

**Background note for an
Exchange of views and an Economic Dialogue with the President of ECOFIN,
Mr Michael Noonan, Minister for Finance of Ireland
ECON - 22 January 2013**

The President of ECOFIN has been invited to an Economic Dialogue as part of the start of Irish Presidency in the Council and for an Economic Dialogue in accordance with EU law. This Economic Dialogue¹ may be used to discuss the main priorities of the 2013 European Semester Cycle.

1. ECOFIN priorities of Irish Presidency

The [Irish Presidency Programme](#) includes the below ECOFIN priorities. Please note that the ECOFIN **work programme** (dated 18 January 2013) during the Irish Presidency **is now also available and attached as a separate document** to this background note.

Based on the agreement reached in ECOFIN in December 2012 on the **Single Supervisory Mechanism (SSM)** the Irish Presidency intends to prioritise reaching an early agreement between the co-legislators. According to the Presidency the link between the sovereign and financial institutions has not only created difficulties for the sovereign with the cost of bank rescues, but it also has implications for the supply of affordable credit to businesses and households. The Presidency will also work in other areas to tighten financial regulation where appropriate, to better protect the interests of consumers and investors, and to avoid a recurrence of past mistakes.

Effective management of the third **European Semester Cycle** will be an important focus of the Irish Presidency. Ireland has prepared a roadmap for its management of the 2013 European Semester process across all relevant Council formations and their preparatory bodies. The Irish Presidency will work in a coordinated and consistent manner leading up to the March and June European Councils with the aim to add real value to the process of securing European recovery. According to the Presidency an enhanced Parliamentary involvement in the European Semester process is essential and therefore the Presidency will work with the European Parliament and with national parliaments to deliver this.

The Irish Presidency will prioritise proposals and priorities agreed by the European Council as regards the **completion of EMU**, including a common resolution mechanism, and seek to progress them, where possible. The Presidency will work to secure a satisfactory outcome on the "2-pack"-negotiations, as soon as possible. The Presidency notes the intention of the President of the European Council to produce further proposals and a time-bound roadmap for further economic and fiscal governance reforms by June 2013 and it intends to contribute constructively to this process.

The Irish Presidency will seek to efficiently implement the **EU budget for 2013**. The budgetary discharge procedure and the preparation of the budget guidelines for 2014 will be priorities.

The Presidency will carry forward the discussions on a number of **taxation topics**: the Common Consolidated Corporate Tax Base, proposals facilitating fast and effective responses to VAT fraud, proposals on the VAT treatment of vouchers and the Fiscalis action programme for taxation in the EU for the period 2014 to 2020, implementing Regulation governing VAT rules for cross-border services, revision of the Energy Tax Directive which forms part of the Single Market Act I package, fight against

¹ See notably Article 2-ab of Regulation 1466/97 as amended in 2011 point (b) [President of the Councilto appear before the committee to discuss] general guidance to Member States issued by the Commission at the beginning of the annual cycle of surveillance; and point (f) [President of the Councilto appear before the committee to discuss] any review of the conduct of multilateral surveillance at the end of the European Semester.

Tax Fraud and Tax Evasion, including its Recommendations on Tax Havens and Aggressive Tax Planning, revised Savings Directive and the negotiating mandates with third countries.

2. European Semester Cycle 2013: upcoming events

The [Roadmap of the Irish Presidency](#) for the 2013 European Semester and the *draft tentative agendas* of the upcoming Council meetings with relevance for the Semester:

► 22 January 2013: Council-ECOFIN:

- Annual Growth Survey 2013 - exchange of views
- Financial Transaction Tax: proposal for a Council Decision authorising enhanced cooperation (a vote might be requested)
- Communication on fight against tax fraud and tax evasion (presentation by Commission)

► 28-30 January 2013: Parliamentary week in the framework of the European Semester: Debates between members of relevant committees from the European Parliament and national parliaments

