BRIEFING

Economic Dialogue and Exchange of Views with the President of the Council (ECOFIN)

ECON 11 January 2016

Mr Gramegna, Luxembourg's Finance Minister takes part in the ECON meeting on 11.1.2016 in his capacity as outgoing President of the ECOFIN-Council during the Luxembourg Presidency (July-December 2015).

Mr Dijsselbloem, Netherland's Finance Minister takes part in the ECON meeting on 18.2.2016 in his capacity as incoming President of the ECOFIN-Council during the Netherlands Presidency (January-June 2016).

These exchanges of views also cover an Economic Dialogue on the implementation of the 2015-2016 European Semester Cycles (in accordance with Article 2-ab of Regulation 1466/97 as amended in 2011) and the implementation of macro-economic adjustment programmes (in accordance with Article 18 of Regulation 472/2013). According to the Treaty of the Union, Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council.

European Semester Cycles 2015 and 2016

In line with the Commission proposal outlined in the 2015 Annual Growth Survey (AGS) and the Council mid-term review of the EU2020 Strategy, the European Semester has been substantially streamlined in 2015, including 1) a single assessment per Member State, 2) re-focused and fewer Country Specific Recommendations (CSRs), 3) an earlier publication of Country Specific Reports and 4) a wider dialogue with stakeholders at all levels.

From the 2016 cycle onwards, the design of the European Semester has been further revised so as to 1) better integrate the euro area and national dimensions - inter alia by publishing draft euro area recommendations at the start of the Semester cycle along the Annual Growth Survey, 2) put stronger focus on employment and social performance, 3) promote convergence by benchmarking and pursuing best practices and 4) provide more focused support to reforms through EU funds and technical assistance[1].

Table 1: European Semester 2012-2015 - Some stylized facts

European Semester	Total number of CSRs	Total number of Member States	Average number of CSRs	Minimum number of CSRs	Maximum number of CSRs
2012	138	23	6.0	4 (DE, SE)	8 (ES)
2013	141	23	6.1	3 (DK)	9 (SI, ES)
2014	157	26	6.0	3 (DK)	8 (SI, RO, PT, IT, HR, ES)
2015	102	26	3.9	1 (SE)	6 (FR, HR, IT)

Source: EGOV calculations based on CSRs adopted by the Council.
Note: The Commission is to issue its draft 2016 recommendations in May 2016.

As depicted in Table 1, the total number of CSRs under the streamlined Semester was about one third lower compared to the previous vintage (102 CSRs in 2015 as compared to 157 CSRs in 2014). The number of participating Member States remained unchanged at 26 (COM did not address recommendations to Cyprus and Greece to avoid duplication with measures set out in their respective

[1] See the Box on "The reorganised European Semester" in a separate EGOV note for more details.

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Economic Adjustment Programmes). As a consequence, the average number of CSRs given to a Member State declined from six recommendations during 2012-2014 Semesters to four recommendations under the streamlined 2015 Semester. Similarly, the maximum number of CSRs addressed to a Member State was reduced from eight to six recommendations (see an EGOV briefing on the 2015 CSRs for more details).

As shown in separate EGOV documents[2], CSRs addressed to Member States under the revised Semester have been **generally less prescriptive** (in other words, they have been broader) while at the same time more focused by policy areas (for those areas which have remained explicitly targeted). The 2015 CSRs were also **more often underpinned (in relative terms) by SGP/MIP legal base** rather than the so-called Integrated guidelines (i.e. in 68 % of cases in 2015, up from 54 % in 2014).

To sum up, the design of the European Semester has been, in effect, modified along the lines outlined in the 2015 AGS and the mid-term review of the EU2020 Strategy. The publication of the Commission assessment of the 2015 CSRs implementation in February 2016 will help to gauge to what extent these changes have ultimately improved the so far unsatisfactory Member States' implementation record. The additional changes implemented as from the 2016 Semester onwards are also aimed, among others, at increasing Member States' ownership of recommendations.

As regards the 2016 European Semester, the Commission confirmed in the AGS its three-pillar jobs and growth strategy, namely 1) re-launching investment, 2) pursuing structural reforms to modernise our economies and 3) responsible fiscal policies. In this regard, the incoming Council Presidency (Netherlands) will address the AGS package together with the issue of implementation of CSRs. Spring Councils will devote specific attention to cross-examination of best practices and bottlenecks in implementing CSRs. This will enable ministers to examine how EU level guidance and conclusions are translated into national action and how this could be further improved. The reforms foreseen in the Five Presidents' Report on completing the EMU pertaining to the European Semester will be discussed within the Council in parallel to the European Semester itself.

