

Wednesday 13 June 2012

- having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the undertaking given by the Council representative by letter of 6 June 2012 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade and the opinion of the Committee on Development (A7-0054/2012),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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**P7\_TC1-COD(2011)0117**

**Position of the European Parliament adopted at first reading on 13 June 2012 with a view to the adoption of Regulation (EU) No .../2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008**

*(As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act, Regulation (EU) No 978/2012.)*

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**Economic and budgetary surveillance of Member States with serious difficulties with respect to their financial stability in the euro area \*\*\*I**

P7\_TA(2012)0242

**Amendments adopted by the European Parliament on 13 June 2012 on the proposal for a regulation of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area (COM(2011)0819 – C7-0449/2011 – 2011/0385(COD))** <sup>(1)</sup>

(2013/C 332 E/31)

(Ordinary legislative procedure: first reading)

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<sup>(1)</sup> The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0172/2012).

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 1****Proposal for a regulation****Recital 1**

- (1) The unprecedented global crisis that has hit the world **over the last three years** has seriously damaged economic growth and financial stability and provoked a strong deterioration in the government deficit and debt position of the Member States, leading a number of them to seek financial assistance outside the framework of the Union.
- (1) The unprecedented global crisis that has hit the world **since 2007** has seriously damaged economic growth and financial stability and provoked a strong deterioration in the government deficit and debt position of the Member States, leading a number of them to seek financial assistance outside **and within** the framework of the Union.

**Amendment 2****Proposal for a regulation****Recital 1 a (new)**

- (1a) **Article 9 of the Treaty on the Functioning of the European Union (TFEU) provides that, in defining and implementing its policies and actions, the Union is to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.**

**Amendment 3****Proposal for a regulation****Recital 2**

- (2) The full consistency between the Union multilateral surveillance framework established by the Treaty and the possible policy conditions attached to this financial assistance should be enshrined in Union law. The economic and financial integration of **the** Member States whose currency is the euro calls for **a reinforced** surveillance to prevent a contagion from a Member State experiencing difficulties with respect to its financial stability to the rest of the euro area.
- (2) The full consistency between the Union multilateral surveillance framework established by the Treaty and the possible policy conditions attached to this financial assistance should be enshrined in Union law. The economic and financial integration of **all** Member States, **in particular those** whose currency is the euro, calls for **enhanced** surveillance to prevent contagion from a Member State experiencing difficulties with respect to its financial stability to the rest of the euro area **and, more broadly, to the Union as a whole.**

**Amendment 4****Proposal for a regulation****Recital 3**

- (3) The intensity of the economic and fiscal surveillance should be commensurate to the severity of the financial difficulties encountered and should take due account of the nature of the financial assistance received, which may range from a mere precautionary support based on eligibility conditions up to a full *macro-economic* adjustment programme involving strict policy conditionality.
- (3) The intensity of the economic and fiscal surveillance should be commensurate **with and proportionate** to the severity of the financial difficulties encountered and should take due account of the nature of the financial assistance received, which may range from a mere precautionary support based on eligibility conditions up to a full *macroeconomic* adjustment programme involving strict policy conditionality. **Any macroeconomic adjustment programme should take into account the national reform programme of the Member State concerned in the context of the Union strategy for growth and jobs.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 5**  
**Proposal for a regulation**  
**Recital 4**

(4) A Member State whose currency is the euro should be subject to enhanced surveillance when it is experiencing - or at risk of experiencing - severe financial disturbance, with a view to ensuring its swift return to a normal situation and to protecting the other euro area Member States against possible negative spill over effects. This enhanced surveillance should include a wider access to the information needed for a close monitoring of the economic, fiscal and financial situation and a regular reporting to the Economic and Financial Committee (EFC) or to any sub-committee the latter may designate for that purpose. The same modalities of surveillance should apply to Member States requesting precautionary assistance from the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM) the International Monetary Fund (IMF) or another international financial institution.

(4) A Member State whose currency is the euro should be subject to enhanced surveillance when it is experiencing - or at risk of experiencing - severe financial disturbance, with a view to ensuring its swift return to a normal situation and to protecting the other euro area Member States against possible negative spill over effects. This enhanced surveillance should **be proportionate to the seriousness of the problems and should be graduated accordingly. It should** include a wider access to the information needed for a close monitoring of the economic, fiscal and financial situation and a regular reporting to the **competent committee of the European Parliament and to the** Economic and Financial Committee (EFC) or to any sub-committee the latter may designate for that purpose. The same modalities of surveillance should apply to Member States requesting precautionary assistance from the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM) the International Monetary Fund (IMF) or another international financial institution.

**Amendment 6**  
**Proposal for a regulation**  
**Recital 4 a (new)**

**(4a) A Member State subject to enhanced surveillance should also adopt measures aimed at addressing the sources or potential sources of its difficulties. To that end, all recommendations addressed to it in the course of an excessive deficit procedure or an excessive macroeconomic imbalance procedure should be taken into account.**

**Amendment 7**  
**Proposal for a regulation**  
**Recital 5**

(5) The surveillance of the economic and fiscal situation should be strongly reinforced for Member States under *macro-economic* adjustment programme. Because of the comprehensive nature of the latter, the other processes of economic and fiscal surveillance should be suspended for the duration of the *macro-economic* adjustment programme, with a view to avoiding a duplication of reporting obligations.