► 12 February 2013: Council-ECOFIN

- Council conclusions on Annual Growth Survey
- Alert Mechanism Report: Council conclusions and exchange of views
- (poss.) European Semester 2013: Discussion on selected thematic issues identified during 2012 European semester
- (poss) Two Pack
- Fiscal Sustainability Report 2012 = Exchange of Views and Council conclusions

► 28 February 2013: Council-EPSCO

- Policy debate and Council conclusions on political guidance on employment and social policies, including aspects from the Alert Mechanism Report and the Euro Plus Pact
- Adoption of Joint Employment Report (JER)
- Poss. endorsement of the reform tracking device
- Employment Guidelines: General Approach
- The social situation and trends to watch in the EU: key conclusions / policy messages

► March 2013:

Adoption of MIP In-Depth Reviews undertaken by the Commission

► 5 March 2013: Council-ECOFIN

- Council conclusions on contribution to the European Council meeting on 14-15 March 2013 - European Semester 2013
- (poss) European Semester: Country specific issues - Exchange of views
- (poss.) Implementation of the Stability and Growth Pact (restricted session)

► 11 March 2013: General Affairs Council

- Preparation of the March European Council:
 - Draft European Council conclusions
 - Synthesis Report on the European Semester 2013

► 14-15 March 2013: EUROPEAN COUNCIL

- First assessment of progress made in implementing 2012 Country-specific recommendations (CSRs) and commitments under the Euro Plus Pact
- Guidance to Member States on the 2013 Stability and Convergence Programmes and National Reform Programmes
- Guidance to Commission and the Council on the implementation of flagship initiatives

- ▶ 18 March - 12 April 2013: Bilateral meetings Commission - Member States
 - State of play
 - Outstanding country-specific issues
- ▶ 11-13 April 2013: Informal Council-ECOFIN
 - (poss.) Exchange of views on country-specific issues
 - (poss.) Exchange of views on thematic issues
- ▶ Mid-April 2013: Further to the guidance provided by the European Council, Member States submit their National Reform Programmes and Stability or Convergence Programmes, also containing their commitments under the Euro Plus Pact for participating Member States.
- ▶ 23 April 2013: General Affairs Council: Follow-up to the European Council, including poss. an updated Presidency roadmap on the implementation of the 2013 European Semester
- ▶ 14 May: Council-ECOFIN
 - Taxation issues
 - Debriefing from informal ECOFIN
- ▶ 2nd half of May: Commission to present its proposals for the Country opinions and the CSRs
- ▶ 20-21 June 2013: Council-EPSCO
 - Policy debate
 - Approval of 2013 CSRs on Member States' employment policies and draft explanatory note
 - Endorsement of the joint Opinion of EMCO and SPC on the National Reform Programmes 2013 (and the implementation of the 2012 CSRs)
 - Endorsement of the Employment Performance Monitor
 - Poss. endorsement of the Social Protection Performance Monitor
- ▶ 21 June 2013: Council-ECOFIN
 - Approval of 2013 CSRs on Member States' fiscal and economic policies and Council Opinions on the updated Stability or Convergence Programmes and draft explanatory note
 - Approval of Council recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro
 - (poss.) Council decision on initiating any excessive imbalance procedures (EIP)
 - Presentation by the Commission of the calendar of convergence towards the Medium Term Objectives (MTOs)
 - Single Supervisory Mechanism: State of play on implementation
 - Approval of Code of Conduct on Business Taxation
 - Approval of ECOFIN report to the European Council on tax issues
 - Approval of Finance Ministers Report on tax issues in the framework of the Euro Plus Pact
- ▶ 27-28 June 2013: EUROPEAN COUNCIL: Endorsement of integrated CSRs
- ▶ 9 July 2013: Council-ECOFIN: Adoption of integrated CSRs

In addition to the above events included in the Presidency roadmap, **Economic Dialogues** and exchange of views between the competent committee of the [Parliament and the other EU institutions](#) and [Economic Dialogues and exchange of views with Member States](#) invited will take place during the Semester Cycle. In particular the Council will be invited to Economic Dialogues in order to implement the "comply or explain-principle" as included in relevant EU law.