Next steps under the 2016 Semester Cycle (indicative timetable):

- 14 January 2016: Eurogroup: Preparation of the Council recommendation on broad guidelines for the economic policies of the Member States whose currency is the euro;
- 15 January 2016: Economic and Financial Affairs Council: Approval of the Council recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro and Council conclusions on AGS and AMR;
- 16-17 February 2016: European Parliamentary Week in the framework of the European Semester: Debates between members of the European Parliament and national parliaments;
- 18-19 February 2016: European Council: Endorsement of the Council recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro;
- 24 February 2016: publication of country-specific analysis (country reports) by the Commission, including, where relevant, MIP In-depth reviews;
- 7 March 2016: EPSCO: implementation of CSR drawing on the country reports: exchange of views: AGS: Council conclusions (including on health aspects); Joint Employment Report: adoption; General approach on the Employment Guidelines;

[2] See "Country Specific Recommendations (CSRs) for 2014 and 2015 - A comparison and an overview of implementation" and "The legal nature of Country Specific Recommendations".

- 8 March 2016: ECOFIN: Implementation of CSRs drawing on the AMR and the country reports: exchange of views; adoption of the Council recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro;
- 7-10 March 2016: EP plenary session: Joint debate on the European Semester;
- 15 March 2016: General Affairs Council: Preparation of the March European Council: Draft conclusions; Synthesis report on Council contributions on the European Semester; Poss. updated roadmap on the 2016 European Semester;
- 17-18 March 2016: European Council: CSR implementation and guidance to Member States for their 2016 Stability and Convergence Programmes and National Reform Programmes.

Public Finances

According to COM 2015 autumn assessment of the Draft Budgetary Plans (DBPs) of Euro Area Member States, the overall fiscal policy stance, as measured by the **change in the aggregate structural balance**, appears to be **broadly neutral following the halt in fiscal consolidation in both 2015 and 2016**. In the current context of low interest rates and high external surplus of the euro area, this largely neutral fiscal stance is considered to strike broadly appropriate balance between long-term sustainability of public finances, on the one hand, and short-term macroeconomic stabilisation, on the other hand.

The COM assessed in November 2015 that the 2016 DBPs of four euro area Member States (**IT, LT, AT and ES**) have a risk of non-compliance with the rules of the SGP. In all cases, COM will examine the situation further on the basis of the April 2016 Eurostat validated data, which could lead to new Council-decisions either under the preventive or corrective arm of the SGP.

Box 1: ECB's view on the lack of transparency in the SGP implementation

According to the ECB the review of the 2016 DBPs revealed again the increased complexity and lack of transparency of the implementation of the fiscal surveillance framework:

- The manner in which this overall assessment of structural balance and the expenditure benchmark indicators still not fully transparent, making it difficult to gauge whether it is applied in a consistent manner;
- Increasing inconsistencies between the structural effort requirements under the preventive arm and those under the debt rule for several countries, with COM forecast indicating significant deviations from the debt rule requirements for BE and IT;
- For countries under the excessive deficit procedure, an asymmetry arises from them being assessed as “broadly compliant” with the SGP if they fall short of their structural effort requirements but are nonetheless expected to meet the headline deficit targets.

Table 2 on the next page shows changes in the structural balances as forecast by COM and structural effort recommended by the Council under the Stability and Growth Pact (SGP).