(5) The surveillance of the economic and fiscal situation should be strongly reinforced for Member States under *macroeconomic* adjustment programme. Because of the comprehensive nature of the latter, the other processes of economic and fiscal surveillance should be suspended **or, where appropriate, streamlined** for the duration of the *macroeconomic* adjustment programme, with a view to **ensuring consistency of economic policy surveillance and** avoiding a duplication of reporting obligations. **However, when preparing the macroeconomic adjustment programme, all recommendations addressed to the Member State in the course of an excessive deficit procedure or an excessive macroeconomic imbalance procedure should be taken into account.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 8****Proposal for a regulation  
Recital 5 a (new)**

*(5a) According to the case-law of the Court of Justice of the European Union <sup>(1)</sup>, the free movement of capital, as a fundamental principle of the TFEU, can be limited by national regulation where justified on grounds of public security. Grounds of public security can include the fight against tax evasion, in particular for Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area.*

<sup>(1)</sup> See Cases C-463/00 and C-174/04.

**Amendment 9****Proposal for a regulation  
Recital 5 b (new)**

*(5b) Such tax evasion represents a shortfall in revenue, which can be equal or even superior to the amount of the financial assistance from one or several Member States, the IMF, the EFSF, the EFSM or the ESM, and first and foremost results from the faulty implementation of the national tax policy.*

**Amendment 10****Proposal for a regulation  
Recital 5 c (new)**

*(5c) Upon a proposal by the Commission and after consulting the European Central Bank, the Council can authorise restrictions concerning third countries responsible for movements of capital serious difficulties for the operation of the economic and monetary union, in accordance with Article 66 TFEU.*

**Amendment 11****Proposal for a regulation  
Recital 6 a (new)**

*(6a) Member States should involve, in accordance with current national rules and practices, the social partners and civil society organisations in the preparation, implementation, monitoring and evaluation of technical assistance programmes.*

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 12****Proposal for a regulation****Recital 7**

- (7) *A decision regarding the non-compliance of a Member State with its adjustment programme would also entail a suspension of payments or commitments of Union funds as provided by Article 21(6) of Regulation (EU) No XXX laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the common strategic framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006,* *deleted*

**Amendment 13****Proposal for a regulation****Recital 7 a (new)**

- (7a) There may be circumstances where protecting a Member State from market volatility offers a better long-term outcome in relation to stabilising that Member State's economic situation and its ability to honour its debt. In such instances a Member State could temporarily be put under legal protection, on the basis of a decision by the Commission. The Council should be able to repeal such a Commission decision by the appropriate majority.*

**Amendment 14****Proposal for a regulation****Recital 7 b (new)**

- (7b) References to financial assistance in this Regulation should also cover financial support granted on a precautionary basis, unless provided otherwise.*

**Amendment 15****Proposal for a regulation****Recital 7 c (new)**

- (7c) The decision of the Commission to subject a Member State to enhanced surveillance under this Regulation should be taken in close cooperation with the EFC, the European Systemic Risk Board and the relevant European supervisory authorities. The Commission should also cooperate with the EFC when deciding on whether to prolong enhanced surveillance,*

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 16****Proposal for a regulation****Article 1 – paragraph 1**

1. This Regulation sets out provisions for strengthening the economic and budgetary surveillance of Member States **experiencing or** threatened with serious difficulties with respect to their financial stability and/or **that** receive **or may receive** financial assistance from one or several other States, the European Financial Stability Facility (EFSF), the European Financial Stability Mechanism (EFSM), the European Stability Mechanism (ESM) or other *International Financial Institutions (IFI)*, such as the International Monetary Fund (IMF).

1. This Regulation sets out provisions for strengthening the economic and budgetary surveillance of Member States **whose currency is the euro and which:**

- **experience or are** threatened with serious difficulties with respect to their financial stability and/or **the sustainability of their public finances, leading to potential negative spill-over effects on other Member States of the euro area; and/or**
- **request** or receive financial assistance from one or several other Member States, the European Financial Stability Facility (EFSF), the European Financial Stability Mechanism (EFSM), the European Stability Mechanism (ESM) or other *international financial institutions* such as the International Monetary Fund (IMF).

**Amendment 17****Proposal for a regulation****Article 1 – paragraph 1 a (new)**

**1a. This Regulation sets out provisions for enhanced national budgetary rules and economic policy coordination.**

**Amendment 19****Proposal for a regulation****Article 1 – paragraph 2 a (new)**

**2a. In applying this Regulation, the Commission, the Council and the Member States shall fully observe Article 152 TFEU and the recommendations adopted under this Regulation shall respect national practices and institutions for wage formation. In applying this Regulation and the recommendations adopted hereunder, the Commission, the Council and the Member States shall take into account Article 28 of the Charter of Fundamental Rights of the European Union, and, accordingly, their application does not affect the right to negotiate, conclude and enforce collective agreements and to take collective action in accordance with national law and practices.**

**Amendment 18****Proposal for a regulation****Article 1 a (new)****Article 1a****Enhanced budgetary rules and economic coordination**

**1. With a view to coordinating better the planning of their national debt issuance, Member States shall report in advance on their public debt issuance plans to the Commission and to the Council.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

## Amendment 20

Proposal for a regulation  
Article 2 – paragraph 1

1. The Commission may decide to make a Member State **experiencing severe difficulties with regard to its financial stability** subject to enhanced surveillance. The Member State concerned shall be given the possibility to express its views **beforehand**. The Commission shall decide every six months whether to prolong the enhanced surveillance.