ANNEXES:

1. Overview of the main steps of the Semester Cycle
2. An overview of the implementation of the Stability and Growth Pact
3. The scoreboard for the identification of possible macro-economic imbalances
4. An overview of the European Commission and the European Council proposals for the future governance of the Economic and Monetary Union (EMU)
5. Recent developments in the Member States receiving EU financial assistance

Annex 1: The European Semester: Main steps at the EU level

1. In late autumn the **European Commission** presents the **Annual Growth Survey (AGS)**, which sets out what the Commission considers as the EU's priorities for the upcoming year, in terms of economic, budgetary and labour policies and other reforms to boost growth and employment. The Commission also publishes the **Alert Mechanism Report (AMR)**, which identifies those Member States with potential macro-economic imbalances. In addition, the **Broad Economic Policy Guidelines** set out the medium term priorities and targets for national economic policies and the **Employment Guidelines**, on which the Parliament is formally consulted, set out common priorities and targets for national employment policies.
2. In February, the **European Parliament (EP)** expresses its opinion on the draft AGS in specific resolutions, also taking into account the contributions gathered in a **Parliamentary week meeting on the European Semester** with **National Parliaments (NPs)** held at the beginning of the year (January-February).
3. The Spring **European Council** gives strategic guidance on the priorities to be pursued during the Semester Cycle. It explicitly invites EU Member States to take account of these priorities in the drafting of their Stability or **Convergence Programmes (SCPs)** and **National Reform Programmes (NRPs)**, including their **National Job Plans**.
4. In April, **Member States** submit to the Commission their NRPs and SCPs. This joint submission allows accounting for complementarities and spill-over effects between fiscal and structural policies.
5. In May/June, the **Commission and the Council assesses the NRPs and SCPs**, as well as the progress made in Member States towards the targets defined in Europe 2020 strategy and the correction of macroeconomic imbalances. On the basis of such assessment, the Commission proposes **country-specific recommendations (CSRs)**, which are then discussed by different formations of the Council.
6. In June/July, the **European Council endorses the CSRs**, which are officially adopted by the Council in July, closing the annual cycle of the "European Semester" at the EU-level.
7. In late autumn, the **EP expresses its opinion on the ongoing European Semester cycle** (including CSRs as adopted by the Council) also taking into account the outcomes of a joint meeting with Chairs of competent committees of National Parliaments.
8. Through the whole year, the European Parliament holds **Economic Dialogues and exchanges of views** with representatives of the **relevant European institutions** (Commission, Council, and Eurogroup) as well as **with representatives of Member States** which are concerned by a decision or a recommendation under relevant EU procedures (i.e. implementation of the Stability and Growth Pact and the Macro-economic Imbalance Procedure).

Annex 2: Implementation of the [Stability and Growth Pact](#)