Table 2: Structural efforts and commitments under the SGP in 2015 and 2016

Member State	Projected structural budget balance (sbb) or projected annual structural budget change (pp)		Structural effort recommended in order to adjust towards or remain at the MTO (for MS under the preventive arm) or to correct excessive deficit (for MS under EDP) (based on Council decision under the SGP)	
	2015	2016	2015	2016
Euro area Member States				
Belgium *(preventive arm)*	0.3 pp	0.4 pp	0.6 pp	0.6 pp
Germany *(preventive arm)*	0.9 sbb	0.7 sbb	Remain/attain MTO set at -0.5 sbb	
Estonia *(preventive arm)*	0.3 sbb	0.2 sbb	Remain/attain MTO set at 0.0 sbb	
Ireland *(corrective arm, EDP ddl 2015)*	0.2 pp	0.9 pp	n.a.	0.6 pp
Greece *(corrective arm)*	-1.7 pp	0.8 pp	At least 10.0pp (cumulative) in 2009-14	
Spain *(corrective arm)*	-0.7 pp	-0.1 pp	0.8 pp	1.2 pp
France *(corrective arm)*	0.1 pp	0.3 pp	0.5 pp	0.8 pp
Italy *(preventive arm)*	0.1 pp	-0.5 pp	0.25 pp	0.1 pp
Cyprus *(corrective arm)*	-1.6 pp	-0.2 pp	More than 4.0 pp (annual over) in 2013-16	
Latvia *(preventive arm)*	-2.1 sbb	-1.9 sbb	Ensure limited deviation from MTO set at -1.0sbb	
Lithuania *(preventive arm)*	-1.2 sbb	-1.4 sbb	Ensure limited deviation from MTO set at -1.0sbb	
Luxembourg *(preventive arm)*	0.7 sbb	0.9 sbb	Remain/attain MTO set at 0.5sbb	
Malta *(preventive arm)*	0.3 pp	0.4 pp	0.6 pp	0.6 pp
Netherlands *(preventive arm)*	-1.1 sbb	-1.4 sbb	Remain/attain MTO set at -0.5 sbb	
Austria *(preventive arm)*	-0.6 sbb	-1.0 sbb	Remain/attain MTO set at -0.45 sbb	
Portugal *(corrective arm, EDP ddl 2015)*	-0.4 pp	-0.5 pp	0.5 pp	0.6 pp
Slovenia *(corrective arm, EDP ddl 2015)*	0.0 pp	0.2 pp	0.5 pp	0.6 pp
Slovakia *(preventive arm)*	-2.1 sbb	-2.0 sbb	Remain/attain MTO set at -0.5 sbb	
Finland *(preventive arm)*	0.1 pp	0.2 pp	0.1 pp	0.5 pp
Non-euro area Member States				
Bulgaria *(preventive arm)*	-0.1 pp	0.2 pp	n.a.	0.5 pp
Czech Republic *(preventive arm)*	-1.2 pp	0.6 pp	n.a.	0.5 pp
Denmark *(preventive arm)*	-2.3 sbb	-1.4 sbb	Remain/attain MTO set at -0.5 sbb	
Croatia *(corrective arm)*	0.4 pp	-0.3 pp	0.9 pp	0.7 pp
Hungary *(preventive arm)*	0.2 pp	-0.3 pp	0.5 pp	0.6 pp
Poland *(preventive arm)*	-0.4 pp	0.4 pp	0.5 pp	0.5 pp
Romania *(preventive arm)*	-0.8 sbb	-2.7 sbb	Ensure limited deviation from MTO set at -1.0sbb	
Sweden *(preventive arm)*	-1.0 sbb	-1.0 sbb	Remain/attain MTO set at -1.0 sbb	
United Kingdom *(corrective arm)*	0.7 pp	1.2 pp	0.5 pp (2015/16)	1.1 pp (2016/17)

Sources: Council recommendations under the SGP (see EGOV documents "Country Specific Recommendations (CSRs) for 2014 and 2015" and "Implementation of the SGP and COM Opinions on 2016 DBPs") and COM 2015 autumn forecast. Please note that the assessment on effective action follows a EU methodology which takes into account more aspects than the change in the structural balance and covers the whole period of the Council decision to correct the excessive deficit and not only individual years (see "Public Finances in EMU"). Abbreviations used in the table: pp indicates annual percentage point change in terms of GDP; sbb indicates annual budget balance in structural terms; ddl indicates dead-line to correct on-going EDP; and n.a. indicates that an explicit structural target for a given year is not available in the relevant Council recommendations.

The Eurogroup of 23 November:

- welcomed the commitment of **AT, IT and LT to ensure compliance with the rules**. It also looked forward to the submission of an updated DBP for ES and was reassured that PT would submit its DBP as soon as possible;
- noted that according to the latest COM assessment, **AT's structural fiscal effort in 2016** will be -0.4% of GDP, whereas a structural fiscal effort of +0.1% of GDP would be needed to remain at

the Medium Term Objective (MTO); noted that an *ex post* assessment of overall budget execution, encompassing additional costs related to the refugee crisis, may result in AT being able to avoid a significant deviation from the adjustment path towards its MTO;