2. **With a view to benchmarking best practices and working towards a more closely coordinated economic policy, Member States shall ensure that all major economic policy reforms that they plan to undertake are discussed in advance and, where appropriate, shall coordinate those reforms with the other Member States.**

3. **In accordance with Regulation (EC) No 1466/97, Member States shall ensure that the budgetary position of the general government is balanced or in surplus over the medium term.**

1. **On the basis of the latest in-depth review in accordance with Article 5 of Regulation (EU) No 1176/2011, and taking into account additional objective criteria, including warnings by the European Systemic Risk Board (ESRB), as well as the reports referred to in Regulation (EU) No .../2012 of the European Parliament and of the Council of ... [on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area], the Commission may decide to make a Member State subject to enhanced surveillance. **The Council may, within 10 days of such a decision, repeal it by qualified majority.** The Member State concerned shall be given the possibility to express its views **before the decision is taken**. The Commission shall decide every six months whether to prolong the enhanced surveillance.**

## Amendment 21

Proposal for a regulation  
Article 2 – paragraph 1 a (new)

1a. **Where the Commission decides to make a Member State subject to enhanced surveillance under paragraph 1, it shall duly notify the ESRB and, where relevant, inform the Member State of the results of the enhanced surveillance.**

## Amendment 22

Proposal for a regulation  
Article 2 – paragraph 2

2. The Commission shall decide to make a Member State receiving a financial assistance on a precautionary basis from one or several other States, the EFSF, the ESM or any other *International Financial Institution*, such as the IMF, subject to enhanced surveillance. The Commission shall **establish a list of the precautionary financial assistance instruments concerned and keep it updated to take into account possible changes in the financial support policy of the EFSF, ESM or of any other relevant International Financial Institution.**

2. The Commission shall decide to make a Member State **requesting or** receiving a financial assistance on a precautionary basis from one or several other States, the EFSF, **the EFSM**, the ESM or any other *international financial institution* such as the IMF, subject to enhanced surveillance.

The Commission shall **make public its decisions taken in accordance with paragraphs 1 and 2.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 23****Proposal for a regulation****Article 2 – paragraph 3**

3. Paragraph 2 shall not apply to a Member State receiving a financial assistance on a precautionary basis in the form of a credit line which is not conditioned to the adoption of new policy measures by the concerned Member State, as long as the credit line is not drawn.

3. *The Commission may decide that* paragraph 2 shall not apply to a Member State receiving a financial assistance on a precautionary basis in the form of a credit line which is not conditioned to the adoption of new policy measures by the concerned Member State, as long as the credit line is not drawn.

**Amendment 24****Proposal for a regulation****Article 2 – paragraph 3 a (new)**

*3a. The Commission shall establish a list of the financial assistance instruments which can trigger the enhanced surveillance under paragraph 2 and shall keep that list updated.*

**Amendment 25****Proposal for a regulation****Article 3 – paragraph 1**

1. A Member State *under* enhanced surveillance shall, in consultation and cooperation with the Commission, acting in liaison with the European Central Bank (ECB), adopt measures aimed at addressing the sources or potential sources of difficulties.

1. A Member State *subject to* enhanced surveillance shall, in consultation and cooperation with the Commission, acting in liaison with the European Central Bank (ECB), *the European Supervisory Authority (European Banking Authority) established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>(1)</sup>, the European Supervisory Authority (European Insurance and Occupational Pensions Authority) established by Regulation (EU) No 1094/2010 of the European Parliament and of the Council<sup>(2)</sup> and the European Supervisory Authority (European Securities and Markets Authority) established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council<sup>(3)</sup> (collectively referred to as 'the ESAs'), the ESRB and, where appropriate, the IMF,* adopt measures aimed at addressing the sources or potential sources of difficulties, *taking into account any recommendations addressed to them under Regulations (EC) No 1466/97, (EC) 1467/97 or (EU) 1176/2011 concerning their national reform programmes and their stability or convergence programmes. The Eurogroup Working Group, the EFC, the relevant committee of the European Parliament and the parliament of the Member State concerned shall be informed of those measures.*

<sup>(1)</sup> OJ L 331, 15.12.2010, p. 12.

<sup>(2)</sup> OJ L 331, 15.12.2010, p. 48.

<sup>(3)</sup> OJ L 331, 15.12.2010, p. 84.

**Amendment 26****Proposal for a regulation****Article 3 – paragraph 1 a (new)**

*1a. The Commission shall examine potential negative spill-over effects generated by other Member States including in the field of taxation. Where the Commission has identified such negative spill-over effects, the Council, on a recommendation from the Commission, shall address, in accordance with the procedure laid down in Article 121(2) TFEU the necessary recommendations to the Member States generating the negative spill-over effects.*



Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 27****Proposal for a regulation****Article 3 – paragraph 3 – introductory part**

3. On a request from the Commission, *the* Member State under enhanced surveillance shall:

3. On a request from the Commission, *a* Member State under enhanced surveillance **pursuant to Article 2(1)** shall:

**Amendment 28****Proposal for a regulation****Article 3 – paragraph 3 – point a**

(a) communicate to the **Commission, the ECB and the European Banking Authority (EBA)** at the requested frequency disaggregated information on **the** financial **situation** of the financial **institutions which are under the surveillance of its national supervisors**;

(a) communicate to the **relevant ESAs, in accordance with Article 35 of Regulation (EU) No 1093/2010, of Regulation (EU) No 1094/2010 and of Regulation (EU) No 1095/2010**, at the requested frequency, disaggregated information on **developments in its financial system, including an analysis of the results of the stress test exercises and sensitivity analyses carried out under point (b). On the basis of the conclusions drawn from the underlying indicators of the scoreboard for macroeconomic imbalances, the relevant ESAs shall prepare, in liaison with the ESRB, an assessment of the potential vulnerabilities of the financial system and submit that assessment to the Commission at the frequency indicated by the latter and to the ECB**;

**Amendment 29****Proposal for a regulation****Article 3 – paragraph 3 – point b**

(b) carry out, under the supervision of the **European Banking Authority**, stress test exercises or sensitivity analyses as necessary to assess the resilience of the **banking** sector to various macroeconomic and financial shocks, as specified by the Commission and the ECB, **and share the detailed results with them**;

(b) carry out, under the supervision of the **relevant ESAs**, stress test exercises or sensitivity analyses as necessary to assess the resilience of the **financial** sector to various macroeconomic and financial shocks, as specified by the Commission and the ECB **in liaison with the relevant ESAs and the ESRB**;

**Amendment 30****Proposal for a regulation****Article 3 – paragraph 3 – point c**

(c) be subject to regular assessments of its supervisory capacities over the **banking** sector in the framework of specific peer review carried out by the **EBA**;

(c) be subject to regular assessments of its supervisory capacities over the **financial** sector in the framework of **a** specific peer review carried out by the **relevant ESAs**;

**Amendment 31****Proposal for a regulation****Article 3 – paragraph 3 – point d**

(d) communicate any information needed for the monitoring of **macro-imbalances established by** Regulation No **XXX** of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances.

