

6.6.2012 REV

ECONOMIC DIALOGUE WITH VICE-PRESIDENT OLLI REHN

ON COUNTRY-SPECIFIC RECOMMENDATIONS

ECON Committee, 11 June 2012

Vice-President Olli Rehn has been invited to an **Economic Dialogue** on the **Country Specific Recommendations (draft CSR)** in line with the new economic governance framework, in particular the provisions on Economic Dialogues¹ as a part of the European Semester². The draft CSRs, proposed in accordance with Articles 121, 136, 146 of the TFEU, are an integral part of the European Semester for economic policy coordination.

The draft CSRs were adopted by the Commission on 30 May 2012. They are available on the [COM webpage](#) together with relevant documents, including Commission staff working papers, national programmes and a related Commission Communication.

For the first time, the draft CSR reflects the findings of the 12 in-depth reviews carried out in the context of the new Macroeconomic Imbalance Procedure (MIP). In the draft CSR the Commission has included reference to EP resolutions³ on the Annual Growth Survey (AGS) as adopted in advance of the spring European Council in 2012. As this is the second year of the annual European Semester Cycle the Commission has also assessed the implementation of the CSR as adopted by the Council last year⁴.

The draft CSR as proposed by the Commission covers the following policy areas and instruments:

1) Fiscal policies:

CSRs on national budgetary policies are based on the assessment by the Commission of the stability and convergence programmes as submitted by the Member States by April 2012 (in accordance with [Regulation No 1466/97](#)). This assessment also reflects the outcome of the Commission services' Spring 2012 forecast.

In addition the Commission made recommendations that the EDP be abrogated for certain Member States ([DE](#) and [BU](#)) (in accordance with [Regulation No 1467/97](#)) and that HU has taken effective action to correct its excessive deficit, allowing for the suspension of its 2013 Cohesion Fund commitments to be lifted (in accordance with [Regulation No 1084/2006](#)).

Once adopted by the Council, further steps are possible under Regulation No 1466/97, Regulation No 1467/97, and [Regulation No 1173/2011](#) that may ultimately lead to a fine being imposed if no effective action has been taken.

2) Economic reforms:

CSRs on national economic and employment reform policies are based on the assessment by the Commission of national reform programmes as submitted by Member States (in accordance with Article 121(2) and 146 TFEU).

3) Correction of macro-imbalances:

CSRs based on the results of the in-depth reviews launched for twelve Member States deemed at risk of macro-economic imbalances (in accordance with [Regulation No 1176/2011](#)).

¹ Notably Article 2-ab of Regulation 1466/97 as amended in 2011.

² See, in particular, the definition of the European Semester in Article 2-a in Regulation 1466/97 as amended in 2011.

³ P7_TA(2012)0048 and P7_TA(2012)0047

⁴ See Commission Staff Working Documents on the Assessment of the 2012 national reform programmes and stability programmes of the Member States.

Once adopted by the Council, further procedural steps are possible under Regulation No 1176/2011 and [Regulation No 1174/2011](#) that may ultimately lead to a fine being imposed if no effective action has been taken.

4) Euro-area wide recommendations:

Recommendations for the Member States whose currency is the euro to take action individually and collectively (in accordance with Article 136 and 121(2) TFEU).

NEXT STEPS ON THE CSRs

The draft CSR 2012 will now be discussed by the relevant Council formations (ECOFIN 22.6 and EPSCO 21.6) in order to be endorsed by European Council on 28-29 June before final adoption by the Council (ECOFIN 10.7.).

A debate in Plenary on the European Semester is scheduled for 13 June.

The ECON Committee has scheduled Economic Dialogues with the President of the Council (ECOFIN) for 25.6 (with DK) and 2.7 (with CY) and with the President of the Euro group (time tbc)⁵. According to the new economic governance legal framework the Council is expected to follow the recommendations of the Commission or explain its position publicly ("*comply-or-explain*"-principle)⁶.

In the second part of the year, Member States finalise national budgets and reform strategies, and the Commission and relevant EU bodies discuss and monitor performances and progress

Member States shall take due account of these recommendations/opinions addressed to them in the development of their economic, employment and budgetary policies before taking key decisions on their national budgets for the succeeding year. Failure by a Member States to act upon this guidance may according to EU law⁷ result in

- (a) further recommendations to take specific measures;
- (b) a warning by the Commission under Article 121(4) TFEU;
- (c) measures under Regulation 1466/97, Regulation 1467/97 or Regulation 1176/2011.

ANNEXES:

- Annex 1: Overview of the draft CSR for all 27 Member States (by their proposed legal base)
- Annex 2: Involvement and Role of the National Parliaments concerning the SCP and the NRP
- Annex 3: In depth review of macroeconomic imbalances: Commission's main conclusions
- Annex 4: Comparison of Commission's and MS' macroeconomic forecasts: Real GDP % change

CONTACT: Economic Governance Support Unit: egov@ep.europa.eu

⁵ An Economic Dialogue with the Minister of Finance of Belgium is also scheduled for 18 June 2012 in ECON.

⁶ See, in particular, the definition of the European Semester in Article 2-a in Regulation 1466/97.

⁷ Idem.