- noted that according to the latest COM assessment, **IT's structural fiscal effort in 2016** will be -0.5% of GDP, whereas a structural fiscal effort of +0.1% of GDP is required under the preventive arm, taking into account the flexibility clauses invoked in the 2015 Stability Programme; noted that COM has stated that IT fulfils the eligibility criteria for the granting of an additional temporary deviation under the structural reform and investment clause and COM will make an assessment in spring 2016;
- note the uncertainty surrounding the evaluation of **cyclical developments in LT** (COM's overall assessment emphasises the expenditure benchmark and identifies a risk of significant deviation from the adjustment path towards the MTO);
- note that according to the latest COM forecast, the **headline deficit for ES will be 3.6% of GDP in 2016**, whereas a deficit of 2.8% of GDP is recommended;
- noted that COM still refers to its February 2015 report as regards **debt rule compliance for BE and IT**;
- reaffirmed the importance of structural effort and bottom up measures in the corrective arm and recognise that merely achieving headline deficit targets may not be sufficient to ensure durable corrections of excessive deficits;
- agreed with the COM that the **SGP rules provide for sufficient flexibility** to address the budgetary implications of the country-specific developments such as the refugee inflow in certain Member States and noted that that AT, BE, FI, DE and IT have submitted information on the costs associated with refugee inflows; took note that the COM will take into account duly justified additional expenditure related to this crisis when making its ex post assessments of compliance with the SGP. Recalled the ongoing discussions among the Member States and COM on a commonly agreed interpretation on the flexibility within the SGP; and
- called upon the COM to increase the **transparency and predictability of the procedure**.

Macroeconomic Imbalances

In November 2015, COM published the **2016 Alert Mechanism Report**. It identified, on the basis of the MIP scoreboard (see Annex), 18 Member States at risk of imbalances that hinder the smooth functioning of the economies or may hamper the proper functioning of the EMU: they **warrant an In-Depth-Review** (IDR), which will be undertaken and published by COM in spring 2016.

For the 2016 Semester cycle, 18 countries will be submitted to an IDR:

- For BG, FR, HR, IT and PT, IDRs will assess if the **excessive imbalances identified in the 2015** Semester Cycle still persist;
- For IE, ES and SI, the IDRs will assess if the **imbalances in need of decisive policy action and requiring specific monitoring in 2015** still pose risks;
- For DE and HU, the IDRs will assess if the **imbalances identified in 2015, requiring decisive policy action**, still persist;
- For the other countries (BE, NL, RO, FI, SE and UK), the IDR will assess whether the **imbalances identified in 2015** still persist or have been overcome;
- IDRs will be prepared for **the first time for EE and AT**. In the case of Estonia vulnerabilities linked to a renewed build-up of demand pressures will be assessed. In the case of Austria, issues related to the financial sector, notably its high exposure to developments abroad and the impact on credit provided to the private sector will be analysed.

On the basis of the economic reading of the scoreboard, COM is of the view that **an IDR is not needed at this stage** for the Czech Republic, Denmark, Latvia, Lithuania, Luxembourg, Malta, Poland and Slovakia. For Greece and Cyprus, which benefit from financial assistance, the surveillance of their imbalances and monitoring of corrective measures take place in the context of their macro-economic adjustment programmes.

In some Member States:

- vulnerabilities are present mainly with respect to **the external sector**, in the form of **large negative net international investment positions** (RO, LV, LT, SK, CZ);
- the **combination of large stocks of public debt and a declining trend in potential growth or competitiveness** is a source of concerns despite the absence of external sustainability risks (e.g. IT, FR, BE);
- **current account surpluses** remain large and persistent (e.g. DE, NL);
- vulnerabilities are present in the form of **large stocks of net liabilities concerning a wide range of sectors both domestic and external** (PT, ES, CY, EE, and SI). This is notably the case of countries which used to run large current account deficits in association with a credit boom in the domestic economy, simultaneously feeding large negative net international investment positions and elevated private indebtedness. Such countries are currently facing high deleveraging needs in a context of limited fiscal space, high non-performing loans and unacceptable levels of unemployment. Also some non-euro countries (HU, HR, and BU) are facing difficulties in light of the elevated external and internal liabilities, such in the banking sector;
- possible **unsustainable trends and vulnerabilities are confined to a particular sector of the economy** (in SE the increase in house prices and household debt, in NL household debt is among the highest in the EU, UK is also experiencing growing house prices, in AT funding pressures in the financial sector may constitute, in EE risks linked to the build-up of demand pressures in the domestic economy may need monitoring, FI experiencing a challenging structural shift in its economy following the downsizing of the electronics sector, DK has also elevated household debt).