(d) communicate any information needed for the monitoring of **macroeconomic imbalances in accordance with** Regulation (EU) No **1176/2011**.

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 32****Proposal for a regulation  
Article 3 – paragraph 3 a (new)**

**3a. On a request from the Commission, a Member State under enhanced surveillance pursuant to Article 2(2) shall:**

- (a) *communicate to the Commission, the ECB, and the relevant ESAs, in accordance with Article 35 of Regulation (EU) No 1093/2010, of Regulation (EU) No 1094/2010 and of Regulation (EU) No 1095/2010, at the requested frequency disaggregated information on developments in its financial system, including an analysis of the results of the stress test exercises and sensitivity analyses carried out under point (b). The Commission, the ECB, and the relevant ESAs shall keep that disaggregated data confidential;*
- (b) *carry out, under the supervision of the relevant ESAs, stress test exercises or sensitivity analyses as necessary to assess the resilience of the financial sector to various macroeconomic and financial shocks, as specified by the Commission and the ECB in liaison with the relevant ESAs and the ESRB;*
- (c) *be subject to regular assessments of its supervisory capacities over the financial sector in the framework of a specific peer review carried out by the relevant ESAs;*
- (d) *communicate any information needed for the monitoring of macroeconomic imbalances established by Regulation (EU) No 1176/2011.*

*Member States receiving financial support for the recapitalisation of their financial institutions shall, in addition, report on the conditions imposed on those financial institutions, including as regards executive remuneration and credit conditions applicable in the real economy.*

**Amendment 33****Proposal for a regulation  
Article 3 – paragraph 4**

4. The Commission shall conduct, in liaison with the ECB, regular review missions in the Member State under surveillance to verify the progresses made in the implementation of the measures mentioned in **paragraph 1, 2 and 3**. It shall communicate every quarter its findings to the *Economic and Financial Committee (EFC) - or to any subcommittee the latter may designate for that purpose* - and assess notably whether further measures are needed. These review missions shall replace the *onsite monitoring foreseen* in Article 10a(2) of Regulation (EC) No 1467/97.

4. The Commission shall conduct, in liaison with the ECB **and the relevant ESAs and, where appropriate, the IMF**, regular review missions in the Member State under **enhanced** surveillance to verify the progresses made in the implementation of the measures mentioned in **paragraphs 1, 2, 3 and 3a**. It shall communicate every quarter its findings to the **EFC and to the competent committee of the European Parliament** and assess, in particular, whether further measures are needed. These review missions shall replace the *on-site monitoring provided for* in Article 10a(2) of Regulation (EC) No 1467/97.

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 34****Proposal for a regulation  
Article 3 – paragraph 5**

5. Where it is **concluded** - on the basis of the **assessment foreseen** in paragraph 4 - that further measures are needed and the financial situation of the Member State concerned **has significant adverse effects on** the financial stability of the euro area, the Council, acting by qualified majority on a proposal from the Commission, may recommend to the Member State concerned to seek financial assistance and to prepare a *macro-economic* adjustment programme. The Council may decide to make **this recommendation** public.

5. Where it is **assessed** - on the basis of the **review missions provided for** in paragraph 4 - that further measures are needed and the financial **and economic** situation of the Member State concerned **presents a risk to** the financial stability **or the smooth functioning** of the euro area, the Council, acting by qualified majority on a proposal from the Commission, may **simultaneously**:

- (a) recommend to the Member State concerned to seek financial assistance and to prepare a *macroeconomic* adjustment programme;
- (b) **recommend to the EFSF or to the ESM to offer financial assistance linked to appropriate conditionality as provided for in this Regulation.**

The Council may decide to make **its recommendations** public.

**Amendment 35****Proposal for a regulation  
Article 3 – paragraph 5 – subparagraph 1 a (new)**

**Where a Member State seeks financial assistance from the ESM pursuant to paragraph 3a, the other Member States shall use their best efforts to ensure that the ESM provide assistance to that Member State, and that it do so in a timely manner.**

**Amendment 36****Proposal for a regulation  
Article 3 – paragraph 6 – point a**

(a) the **relevant** Committee of the European Parliament may **invite representatives of** the Member State concerned to participate to an exchange of views;

(a) the **competent** committee of the European Parliament may **offer the opportunity to** the Member State concerned **and to the Commission** to participate to an exchange of views;

**Amendment 37****Proposal for a regulation  
Article 3 – paragraph 6 – point b a (new)**

(ba) **the Commission shall inform the relevant committee of the European Parliament in due time about the content of the recommendation.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 38****Proposal for a regulation  
Article 3 – paragraph 6 a (new)**

**6a.** *During the whole process, the competent committee of the European Parliament and the parliament of the Member State concerned may invite representatives of the IMF, the ECB and the Commission to participate in an economic dialogue on significant issues in relation to the proper functioning of the economy.*

**Amendment 39****Proposal for a regulation  
Article 4**

A Member State **wishing to obtain** financial assistance from one or several other States, the EFSF, the ESM, the *International Monetary Fund* (IMF) or another institution outside of the Union framework shall immediately inform the Council, the Commission and the ECB of its intention. The EFC, **or any subcommittee the latter may designate for that purpose**, shall hold a discussion on this envisaged request, after having received an assessment from the Commission.