2.1. Table on the corrective arm of the SGP: Ongoing Excessive Deficit Procedures (EDP)

Member State	Reference year which triggered ongoing EDP ¹	Current deadline for deficit correction (date of adoption of corresponding EDP recommendation)	Year	EC forecast - Autumn 2012 ² (under no policy change scenario ³)		
				Deficit (% of GDP)	Debt (% of GDP)	Growth (change in %)
EURO AREA COUNTRIES						
Belgium	2009	2012 (Dec 2009)	2012	-3.0	99.9	-0.2
			2013	-3.4	100.5	0.7
			2014	-3.5	101.0	1.6
Ireland	2008	2015 (Dec 2010)	2012	-8.4	117.6	0.4
			2013	-7.5	122.5	1.1
			2014	-5.0	119.2	2.2
Greece	2007	2016(Dec. 2012)	2012	-6.8	176.7	-6.0
			2013	-5.5	188.4	-4.2
			2014	-4.6	188.9	0.6
Spain	2008	2014 (Jul 2012)	2012	-8.0	86.1	-1.4
			2013	-6.0	92.7	-1.4
			2014	-6.4	97.1	0.8
France	2008	2013 (Dec 2009)	2012	-4.5	90.0	0.2
			2013	-3.5	92.7	0.4
			2014	-3.5	93.8	1.2
Italy	2009	2012 (Dec 2009)	2012	-2.9	126.5	-2.3
			2013	-2.1	127.6	-0.5
			2014	-2.1	126.5	0.8
Cyprus	2009	2012 (Jul 2010)	2012	-5.3	89.7	-2.3
			2013	-5.7	96.7	-1.7
			2014	-6.0	102.7	-0.7
Netherlands	2009	2013 (Dec 2009)	2012	-3.7	68.8	-0.3
			2013	-2.9	69.3	0.3
			2014	-3.2	70.3	1.4
Austria	2009	2013 (Dec 2009)	2012	-3.2	74.6	0.8
			2013	-2.7	75.9	0.9
			2014	-1.9	75.1	2.1
Portugal	2009	2014 (Dec 2009)	2012	-5.0	119.1	-3.0
			2013	-4.5	123.5	-1.0
			2014	-2.5	123.5	0.8
Slovenia	2009	2013 (Dec 2009)	2012	-4.4	54.0	-2.3
			2013	-3.9	59.0	-1.6
			2014	-4.1	62.3	0.9
Slovakia	2009 (Dec 2009)	2013 (Dec 2009)	2012	-4.9	51.7	2.6
			2013	-3.2	54.3	2.0
			2014	-3.1	55.9	3.0

¹ Year for which a deficit in excess of 3% of GDP was notified by the national authorities, or the year for which the national authorities notified a planned budget deficit in excess of 3%.

² See [European Commission Autumn 2012 forecast publication](#), tables 1 (growth), 36 (deficit) and 42 (debt).

³ See [European Commission Autumn 2012 forecast publication](#), Box 1.6 (page 45) "Some technical elements behind the forecast".

Member State	Reference year which triggered ongoing EDP ¹	Current deadline for deficit correction (date of adoption of corresponding EDP recommendation)	Year	EC forecast - Autumn 2012 ² (under no policy change scenario ³)		
				Deficit	Debt	Growth
NON - EURO COUNTRIES						
Czech Republic	2009	2013 (Dec 2009)	2012	-3.5	45.1	-1.3
			2013	-3.4	46.9	0.8
			2014	-3.2	48.1	2.0
Denmark	2009	2013 (Jul 2010)	2012	-3.9	45.4	0.6
			2013	-2.0	44.7	1.6
			2014	-1.7	45.3	1.3
Latvia	2008	2012 (Jul 2009)	2012	-1.7	41.9	4.3
			2013	-1.5	44.3	3.6
			2014	-1.4	44.9	3.9
Lithuania	2008	2012 (July 2009)	2012	-3.2	41.6	2.9
			2013	-2.8	40.8	3.1
			2014	-2.3	40.5	3.6
Hungary	2003	2012 (Mar 2012)	2012	-2.5	78.4	-1.2
			2013	-2.9	77.1	0.3
			2014	-3.5	76.8	1.3
Poland	2008	2012 (Jul 2009)	2012	-3.4	55.5	2.4
			2013	-3.1	55.8	1.8
			2014	-3.0	56.1	2.6
Romania	2012	2012 (Feb 2010)	2012	-2.8	34.6	0.8
			2013	-2.4	34.8	2.2
			2014	-2.0	34.8	2.7
UK	2008/09	2014/15 (Dec 2009)	2012	-6.2	88.7	-0.3
			2013	-7.2	93.2	0.9
			2014	-5.9	95.1	2.0