Financial Assistance to EU Member States

Ongoing economic adjustment programmes

***Greece*: **Following the political agreement reached on 14 August 2015, the Commission signed a Memorandum of Understanding (MoU) with Greece for further stability support accompanied by a third economic adjustment programme, mobilising up to €86bn in financial assistance over three years (2015-18); a first tranche of €13bn was disbursed on 20 August, and a second €1bn tranche on 22 December 2015. The comprehensive assessment carried out by the ECB unveiled capital shortfalls amounting to €14.4bn for the four large Greek banks in the adverse scenario. Two banks had to be partly recapitalized by the Hellenic Financial Stability Fund (National Bank of Greece and Piraeus Bank), totalling €5.43bn of additional funding from the ESM. This amount is much lower than the maximum envelope earmarked to that end in the MoU (€25bn), and than the remaining unused funds from the second programme (€10bn).

***Cyprus*: **Cyprus' programme, under which the country may receive up to €10bn (€9bn by the ESM, €1bn by the IMF), was formally agreed in May 2013. In summer 2015, the seventh implementation review was carried out which identified some delays concerning the reduction of non-performing loans and key structural reforms. The report therefore asked for the completion of three prior actions (legal proposals) before the next disbursement. The adoption of those legal proposals and the report's approval by the competent bodies paved the way for the latest cash disbursement in October 2015 of €500m by the ESM and of €124m by the IMF; in total, the ESM has so far disbursed €6.3bn.

Post-programme surveillance

According to the rules of the "two pack", countries that exited the programmes are under Post-Programme Surveillance (PPS) until 75% of their ESM/EFSF loans are paid back.

Portugal**:** The second PPS report, published in July 2015, finds that the economic and financial conditions in Portugal have further improved since the PPS mission in autumn 2014, conceding that economic recovery is still hampered by remaining macroeconomic imbalances. At least in a short-term perspective the report sees no risks to loan repayments.

Ireland**:** The third PPS report, also published in July 2015, points out that Ireland is among the fastest growing economies in the euro area due to the improved economic environment and a successful domestic rebalancing with policies to strengthen public finances and repair the banks. The repayment risk for the loans received remains low.

Spain**:** Spain only used €39bn for bank recapitalisation. The fourth surveillance report, published in December 2015, finds that Spain's banking sector has continued to stabilise, with banks' asset quality improving, ample access to liquidity and greater solvency. A repayment risk for the ESM loan appears very low.

Post-programme surveillance (Balance-of-payments assistance)

Romania**:** Romania's 2013-15 balance-of-payments financial assistance programme ended on 30 September 2015, which was of precautionary nature and not drawn upon. Post-programme surveillance started with the end of the programme and will continue until at least May 2018.

Banking Union

The Single Supervisory Board (SSB) completed in 2015 its first year as part of the Single Supervisory Mechanism (SSM) for the significant banks in countries participating in the Banking Union. In early 2015 it adopted supervisory decisions (setting notably the minimum CET1 ratio to be complied with) for all significant institutions. The SSM undertook a second comprehensive assessment for the four large Greek banks, as provided by the Memorandum of Understanding signed on 19 August 2015 by Greece, the ESM and the Bank of Greece. It also completed another comprehensive assessment for nine banks which were not included in the 2014 assessment.

In addition, the Single Resolution Board (SRB) was established in early 2015 and started its preparatory work, focussed on recruiting staff, setting up an internal organization, and cooperating with national resolution authorities on resolution planning. Since the BRRD has not been implemented in all Member States, on 22 October 2015 the Commission decided to refer six Member States to the Court of Justice of the EU (Czech Republic, Luxembourg, the Netherlands, Poland, Romania and Sweden). As of 31 December 2015, the intergovernmental agreement on the transfer and mutualisation of contributions to the Single Resolution Fund (SRF) had been ratified by 18 countries. As a result, on 1 January 2016, the SRB has become fully responsible for the resolution of significant banks and cross-border groups in the Banking Union. The SRF will be built-up gradually over an 8 year period, but will benefit during this transitory period from a public bridge financing arrangement endorsed by the ECFIN Council on 8 December 2015. National credit lines, agreed between the SRB and Member States, will thereby cover temporary financial shortfalls, and will ultimately be paid back by banks operating in the Member State where resolution action took place.