A Member State **intending to request** financial assistance from one or several other Member States, the EFSF, the ESM, the IMF or another institution outside of the Union framework shall immediately inform **the European Parliament**, the Council, the Commission and the ECB of its intention. The EFC shall hold a discussion on this envisaged request, after having received an assessment from the Commission **with a view to examining, inter alia, the possibilities available under existing Union or euro area financial instruments before the Member State concerned addresses potential lenders.**

**Amendment 40****Proposal for a regulation  
Article 5**

Where financial assistance is sought from the EFSF or the ESM, the Commission shall prepare – in liaison with the ECB and wherever possible, the IMF - an analysis of the sustainability of the government debt of the Member State concerned, including the Member State's ability to repay the envisaged financial assistance, and **forward** it to the EFC **or to any subcommittee the latter may designate for that purpose.**

Where financial assistance is sought from the EFSF, **the EFSM** or the ESM, the Commission shall prepare – in liaison with the ECB and wherever possible **and appropriate, with** the IMF - an analysis of the sustainability of the government debt **and the actual or potential financing needs** of the Member State concerned, including **the impact of any macro-prudential adjustment programme on** the Member State's ability to repay the envisaged financial assistance, and **send** it to the EFC.

**The assessment of the sustainability of the government debt shall be based on prudent macroeconomic and budgetary forecasts using the most up-to-date information and taking proper account of the outcome of the report referred to in point (a) of Article 3(3) as well as any supervisory task exercised according to point (b) of Article 3(3). The forecasts shall assess the impact of macroeconomic and financial shocks and adverse developments on the sustainability of government debt.**

**The Commission shall make public the methodology, the economic and econometric underlying models and assumptions, including an estimation of the potential output and macroeconomic multiplier effects as well as any other relevant parameter underpinning the assessment of the sustainability of the government debt.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 41****Proposal for a regulation  
Article 6 – paragraph 1**

1. A Member State receiving financial assistance from one or several other States, the IMF, the EFSF or the ESM shall prepare in agreement with the Commission - acting in liaison with the ECB - a draft adjustment programme **aimed at re-establishing** a sound and sustainable economic and financial situation and restoring its capacity to finance itself fully on the financial markets. The draft adjustment programme shall take due account of the current recommendations addressed to the Member State concerned under Articles 121, 126 and/or 148 *of the Treaty*- and its actions to comply with them - while aiming at broadening, strengthening and deepening the required policy measures.

1. A Member State **requesting or** receiving financial assistance from one or several other States, the IMF, the EFSF, **the EFSM** or the ESM shall prepare in agreement with the Commission - acting in liaison with the ECB **and, where appropriate, with the IMF-** a draft **macroeconomic** adjustment programme **which shall build on and substitute any economic partnership programmes under Regulation (EU) No .../2012 [on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area], which shall also include annual budgetary target. The draft macroeconomic adjustment programme shall addresses the specific risks emanating from that Member State for the financial stability of the euro area and shall aim at rapidly re-establishing** a sound and sustainable economic and financial situation and restoring its capacity to finance itself fully on the financial markets. The draft **macroeconomic** adjustment programme shall **be based on the assessment of the sustainability of the government debt and shall** take due account of the recommendations addressed to the Member State concerned under Articles 121, 126, 136 and/or 148 TFEU - and its actions to comply with them - while aiming at broadening, strengthening and deepening the required policy measures. **The draft macroeconomic adjustment programme shall respect the practices and institutions for wage formation and industrial relations in the Union and shall, where possible, take into account the national reform programme of the Member State concerned in the context of the Union strategy for growth and jobs. The draft macroeconomic adjustment programme shall fully observe Article 151 TFEU and Article 28 of the Charter of Fundamental Rights of the European Union.**

**Amendment 42****Proposal for a regulation  
Article 6 – paragraph 1 a (new)**

**1a. A Member State preparing a draft macroeconomic adjustment programme under paragraph 1 shall establish, in agreement with the Commission, an updated partnership programme aiming at creating the necessary conditions for achieving sustainable public finances.**

**Amendment 43****Proposal for a regulation  
Article 6 - paragraph 2**

2. **The Council, acting by qualified majority on a proposal from** the Commission, shall **approve** the adjustment programme.

2. The Commission shall **assess** the **draft macroeconomic** adjustment programme **within one week of submission of that programme.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

*If the Commission considers the draft macroeconomic adjustment programme to be sufficient, it shall approve it. The Council may, within 10 days of that decision, repeal it by qualified majority.*

*If the Commission considers the actions or the timetable envisaged in the draft macroeconomic adjustment programme to be insufficient, it shall adopt a recommendation addressed to the Member State to submit, within one week, a new draft macroeconomic adjustment programme, while stating the reasons why the original programme is insufficient. The draft macroeconomic adjustment programme shall, except in case of urgency, be the basis of any Memorandum of Understanding, programme or technical agreement concluded with relevant parties providing financial assistance. Consistency between the different relevant documents relating to the financial assistance and the updated versions of the draft macroeconomic adjustment programme as well as consistency with the broad economic and employment policy guidelines shall be duly justified. The Council may, within 10 days of the Commission's decision, repeal it by qualified majority.*

#### Amendment 44

Proposal for a regulation  
Article 6 – paragraph 2 a (new)

*2a. The Commission and the Council shall monitor the implementation of the adjustment programme and the annual budgetary plans consistent with it.*

*There shall be consistency in the process of economic and fiscal surveillance with respect to a Member State whose currency is the euro under macroeconomic adjustment programme to avoid a duplication of reporting obligations.*

#### Amendment 45

Proposal for a regulation  
Article 6 – paragraph 3

3. The Commission, in liaison with the ECB, shall monitor the progress made in the implementation of the adjustment programme and inform every three months the EFC *or any subcommittee the latter may designate for that purpose*. The Member State concerned shall give the Commission its full cooperation. It shall in particular provide to the Commission all the information that the latter deems necessary for the monitoring of the programme. Article 3(3) shall apply.