2.2. Table on the Preventive arm of the SGP: MTOs for Member States not subject to an EDP

Member State	MTOs in 2012 Stability and Convergence Programmes ⁴		2012 CSR relating to the preventive arm of the SGP	EC forecast - Autumn 2012 ² (under no policy change scenario ³)			
	Level of the MTO	Projected year of MTO achievement		Deficit	Debt	Growth	
EURO AREA COUNTRIES							
Germany	-0.5	2012	CSR 1	2012	-0.2	81.7	0.8
				2013	-0.2	80.8	0.8
				2014	0	78.4	2.0
Estonia	0	2013	CSR 1	2012	-1.1	10.5	2.5
				2013	-0.5	11.9	3.1
				2014	0.3	11.2	4.0
Luxembourg	0.5	beyond 2015	CSR 1	2012	-1.9	21.3	0.4
				2013	-1.7	23.6	0.7
				2014	-1.8	26.9	1.5
Malta	0	2016	CSR 1	2012	-2.6	72.3	1.0
				2013	-2.9	73	1.6
				2014	-2.6	72.7	2.1
Finland	0.5	beyond 2015	CSR 1	2012	-1.8	53.1	0.1
				2013	-1.2	54.7	0.8
				2014	-1.0	55.0	1.3

⁴ See [SCPs submitted to the European Commission](#).

NON-EURO AREA COUNTRIES							
Bulgaria	-0.5	2012	CSR 1	2012	-1.5	19.5	0.8
				2013	-1.5	18.1	1.4
				2014	-1.1	18.3	2.0
Sweden	-1	was at its MTO	CSR 1	2012	0.0	37.4	1.1
				2013	-0.3	36.2	1.9
				2014	0.4	34.1	2.5

EU Member States that are currently not subject to the EDP have to fulfil the provisions of the **preventive arm** of the SGP: the stability or convergence programmes submitted to the Commission and the Council include a country-specific **Medium-Term Objective (MTO)** representing a budgetary position that safeguards against the risk of breaching the 3% of GDP threshold over the economic cycle. The current rules of the SGP define an "expenditure benchmark" for judging progress towards the MTO, to complement the assessment based on the structural balance.⁵ The **Country Specific Recommendation (CSR)** for each Member State includes the Council recommendation for reaching the MTO, except for Member States under financial assistance programmes (given that these countries focus on implementing the respective Memorandum of Understanding.)

⁵ The concepts of expenditure benchmarks and structural balances are explained here:
http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/code_of_conduct_en.pdf

Annex 3: The scoreboard for the identification of possible macro-economic imbalances