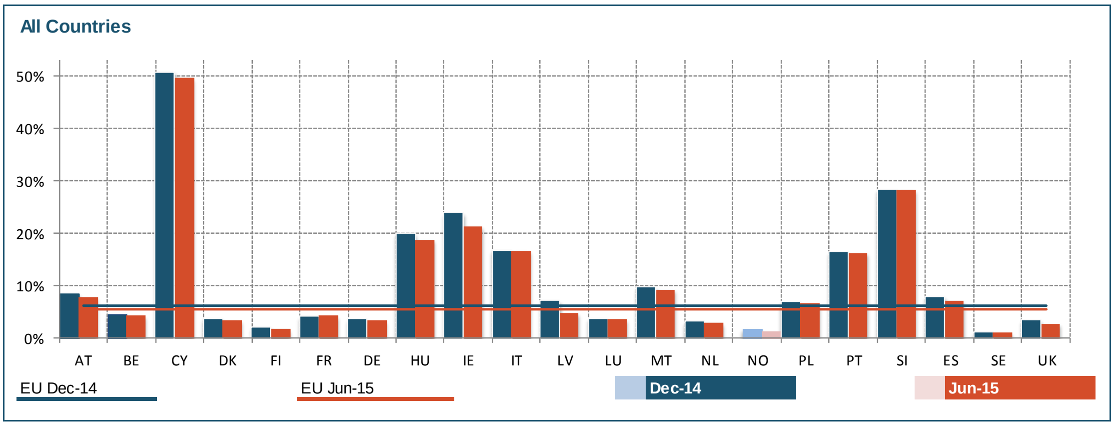
The Commission proposed on 24 November 2015 to complement the framework of the Banking Union with a European Deposit Insurance Scheme (EDIS), aimed at protecting depositors throughout the euro area. The Commission proposal foresees a gradual introduction of the EDIS, with a first phase (3 years) consisting of a reinsurance scheme (EDIS funds used only once national funds are exhausted), then a second phase (4 years) consisting of a co-insurance scheme (with a gradual increase in the share contributed by the EDIS funds), and, from 2014, a full insurance scheme whereby depositors would be protected by the EDIS up to 100 000 euros. The EDIS funds would be contributed by banks depending on their risk profile.

The Commission indicated that such mechanism would go hand-in-hand with further risk reduction measures, notably through the harmonization of national options and discretions, the drafting of new legislation on loss-absorbing capacity, a convergence in insolvency laws, and targeted prudential measures including the regulatory treatment of sovereign exposures.

As to the financial health of credit institutions in the EU, the European Banking Authority indicated in its Risk assessment of the European banking system (December 2015) that despite positive developments in banks' capital positions and profitability, "***there are still areas with significant risks and vulnerabilities***".

In particular, the high level of non-performing loans (NPL) remains an impediment to the banks' capacity to provide new lending and to their profitability. If the overall NPL ratio decreased from 7% in December 2014 to 6.4% in June 2015, it remains high and the dispersion between Member States is a concern.

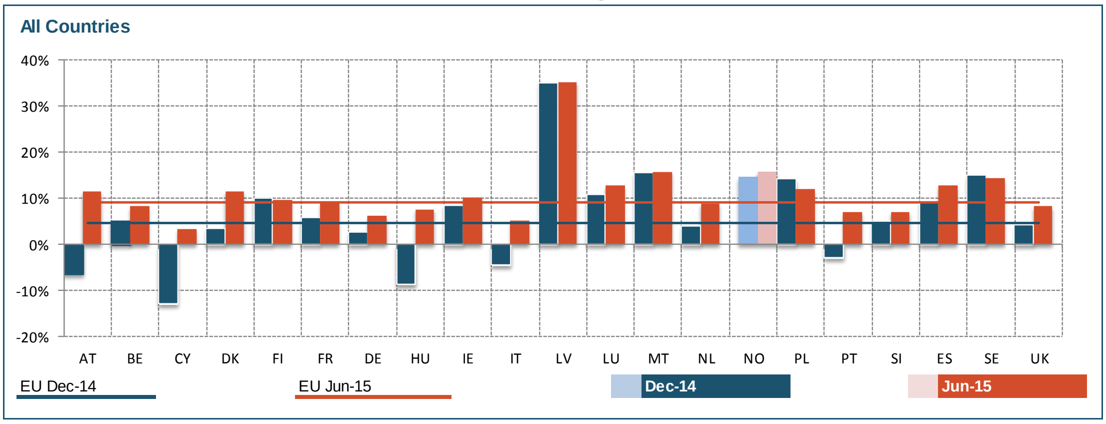
Chart 1: Non-performing loans ratio



Source: EBA 2015 transparency exercise (Greece excluded from the analysis as banks were undergoing a stress test).

