



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Riksdag for its reasoned Opinion on the proposal for a Regulation 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 {COM(2011) 821 final}.

The Commission agrees with the Riksdag that the proposal should be examined taking into account the balance between strict common rules for budgetary discipline and national competences in fiscal policy. The Commission is convinced that the proposed new monitoring requirements and common timeline and rules, to be applied at the national level by Member States whose currency is the euro, do not call into question national competence as regards fiscal policy and fully respect the prerogatives of national Parliaments throughout the budgetary process.

However, the Commission would like to recall that obligations applying to national budgetary policies also derive from the Treaty on the Functioning of the European Union (TFEU) and from the Stability and Growth Pact, in particular the avoidance of excessive deficits (Art. 126 TFEU) and convergence towards medium-term budgetary objectives (Regulation 1466/97). The purpose of the proposal is to complement, within the euro area, the existing legislative framework for fiscal surveillance in the Union. It is based on Article 136 of the TFEU which allows for specific measures in the euro area which go beyond the provisions applicable to all Member States in order to ensure the proper functioning of the Economic and Monetary Union.

Member States whose currency is the euro face enhanced spillovers from their budgetary policy. As the sovereign debt crisis - and the resultant need to put in place common financial backstops - has made increasingly clear, such spillovers require tighter fiscal surveillance at the euro area level.

Since the latter is based on a pre-existing EU legislative framework, its strengthening can be achieved more effectively by Union action, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union.

In line with the principle of proportionality and as explicitly stated in the proposal, the proposed Regulation envisages a gradually enhanced monitoring procedure with closer surveillance for those euro area Member States that are subject to an excessive deficit procedure so as to secure the full and timely correction of the deficit.

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Finally, the Commission proposal indeed foresees that Member States shall submit annually to the Commission and the Eurogroup a draft budgetary plan for the forthcoming year no later than 15 October. The form and content of such a budgetary plan is further detailed in the proposal. In any case, this proposal remains fully compatible with the requirement applicable in Sweden that the actual draft budget be presented first to the Riksdag.

I hope that these explanations address the issues raised in your reasoned Opinion and I look forward to continuing the political dialogue with the Riksdag on this very important issue.

Yours faithfully,

*Maroš Šefčovič
Vice-President*