Year 2011	External imbalances and competitiveness					Internal imbalances					
	3 year average of Current Account Balance as % of GDP	Net International Investment Position as % of GDP	% Change (3 years) of Real Effective Exchange Rate with HICP deflators	% Change (5 years) in Export Market Shares	% Change (3 years) in Nominal ULC	% y-o-y change in deflated House Prices	Private Sector Credit Flow as % of GDP	Private Sector Debt as % of GDP	General Government Debt as % of GDP	Unemployment rate - 3 year average	% y-o-y Change in Total Financial Sector Liabilities, non-consolidated
Thresholds	-4/+6%	-35%	±5% &± 11%	-6%	+9% &+ 12%	+6%	15%	160%	60%	10%	16.5%
BE	-0.3	65.7	-0.5	-10.2	6.3	-0.1	11.6	235.7	97.8	7.8	4.7
BG	-3.4	-85.6	3.1	17.2	20.3	-9.0	-6.7	146.0	16.3	9.4	5.6
CZ	-3.0	-49.3	0.3	8.4	3.3	0.0	2.5	78.1	40.8	6.9	3.8
DK	5.0	27.8	-1.7	-16.9	4.7	-4.9	-2.2	237.6	46.4	7.0	4.7
DE	5.9	32.6	-3.9	-8.4	5.9	1.4	4.8	127.8	80.5	6.9	2.1
EE	2.8	-57.8	0.8	11.1	-6.2	3.3	6.8	132.9	6.1	14.4	-4.4
IE	0.0	-96.0	-9.1	-12.2	-12.8	-15.2	4.0	309.5	106.4	13.5	-0.6
EL	-10.4	-86.1	3.1	-18.7	4.1	-5.1	-5.5	125.0	170.6	13.2	-3.4
ES	-4.3	-91.7	-1.3	-7.6	-2.1	-10.0	-4.1	217.3	69.3	19.9	3.7
FR	-1.6	-15.9	-3.2	-11.2	6.0	3.8	4.0	160.4	86.0	9.6	7.3
IT	-2.9	-20.6	-2.1	-18.4	4.4	-2.0	2.6	128.6	120.7	8.2	3.8
CY	-8.4	-71.3	-0.9	-16.4	8.8	-8.5	16.1	287.5	71.1	6.6	-0.2
LV	3.1	-73.3	-0.6	23.6	-15.0	4.9	-2.5	125.1	42.2	18.1	-4.5
LT	0.0	-52.6	3.6	25.2	-8.4	2.4	-0.8	70.1	38.5	15.6	8.9
LU	7.5	107.8	0.8	-10.1	12.5	1.5	2.5	326.3	18.3	4.8	11.3
HU	0.6	-105.9	-3.3	-2.8	3.7	-4.1	6.4	167.3	81.4	10.7	-2.6
MT	-4.3	5.7	-3.0	11.7	7.8	-2.3	2.2	209.9	70.4	6.8	1.4
NL	7.5	35.5	-1.6	-8.2	5.8	-4.0	0.7	224.6	65.5	4.2	7.2
AT	2.2	-2.3	-1.0	-12.7	5.9	-8.0	4.1	160.7	72.4	4.4	-0.3
PL	-4.6	-63.5	-10.9	12.8	4.3	-5.7	7.1	79.5	56.4	9.1	4.4
PT	-9.1	-105.0	-1.9	-9.5	1.0	-3.6	-3.2	249.4	108	11.9	-0.7
RO	-4.3	-62.5	-2.4	22.8	12.7	-18.9	1.8	71.8	34.7	7.2	4.3
SI	-0.4	-41.2	-0.3	-6.1	8.3	1.0	1.9	128.3	46.9	7.1	-1.3
SK	-2.1	-64.4	4.3	20.9	4.4	-5.6	3.3	76.3	43.3	13.4	1.2
FI	0.6	13.1	-1.3	-22.9	9.1	-0.3	4.6	178.8	49.0	8.1	30.8
SE	6.6	-8.4	3.9	-11.6	1.4	1.0	6.3	230.9	38.4	8.1	3.6
UK	-2.2	-17.3	-7.1	-24.2	8.2	-5.4	1.7	206.4	85.2	7.8	8.5

Source: European Commission - ECFIN - [AMR 2013](#), Eurostat ([update of 15.01.2013](#))

Annex 4: Overview of the European Commission and the European Council proposals for the future governance of the Economic and Monetary Union (EMU)

<u>The EC blueprint for a deep and genuine EMU</u> of 30.11.2012		
<p>Short term:</p> <ul style="list-style-type: none"> • a full deployment of the economic governance tools; • creation of a Single Supervisory Mechanism (SSM); • creation of a "Convergence and Competitiveness Instrument" (CCI) to provide financial support for the implementation of structural reforms. 	<p>Medium term:</p> <ul style="list-style-type: none"> • strengthened collective conduct of budgetary policy; • deeper coordination in the field of taxation and labour markets; • creation of an EMU Treasury within the Commission; • common issuance of eurobills (short term government debt with maturity of up to 1 or 2 years). 	<p>Long term:</p> <ul style="list-style-type: none"> • the establishment of an autonomous euro area budget; • common issuance of public debt.
<p>These measures would realise 4 building blocks of a complete EMU: banking union, fiscal union, economic union and democratic legitimacy and accountability. The latter should be ensured by the enhanced involvement of the EP as the only Parliament for the EU and the euro and by extended competencies of the EU Court of Justice.</p>		
<u>The conclusions</u> of the European Council of 14.12.2012		
<p>The European Council agreed on a roadmap for the EMU completion similar to the Commission's blueprint:</p> <ul style="list-style-type: none"> • completion, strengthening and implementation of the new enhanced economic governance; • the adoption of the SSM; • adoption of the new rules on banking recovery; • resolution of banks and on deposit guarantees to be completed by the establishment of a single resolution mechanism. 	<p>By the next European Council meeting the following will be looked into:</p> <ul style="list-style-type: none"> • the coordination of national reforms; • the social dimension of EMU; • the feasibility and modalities of mutually agreed contracts for competitiveness and growth, and solidarity mechanisms and measures to promote the deepening of the Single Market. 	
<p>The European Council stated in a very general way that throughout this process, democratic legitimacy and accountability will be ensured.</p>		