Similarly, while the profitability of banks have increased, with a return on equity of 7.8% in the first half of 2015 (compared to 5.7% as of December 2015), it remains weak and will continue to be negatively impacted by the overall environment of low interest rates.

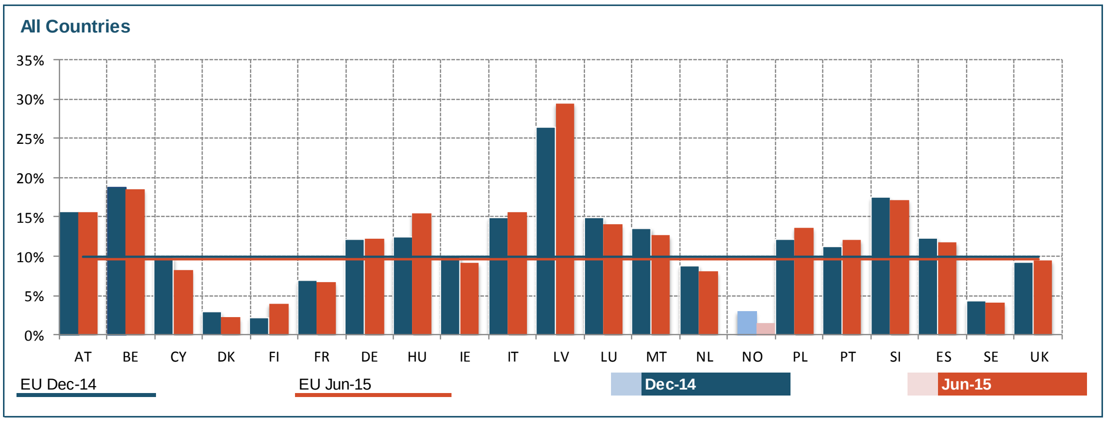
Chart 2: Return on regulatory capital



Source: EBA 2015 transparency exercise (Greece excluded from the analysis as banks were undergoing a stress test).

Finally, at a time when the Commission proposes to review the prudential treatment of sovereign exposures, **some banks reports high exposures of sovereign debts, with significant differences among Member States** and institutions within Member States.

Chart 3: Sovereign exposure on total leverage exposure



Source: EBA 2015 transparency exercise (Greece excluded from the analysis as banks were undergoing a stress test).

Other relevant EGOV documents

- Member States Progress towards the EU 2020 Targets http://www.europarl.europa.eu/RegData/etudes/ATAG/2014/528741/IPOL_ATA(2014)528741_EN.pdf
- Implementation of the Stability and Growth Pact and European Commission Opinions on 2016 Draft Budgetary Plans http://www.europarl.europa.eu/RegData/etudes/note/join/2014/497746/IPOL-ECON_NT(2014)497746_EN.pdf
- Overview on European Commission opinions on 2016 Draft Budgetary Plans http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/542689/IPOL_IDA(2015)542689_EN.pdf
- Key features of 2016 Draft Budgetary Plans (DBP) http://www.europarl.europa.eu/RegData/etudes/ATAG/2015/542684/IPOL_ATA(2015)542684_EN.pdf
- Involvement of independent fiscal bodies in 2016 DBP and 2014 and 2015 SCP http://www.europarl.europa.eu/RegData/etudes/note/join/2014/528747/IPOL-ECON_NT(2014)528747_EN.pdf
- Involvement of the National Parliaments in SCPs and NRPs – 2014 and 2015 http://www.europarl.europa.eu/RegData/etudes/note/join/2014/497743/IPOL-ECON_NT(2014)497743_EN.pdf

Annex 1: The scoreboard for the identification of possible macro-economic imbalances

