Block 5: Process and calendar of medium-term fiscal structural plans.

To be discussed in FiCo on 24 July

Articles		
24 July 2023 Block 5: <i>Process and calendar for the preparation of Medium Term Fiscal- Structural Plan.</i>	7(1) 7(3)	Prior guidance by the Commission
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Article 7

Prior guidance by the Commission

1. ~~At the latest b~~By 15 February ~~[1-March]~~ of the year ~~[xxxx]~~ in which the Member States have to submit ~~for the first time~~ their medium-term fiscal-structural plans pursuant to Article 9 or, ~~as appropriate~~, within 3 weeks from the request of the Member State to submit a revised new plan pursuant to Article 14, the Commission shall [...]:
 - (a) the underlying medium-term public debt projection framework and results;
 - (b) its macroeconomic forecast and assumptions
 - (c) the technical trajectory, if required under Article 5, and the corresponding structural primary balance.
2. [...]
3. ~~The Commission shall update the technical trajectories and the quantitative guidance technical information at least once every 4 years in time for the submission of the next cycle of medium-term fiscal-structural plans.~~

Article 9

Submission of the national medium-term fiscal-structural plans

1. Each Member State shall submit to the Council and to the Commission a national medium-term fiscal-structural plan ~~before end by 30~~ April following the entry into force of this Regulation and, subsequently, by 30 April of the last year of the plan in force. The Member State concerned and the Commission may decide, by mutual consent, ~~agree~~ to extend this deadline by a reasonable period if necessary.
2. The Member State shall make its national medium-term fiscal-structural plan public.

Article 10

Technical dialogue

Prior to the submission of its national medium-term fiscal-structural plan, the Member State concerned shall hold with the Commission a technical dialogue, with the objective of ensuring that the national medium-term fiscal-structural plan complies with Articles 11, 12 and 14.

Article 14

Revised national medium-term fiscal-structural plan

1. A Member State may request to submit a revised national medium-term fiscal-structural plan to the Commission before the end of the period covered by the national medium-term fiscal-structural plan its adjustment period if there are objective circumstances preventing ~~its~~the implementation ~~of the original~~

- ~~national medium-term fiscal-structural plan~~ or if the submission of a revised new national medium-term fiscal-structural plan is requested by a new government.
2. ~~Prior to the submission of the revised national medium-term fiscal-structural plan~~ Following the request by the Member State, the Commission shall put forward, in a report to the Economic and Financial Committee, a new technical trajectory.
 3. Taking into account the past adjustment of the Member State concerned or the lack thereof, the new technical trajectory shall uphold the ambition of the fiscal adjustment ~~not allow backloading of the fiscal adjustment effort and shall not lead to a lower fiscal adjustment effort.~~

[3Bis] Prior to the submission of the revised national medium-term fiscal-structural plan, the Member State concerned shall hold with the Commission a technical dialogue in line with Article 10.

4. Where a revised national medium-term fiscal-structural plan is submitted, Articles 11 to 14 ~~12~~ and 15 to 19 shall apply.
5. The Commission shall in particular assess, if applicable requested by the Member State concerned, whether any extension of the adjustment period is to apply or continue to apply under the revised national medium-term fiscal-structural plan. The Commission's assessment shall take ~~ing~~ into account the implementation of the set of reform and investment commitments underpinning the extension under the original plan and the changes in terms of public debt challenges under the revised national medium-term fiscal-structural plan.

Article 15

Assessment of national medium-term fiscal-structural plans by the Commission

1. The Commission shall assess each national medium-term fiscal-structural plan within six weeks ~~2 months~~ of its submission. The Member State concerned and the Commission may decide, by mutual consent, agree to extend this period up to two weeks as a rule, the period of assessment by a reasonable period if necessary.

[...]

Article 16

Endorsement of the national medium-term fiscal-structural plan by the Council

The Council, on a recommendation from the Commission, shall adopt a recommendation setting the net expenditure path of the Member State concerned and, if applicable, endorsing the set of reform and investment commitments underpinning an extension of the adjustment period included in its national medium-term fiscal-structural plan within four six weeks of the adoption of the Commission recommendation as a rule.

Where the national medium-term fiscal-structural plan serves as the corrective action plan required for the correction of excessive macroeconomic imbalances, as provided for in

Article 30, the Council shall also endorse in that recommendation the reforms and investment necessary to correct the imbalances.

Article 17

Council Recommendation for a revised national medium-term fiscal-structural plan

Where it considers that the plan does not comply with the requirements set out in this Regulation, taking into account the Commission's assessment referred to in Article 15 (2) and (3) point (a), the Council may ~~shall, on a recommendation from the Commission,~~ recommend that the Member State concerned submits a revised national medium-term fiscal-structural plan.

Article 18

Council Recommendation in case of failure by the Member State

The Council shall, on a recommendation from the Commission, recommend to the Member State concerned that ~~the~~ **updated** technical trajectory issued by the Commission be the net expenditure path of the Member State where:

(a) the Member State concerned fails to submit a revised national medium-term fiscal-structural plan within one month of the recommendation by the Council referred to in Article 17. The Member State concerned and the Commission may decide, by mutual consent, to extend this deadline by a reasonable period, if necessary.

(b) the Council considers that the revised national medium-term fiscal-structural plan does not comply with the requirements ~~established in this Regulation set out in Article 15(2) and (3), point (a);~~

(c) the Member State fails to submit an initial national medium-term fiscal-structural plan or a new national medium-term fiscal-structural plan at the end of the period in the last year covered by the ongoing previous national medium-term fiscal-structural plan, in accordance with Article 9.1.

Article 20

Progress Report

1. Each Member State shall submit to the Commission an annual progress report on the implementation of its national medium-term fiscal-structural plan, by ~~30~~ April each year at the latest.