Annex 5: Recent developments in the Member States receiving EU financial assistance

- **Cyprus:** at its meeting of [13 December 2012](#), the Eurogroup stated that progress towards a macro-financial assistance programme has been made; however, no final agreement was reached. A draft MoU, which foresees significant financial, fiscal and structural adjustment, has been agreed at the staff level. The capital need of the financial sector will be defined in mid-January and the programme is expected to be agreed shortly after that.
- **Greece:** following the finalisation of the relevant national procedures and after having reviewed the outcome of the debt buy back operation, the Eurogroup [on 13 December 2012](#) formally approved the second disbursement under the second economic adjustment programme, which amounts to €49.1bn to be paid out in several tranches. According to the Eurogroup, the debt buy back operation will lead to a substantial reduction of the Greek debt-to-GDP ratio. The Eurogroup confirmed that this should, together with the agreed Eurogroup [initiatives of 27 November 2012](#) and full implementation of the adjustment programme, bring public debt back on a sustainable path, i.e. to 124% of GDP in 2020. On [16 January 2013](#), the IMF completed the first and second reviews of Greece's economic performance under the programme, which enables the disbursement of €3.24bn, bringing disbursements under current programme to €4.8bn.
- **Ireland:** the IMF country [report](#) of 19 December 2012 accompanying the [8th review](#) mission by the troika for disbursement of €0.8bn by EFSF/EFSM and €0.9bn by IMF states that the 2012 budget remains on track despite overruns in health and social welfare. Budget 2013 will target a deficit of 7.5% of GDP. Market conditions for Irish sovereign debt are much improved following the announcements of the ESM direct bank recapitalization instrument and of OMT. However, the feasibility of retroactive application of the ESM instrument for Ireland remains unclear as do the conditions for OMT qualification. Ireland's high public and private debt and uncertain growth prospects pose significant risk for the recently started market access, potentially hindering an exit from official financing at the end of 2013.
- **Portugal:** upon the [6th review](#) mission for disbursement of €1.6bn by EFSF/EFSM and €838.8 million by [the IMF](#), the troika concluded on 19 November 2012 that fiscal consolidation efforts are in line with the revised targets, with the government committed to the deficit target of 5 % of GDP in 2012 and 4.5 % of GDP in 2013. Revenue collection has been somewhat weaker than envisaged and fostering a more competitive economy remains imperative. While deleveraging in the banking system is on track, access to credit at remains difficult, particularly for exporting companies and SMEs.
- **Spain:** on 28 November 2012 [the EC concluded](#) that the restructuring plans of the four Spanish banks BFA/Bankia, NCG Banco, Catalunya Banc and Banco de Valencia are in line with EU state aid rules, enabling the use of EU funds as in line with the MoU. Thereafter, on 3 December 2012, the Spanish government formally requested the disbursement of close to €39.5bn of funds. On 5 December 2012 the ESM launched and priced notes, which were transferred to the bank recapitalisation fund of the Spanish government (FROB) on 11 December 2012. Results of an [independent evaluation](#) of capital needs of Spanish banks were published at the end of September 2012 estimating the needs close to €60bn.

Information on exact financing arrangements including commitments and disbursements for the member states listed above can be found on [ECON homepage](#).