3. The Commission, in liaison with the ECB, shall monitor the progress made in the implementation of the adjustment programme and inform every three months the EFC. The Member State concerned shall give the Commission **and the ECB** its full cooperation. It shall in particular provide to the Commission **and the ECB** all the information that the latter deems necessary for the monitoring of the programme. Article 3(3) shall apply. **In the case of insufficient cooperation, the Council, on a proposal from the Commission, may address a public recommendation to the Member State concerned laying down the action to be taken by that Member State.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 46****Proposal for a regulation  
Article 6 – paragraph 4**

4. The Commission - in liaison with the ECB - shall examine with the Member State concerned the changes that may be needed to its adjustment programme. The Council, acting by **a** qualified majority on a proposal from the Commission, shall decide on any **change to be** made to the adjustment programme.

4. The Commission - in liaison with the ECB **and, where appropriate, with the IMF** - shall examine with the Member State concerned the changes **and updates** that may be needed to its adjustment programme **in order to take proper account of inter alia any significant gap between macroeconomic forecasts and realised figures, including possible consequences resulting from the adjustment programme, negative spill-over effects as well as macroeconomic and financial shocks**. The Commission shall decide on any **changes** made to the **macro-economic** adjustment programme. **The Council may, within 10 days of that decision, repeal it by qualified majority.**

**Amendment 47****Proposal for a regulation  
Article 6 – paragraph 4 a (new)**

**4a. The Member State concerned shall, in close cooperation with the Commission, take all necessary measures to encourage private investors to maintain their overall exposure on a voluntary basis.**

**Amendment 48****Proposal for a regulation  
Article 6 – paragraph 5**

5. If the monitoring referred to in paragraph 3 highlights significant deviations from the *macro-economic* adjustment programme, the **Council, acting by qualified majority on a proposal from the** Commission, may decide that the Member State concerned does not comply with the policy requirements contained in the adjustment programme.

5. If the monitoring referred to in paragraph 3 highlights significant deviations from the *macroeconomic* adjustment programme, the Commission may decide that the Member State concerned does not comply with the policy requirements contained in the adjustment programme. **In its decision, the Commission shall explicitly take account of whether significant deviation is due to reasons that are not within the control of the Member State concerned. The Council may, within 10 days of adoption of such a decision, repeal it by qualified majority. The Commission decision shall state the reasons of non-compliance and the necessity for and proportionality of the changes made to the macroeconomic adjustment programme referred to in paragraph 4.**

**The macroeconomic adjustment programme shall, in particular, outline precautionary measures and contingency plans to be adopted in case of unforeseen developments such as exogenous shocks.**

**The fiscal consolidation efforts set out in the macroeconomic adjustment programme shall take into account the needs to ensure sufficient means for fundamental policies such as education and health care.**

**Where the Commission takes a decision under the first subparagraph, the Member State concerned shall, in close cooperation with the Commission and in liaison with the ECB, take measures aimed at avoiding market turmoil and preserving the good functioning of its financial sector.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 49****Proposal for a regulation  
Article 6 – paragraph 6**

6. A Member State subject to **an** adjustment programme experiencing insufficient administrative capacity or significant problems in the implementation of its adjustment programme shall seek technical assistance from the Commission.

6. A Member State subject to **a macroeconomic** adjustment programme experiencing insufficient administrative capacity or significant problems in the implementation of its adjustment programme shall seek technical assistance from the Commission, **which may constitute for this purpose groups of experts with Member States and other Union and/or relevant international institutions. The objectives and the means of the technical assistance shall be explicitly outlined in the updated versions of the macroeconomic adjustment programme. Furthermore, national ownership of the implementation process of technical assistance shall be ensured. Technical assistance shall be focused on areas such as: improving public procurement, promoting competition, tackling corruption and increasing the efficiency of collecting tax revenues to promote financial sustainability.**

*The macroeconomic adjustment programme and an assessment of the social consequences shall be made public.*

*The assessment of the sustainability of the government debt shall be annexed to the macroeconomic adjustment programme.*

**Amendment 50****Proposal for a regulation  
Article 6 – paragraph 6 a (new)**

**6a. A Member State subject to a macroeconomic adjustment programme shall carry out a comprehensive audit of its outstanding stock of debt in order inter alia to assess the reasons having led to the building up of excessive levels of debt as well as any irregularity involved in the debt issuance process.**

**Amendment 51****Proposal for a regulation  
Article 6 – paragraph 7**

7. The **relevant** Committee of the European Parliament may **invite representatives of** the Member State concerned to participate to an exchange of views on the progress made in the implementation of the adjustment programme.

7. The **competent** committee of the European Parliament may **offer the opportunity to** the Member State concerned **and to the Commission** to participate to an exchange of views on the progress made in the implementation of the adjustment programme.

