Communication from the Commission to the European Parliament, the European Council, the Council and the European Central Bank - New budgetary instruments for a stable euro area within the Union framework (COM (2017) 822)

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2017/825 to increase the financial envelope of the structural Reform Support Programme and adapt its general objective (COM (2017) 825)

Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 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 and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 as regards support to structural reforms in Member States (COM (2017) 826)

FINAL DOCUMENT

The Committee on the Budget and the Committee on EU Policies of Italy's Chamber of Deputies, meeting in joint session,

Having examined, pursuant to Rule of Procedure No 127 of the Chamber of Deputies, the Communication from the Commission to the European Parliament, the European Council, the Council and the European Central Bank - New budgetary instruments for a stable euro area within the Union framework (COM (2017) 822); the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2017/825 to increase the financial envelope of the structural Reform Support Programme and adapt its general objective (COM (2017) 825); and the Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 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 and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 as regards support to structural reforms in Member States (COM (2017) 826);

Whereas:

- The stability of the Eurozone should be improved by the introduction of new budgetary instruments, namely: a support instrument for Member States engaged in structural reforms; a convergence instrument for Member States planning to adopt the euro; and a stabilisation function to maintain stable levels of investment in the event of serious asymmetrical shocks;

- In particular, the structural reform support instrument for Member States is to be rolled out gradually so that, for the period 2018-2020, the European Commission would reinforce the budget of the current structural reform support programme by doubling, to €300 million, the amount available for technical assistance, which would also be used for Member States preparing for euro adoption;

- To this end, the Commission is proposing specific amendments to Regulation (EU) 1303/2013 laying down common provisions for the European Structural and Investment (ESI) Funds for the period 2014-2020, so that Member States can use a greater part of the performance reserve to enact agreed upon reforms;

- The performance reserve amounts to 6% of the ESI Funds, which will be earmarked exclusively for programmes that have achieved their intermediate targets;

- On the basis of the information and valuations contained in the annual report on the state of implementation of the reforms in 2019, the European Commission may decide either to allocate the performance reserve or, in the event of serious shortcomings, to suspend payments;

- The stabilisation function would complement the stabilising role of national budgets and thus preserve investment levels in the event of large asymmetric shocks, and could be financed through a dedicated euro area budget line within the EU budget;

- Yet the amount of this new budget line will not be decided until next May, when the Commission unveils its proposed Multiannual Financial Framework (MFF) 2021-2028;

- Mindful of the report of 14 December 2017 that the Government submitted to both Houses of Parliament pursuant to article 6.4 of Law No 234 of 2012;

And noting that:

- The funding of the structural reform support instrument through the re-allocation of the performance reserve might reduce the funds available for the cohesion policy and lead to a consequent reduction in the capacity of the operational programmes to draw on both EU financial support and national co-financing;

- The nature, size and means of activation of the stabilisation instrument have not been clearly defined;

Mindful that the present final document needs to be forwarded without delay to the European Commission as part of the political dialogue, as well as to the European Parliament and the Council;

Express a

FAVOURABLE OPINION

With the following remarks:

a) Other ideas should be advanced for the funding of the structural reform support instrument than the reallocation of the performance reserve. Possible alternatives include facilitating the application of the flexibility clause introduced by the European Commission in January 2015 giving Member States some leeway to diverge temporarily from the medium-term budget targets to which they are committed under the terms of the Stability Pact, or allowing temporary deviations from the path towards budgetary adjustment so that Member States may pursue structural reforms and embark upon programmes of public investment backed by EU co-financing that form part of the package of structural and cohesion measures that include the co-financing of the Youth Employment Initiative, the Trans-European Networks and the Connecting Europe Facility;

b) The nature, size and activation methods of the stabilisation instrument need to be more precisely defined so that it can function as a “rainy-day fund” that automatically becomes available when unemployment rates rise significantly, and thus does away with the need for the negotiations and discretionary mechanisms that are typical of the intergovernmental system.