Values for year 2014	External imbalances and competitiveness					Internal imbalances						Employment Indicators		
	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	**Activity rate % of total pop. aged 15-64 - 3 years change**	**Long term unemployment rate % of active pop. aged 15-74 - 3 years change**	**Youth unemployment rate % of active pop. aged 15-24 - 3 years change**
Thresholds	**-4/+6%**	**-35%**	**±5% (EA) ± 11%**	**-6%**	**+9% (EA) + 12%**	**+6%**	**14%**	**133%**	**60%**	**10%**	**16.5%**	**-0.2%**	**0.5%**	**0.2%**
BE	-0.1	57.2	-0.5	-10.7	5.6	-1.1	1.0	181.4	106.7	8.2	4.9	1.0	0.8	4.5
BG	0.9	-73.4	-2.6	6.7	12.5	1.5	-0.3	124.3	27.0	12.2	7.2	3.1	0.6	-1.2
CZ	-0.5	-35.6	-10.0	-5.0	3.8	1.8	1.8	72.7	42.7	6.7	4.4	3.0	0.0	-2.2
DK	6.9	47.0	-1.2	-17.3	5.1	3.1	1.7	222.8	45.1	7.0	6.6	-1.2	-0.1	-1.6
DE	6.9	42.3	-0.3	-8.3	7.6	1.5	1.1	100.4	74.9	5.2	4.2	0.4	-0.6	-0.8
EE	-0.5	-43.6	4.7	24.5	13.0	12.8	6.4	116.1	10.4	8.7	12.2	0.5	-3.8	-7.4
IE	1.8	-106.7	-3.5	-6.1	-2.2	11.1	13.7	263.3	107.5	13.0	16.0	0.6	-2.0	-5.2
EL	-2.6	-124.1	-5.6	-17.5	-11.6	-4.9	-2.7	130.5	178.6	26.2	-7.6	0.1	10.7	7.7
ES	0.7	-94.1	-1.0	-11.5	-4.1	0.1	-7.1	165.8	99.3	25.1	-1.9	0.3	4.0	7.0
FR	-1.0	-19.5	-1.2	-13.1	4.8	-1.6	3.3	143.2	95.6	10.1	5.4	1.3	0.6	1.5
HR	0.5	-88.6	-0.9	-18.0	-5.9	-2.0	0.3	120.6	85.1	16.9	0.9	2.0	1.7	8.8
IT	0.8	-27.9	0.2	-14.0	3.6	-4.6	-0.9	119.3	132.3	11.8	-0.7	1.8	3.5	13.5
CY	-4.9	-139.8	-1.4	-26.7	-7.7	0.3	-8.5	348.3	108.2	14.6	0.7	0.8	6.1	13.6
LV	-2.5	-60.9	0.4	9.9	12.9	5.1	-11.9	96.4	40.6	12.6	10.4	1.8	-4.1	-11.4
LT	1.3	-46.4	1.4	35.3	8.3	6.3	-1.2	52.5	40.7	12.0	16.3	2.3	-3.2	-13.3
LU	5.8	36.0	0.5	11.2	7.6	3.7	0.5	342.2	23.0	5.7	21.5	2.9	0.3	5.9
HU	2.7	-73.8	-7.0	-14.9	6.7	3.1	-0.5	91.3	76.2	9.6	8.5	4.6	-1.5	-5.6
MT	2.6	39.5	0.0	-18.2	7.0	2.6	7.8	146.4	68.3	6.2	5.8	4.5	-0.4	-1.5
NL	10.9	60.8	0.8	-11.0	5.4	-0.5	-1.6	228.9	68.2	6.8	8.2	0.9	1.3	2.7
AT	1.8	2.2	1.9	-15.7	7.8	1.4	0.2	127.1	84.2	5.3	-1.5	0.8	0.3	1.4
PL	-2.3	-68.3	-1.3	4.8	2.5	1.1	4.7	77.9	50.4	9.8	0.6	2.2	0.2	-1.9
PT	0.0	-113.3	-1.8	-4.7	-2.3	3.6	-8.7	189.6	130.2	15.4	-6.1	-0.4	2.2	4.5
RO	-2.1	-57.2	-1.1	21.5	2.3	-3.6	-2.4	62.2	39.9	6.9	1.1	1.6	-0.1	0.1
SI	5.1	-43.7	1.2	-11.8	-0.2	-6.6	-4.6	100.1	80.8	9.6	-0.4	0.6	1.7	4.5
SK	1.0	-69.4	1.3	3.2	2.2	1.5	3.9	76.2	53.5	13.8	7.0	1.6	0.0	-4.0
FI	-1.5	-0.7	2.7	-24.0	8.0	-1.9	0.4	150.0	59.3	8.2	8.7	0.5	0.2	0.4
SE	6.5	-6.5	-3.7	-9.8	7.1	8.6	6.5	194.4	44.9	8.0	13.4	1.6	0.0	0.1
UK	-4.3	-25.3	10.2	-8.7	1.9	8.3	3.4	157.7	88.2	7.2	4.4	1.2	-0.5	-4.4

Source: Eurostat and AMR. Grey boxes( ) indicate values above threshold. Data extracted on 26 November 2015.