**Amendment 52****Proposal for a regulation  
Article 6 – paragraph 8 a (new)**

**8a. This Article does not apply to financial assistance granted on a precautionary basis or to loans made for the recapitalisation of financial institutions.**



Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 53**  
**Proposal for a regulation**  
**Article 6 a (new)**

**Article 6a**  
***Involvement of social partners and civil society***

*Organisations representing the social partners as well as civil society organisations shall be given the opportunity to express their views on the Commission public recommendations and opinions provided for in this Regulation and on Member States reports and draft reports provided for in Articles 2 to 7 of this Regulation. These views shall be made public.*

**Amendment 54**  
**Proposal for a regulation**  
**Article 6 b (new)**

**Article 6b**  
***Measures to safeguard tax revenue***

*1. The Member State concerned shall, in accordance with Article 65 TFEU, in close cooperation with the Commission and in liaison with the ECB, take measures aimed at preventing infringements of national law and regulations in particular in the field of taxation.*

*2. The Member State concerned shall request the Commission to make a proposal to the Council, in accordance with Article 66 TFEU, to take safeguard measures regarding movements of capital to or from third countries causing, or threatening to cause, serious difficulties for the operation of the economic and monetary union. The Commission shall consult the ECB before making any such proposal.*

**Amendment 55**  
**Proposal for a regulation**  
**Article 7 – title**

Consistency with the *excessive deficit procedure*Consistency with the *Stability and Growth Pact*

**Amendment 56**  
**Proposal for a regulation**  
**Article 7 – paragraph 1**

1. The adjustment programme and the changes thereto provided for by Article 6 of this Regulation shall **be deemed to** replace the submission of stability programmes provided for by Article 4 of Council Regulation (EC) No 1466/97.

1. The **macroeconomic** adjustment programme and the changes thereto provided for by Article 6 of this Regulation shall replace the submission of stability programmes provided for by Article 4 of Council Regulation (EC) No 1466/97.

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 57****Proposal for a regulation  
Article 7 – paragraph 2 – point a**

- (a) The adjustment programme provided for by Article 6 of this Regulation shall also **be deemed to** replace as appropriate the reports provided for by Article 3(4a) and Article 5(1a) of Council Regulation (EC) No 1467/97;
- (a) The **macroeconomic** adjustment programme provided for by Article 6 of this Regulation shall also replace as appropriate the reports provided for by Article 3(4a) and Article 5(1a) of Council Regulation (EC) No 1467/97;

**Amendment 58****Proposal for a regulation  
Article 7 – paragraph 2 – point b**

- (b) The annual budgetary targets in the adjustment programme provided for by Article 6(3) of this Regulation shall **be deemed to** replace as appropriate the annual budgetary targets foreseen in accordance with Article 3(4) and Article 5(1) of Regulation (EC) No 1467/97 in the mentioned recommendation and notice. If the Member State concerned is subject to notice under Article 126(9) of the Treaty, the adjustment programme foreseen by Article 6(3) of this Regulation shall also **be deemed to** replace the indications on measures conducive to those targets foreseen in the notice in accordance with Article 5(1) of Regulation (EC) No 1467/97.
- (b) The annual budgetary targets in the adjustment programme provided for by Article 6(3) of this Regulation shall replace as appropriate the annual budgetary targets foreseen in accordance with Article 3(4) and Article 5(1) of Regulation (EC) No 1467/97 in the mentioned recommendation and notice. If the Member State concerned is subject to notice under Article 126(9) of the Treaty, the adjustment programme foreseen by Article 6(3) of this Regulation shall also replace the indications on measures conducive to those targets foreseen in the notice in accordance with Article 5(1) of Regulation (EC) No 1467/97.

**Amendment 59****Proposal for a regulation  
Article 7 – paragraph 2 – point c**

- (c) The monitoring provided for by Article 6(3) of this Regulation shall **be deemed to** replace the monitoring provided for by Article 10(1) and Article 10a of Council Regulation (EC) No 1467/97 and the monitoring underlying any decision provided for by Article 4(2) and 6(2) of Regulation (EC) No 1467/97.
- (c) The monitoring provided for by Article 6(3) of this Regulation shall replace the monitoring provided for by Article 10(1) and Article 10a of Council Regulation (EC) No 1467/97 and the monitoring underlying any decision provided for by Article 4(2) and 6(2) of Regulation (EC) No 1467/97.

**Amendment 60****Proposal for a regulation  
Article 8**

The implementation of Regulation (EU) No **XXX** on the prevention and correction of macroeconomic imbalances shall be suspended for the Member States subject to a *macro-economic* adjustment programme approved by the Council in accordance with Article 6(2) of this Regulation. This suspension shall be applicable for the duration of the *macro-economic* adjustment programme.

The implementation of Regulation (EU) No **1176/2011** on the prevention and correction of macroeconomic imbalances shall be suspended for the Member States subject to a *macroeconomic* adjustment programme approved by the Council in accordance with Article 6(2) of this Regulation **with the exception of the measures provided for in Articles 3, 4 and 5 of Regulation (EU) No 1176/2011 relating to the scoreboard of macro-economic and macro-financial indicators, the alert mechanism and the in-depth review.** This suspension shall be applicable for the duration of the *macroeconomic* adjustment programme.

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 61**  
**Proposal for a regulation**  
**Article 9**

The monitoring provided for by Article 6(3) of this Regulation shall **be deemed to** replace the monitoring and assessment of the European Semester for economic policy coordination provided for by Article 2a of Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and coordination of economic policies.

The monitoring provided for by Article 6(3) of this Regulation shall replace the monitoring and assessment of the European Semester for economic policy coordination provided for by Article 2a of Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and coordination of economic policies. **The suspension shall be applicable for the duration of the macroeconomic adjustment programme.**

**Amendment 62**  
**Proposal for a regulation**  
**Article 10**

The implementation of Regulation (EU) No XXX on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area shall be suspended for the Member States subject to a *macro-economic* adjustment programme approved by the Council in accordance with Article 6(2) of this Regulation. This suspension shall be applicable for the duration of the *macro-economic* adjustment programme.

The implementation of Regulation (EU) No XXX on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area shall be suspended for the Member States subject to a *macroeconomic* adjustment programme approved by the Council in accordance with Article 6(2) of this Regulation **with the exception of Articles 1 to 4 of Regulation (EU) No .../2012**. This suspension shall be applicable for the duration of the *macroeconomic* adjustment programme.

**Amendment 63**  
**Proposal for a regulation**  
**Article 10 a (new)**

**Article 10a**  
**Placement of a Member State under legal protection**

1. **Where the measures provided for in Article 3(5) do not restore the financial situation of the Member State and where that Member State is at risk of enduring state of default or suspension of payments, the Commission may, after consulting the Council, adopt a decision placing the Member State under legal protection. The Council may, within 10 days of adoption of such a decision, repeal it by simple majority.**

2. **The aim of this Article is to allow the Member State concerned to stabilise its economic situation and to be able to honour its debt.**

**A decision placing a Member State under legal protection shall have the following effects:**

(a) **'close-out netting' or 'credit event' provisions become inoperative;**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

- (b) *the loan interest rates applied are maintained and new loans to the Member State, with the exception of financial assistance referred to in Article 1(1), are to be reimbursed as a priority;*
- (c) *the creditors of the Member State concerned make themselves known to the Commission within two months from the publication of the decision placing the Member State concerned under legal protection in the Official Journal of the European Union; failure to do so results in their debt being extinguished;*
- (d) *the authorities of the Member State concerned implement the measures recommended in the technical assistance provided for in Article 6(6) and submit to the Commission a recovery and debt settlement plan for approval.*

3. *This Article shall apply from 2017.*

#### Amendment 64

##### Proposal for a regulation Article 11 – paragraph 1

1. A Member State shall be under post-programme surveillance as long as a minimum of 75 % of the financial assistance received from one or several other Member State(s), the EFSM, the EFSF or the ESM has not been repaid. **The Council, acting on a qualified majority on a proposal from the Commission,** may extend the duration of the post programme surveillance.

1. A Member State shall be under post-programme surveillance as long as a minimum of 75 % of the financial assistance received from one or several other Member State(s), the EFSM, the EFSF or the ESM has not been repaid. The Commission may **decide to** extend the duration of the post-programme surveillance. **The Council may, within 10 days of such a decision, repeal it by qualified majority.**

#### Amendment 65

##### Proposal for a regulation Article 11 – paragraph 3

3. The Commission shall conduct, in liaison with the ECB, regular review missions in the Member State under *post programme* surveillance to assess its economic, fiscal and financial situation. It shall communicate every semester its findings to the EFC or to any subcommittee the latter may designate for that purpose and assess *notably* whether corrective measures are needed.

3. The Commission shall conduct, in liaison with the ECB, regular review missions in the Member State under *post-programme* surveillance to assess its economic, fiscal and financial situation. It shall communicate every semester its findings to the **competent committee of the European Parliament,** to the EFC or to any subcommittee the latter may designate for that purpose **and to the parliament of the Member State concerned** and shall assess, in particular, whether corrective measures are needed.

**The competent committee of the European Parliament may offer the opportunity to the Member State concerned to participate to an exchange of views on the progress made under post- programme surveillance.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 66****Proposal for a regulation  
Article 11 – paragraph 4**

4. The **Council, acting by qualified majority on a proposal from the** Commission, may **recommend to** the Member State under post programme surveillance **to** adopt corrective measures.

4. The Commission may **adopt a recommendation that** the Member State under post-programme surveillance adopt corrective measures. **The Council may, within 10 days of such a recommendation, repeal it by qualified majority.**

**Amendment 67****Proposal for a regulation  
Article 11 – paragraph 4 a (new)**

**4a. The parliament of the Member State concerned may invite the Commission to participate in an exchange of views on the post-programme surveillance.**

**Amendment 68****Proposal for a regulation  
Article 12 – paragraph 1**

For the measures referred to in **Articles 2(1), 3, 6(2), 6(4) and 11(4)**, only members of the Council representing Member States whose currency is the euro shall vote and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

For the measures referred to in **this Regulation**, only members of the Council representing Member States whose currency is the euro shall vote and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

**Amendment 69****Proposal for a regulation  
Article 13**

**Article 13**  
**Types of assistance and loans excluded from the application of Articles 5 and 6**

*deleted*

**The provisions of Article 5 and 6 do not apply to financial assistance granted on a precautionary basis and to loans made for recapitalising financial institutions.**

**Amendment 70****Proposal for a regulation  
Article 13 a (new)**

**Article 13a**  
**Informing the European Parliament**

**The Council and the Commission shall regularly inform the European Parliament of the application of this Regulation.**

Wednesday 13 June 2012

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

**Amendment 71****Proposal for a regulation  
Article 13 b (new)****Article 13b  
Transitional provisions**

*This Regulation shall apply to the Member States that are already subject to programme assistance on [date of entry into force of this Regulation].*

**Amendment 72****Proposal for a regulation  
Article 13 c (new)****Article 13c  
Report**

*By 1 January 2014 and every five years thereafter, the Commission shall publish a report on the application of this Regulation.*

*That report shall evaluate, inter alia:*

- (a) the effectiveness of this Regulation;*
  - (b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performance of the Member States in accordance with the TFEU.*
  - (c) the contribution of this Regulation to the achievement of the Union strategy for growth and jobs.*
  - (d) the appropriateness of extending the scope of this Regulation to non euro area Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area.*
- 2. Where appropriate, the report referred to in paragraph 1 shall be accompanied by a proposal to amend this Regulation.*
  - 3. The report referred to in paragraph 1 shall be sent to the European Parliament and to the Council.*