Short overview

Commission proposals for 2012 COUNTRY SPECIFIC RECOMMENDATIONS (CSR) for all 27 Member States

Date of publication by Commission: 30 May 2012

CSR ⁸	FISCAL POLICY RECOMMENDATIONS (as reflected in Commission recommendations)		ECONOMIC POLICY RECOMMENDATIONS (as reflected in Commission recommendations)	
	Stability or Convergence Programmes	EDP	National Reform Programmes	Correction of Macroeconomic Imbalances
Legal Base	Article 5(2) and Article 9(2) of Regulation 1466/97	Article 126 TFEU and Regulation 1467/1997	Article 121(2) and Article 148(4) of TFEU	Article 6 of Regulation 1176/2011
BE	<ul style="list-style-type: none"> Implement the budgetary strategy for the year 2013 and beyond Make budgetary targets binding at federal and sub-federal levels and increase transparency and accountability across layers of government. 	EDP correction deadline: 2012	<ul style="list-style-type: none"> Improve long-term sustainability of public finances by curbing age-related and health expenditure. Increase bank capital. Reduce greenhouse gas emissions from non-ETS activities, in particular from transport. 	<ul style="list-style-type: none"> Reform the system of wage bargaining and indexation. Shift taxes from labour to less growth-distortive taxes including environmental taxes. Reform the unemployment benefit system to reduce disincentives to work Strengthen competition in the retail sector and in the network industries.
BG	<ul style="list-style-type: none"> Enhance the quality of public spending, particularly in the education and health sectors. 	Proposal to close EDP in May 2012.	<ul style="list-style-type: none"> Reduce risks to the sustainability by improving the pension system and introducing tighter criteria and controls 	<ul style="list-style-type: none"> Accelerate implementation of Youth Employment initiative Ensure that the thresholds for social

⁸ Below are hyperlinks to the Commission draft CSR: please press simultaneously "control button" on the key board and "left click" on the mouse.

	<ul style="list-style-type: none"> • Improve tax compliance, improve tax collection and address the shadow economy. • Improve the contents of the medium-term budgetary framework and the quality of the reporting system 		<p>for the allocation of invalidity pensions.</p> <ul style="list-style-type: none"> • Reform schools and higher education. • Improve the access to finance for start-ups and SMEs. • Ensure sound implementation of public procurement legislation. Prevent irregularities and apply the sanctions. • Remove market barriers, guaranteed profit arrangements and price controls in network sectors . Improve, and ensure the independence of, transmission and distribution system operators. 	<p>security contributions do not discourage declared work.</p> <ul style="list-style-type: none"> • Improve Public Employment Service's performance. • Improve the effectiveness of social transfers and the access to quality social services for children and the elderly and implement the National Roma Inclusion Strategy. • Reduce red tape and the cost of tax compliance and collection, and improve the absorption of EU funds. • Improve quality and independence of the judicial system. Strengthen public administrative capacity in transport sectors and regulatory authorities.
<u>CZ</u>	<ul style="list-style-type: none"> • Fully implement the 2012 budget and specify measures of a durable nature necessary for the year 2013. • Ensure an adequate structural adjustment effort to make sufficient progress towards the medium-term objective. • Improve the efficiency of public spending. • Increase taxes least detrimental to growth. Shift the very high levels of taxation on labour to housing and environmental taxation. • Reduce the discrepancies in the tax treatment of employees and the 	EDP correction deadline: 2013	<ul style="list-style-type: none"> • Make the public pension scheme more sustainable. • Increase the availability of affordable and quality pre-school childcare facilities. • Strengthen public employment services and avoid irregularities. • Address the issue of anonymous share holding. • Correctly implement EU Funds and step up the fight against corruption. • Establish a system for quality evaluation of higher education and research institutions. 	No in-depth review on macroeconomic imbalances

	<p>self-employed.</p> <ul style="list-style-type: none"> • Improve tax collection, reduce tax evasion and improve tax compliance. 			
DE	<ul style="list-style-type: none"> • Continue with sound fiscal policies. • Enhance the efficiency of public spending on health and long-term care. • Improve the efficiency of the tax system; increase and improve growth-enhancing spending on education and research at all levels of government. • Complete the implementation of the debt brake in a consistent manner across all Länder, ensuring timely and relevant monitoring procedures and correction mechanisms. 	<p>EDP correction deadline: 2013. Commission proposes to close it in May 2012.</p>	<ul style="list-style-type: none"> • Further restructure those <i>Landesbanken</i> which are in need of an adequately funded viable business model. • Reduce the high tax wedge in a budgetary neutral way. • Raise the educational achievement of disadvantaged groups. • Phase out the fiscal disincentives for second earners, and increase the availability of fulltime child-care facilities and all-day schools. • Reduce the economic costs of transforming the energy system, including by accelerating the expansion of the national and cross-border electricity and gas networks. Ensure competition in railway markets. Stimulate competition in the services sectors. 	<p>No in-depth review on macroeconomic imbalances</p>
DK	<ul style="list-style-type: none"> • Implement the budgetary strategy as envisaged, to ensure a correction of the excessive deficit by 2013 and achieve the annual average structural adjustment effort specified in the Council recommendations under EDP. 	<p>EDP correction deadline: 2013</p>	<ul style="list-style-type: none"> • Enhance long-term labour supply by reforming the disability pension, better targeting subsidised employment schemes towards people with reduced work capacity, and improving the employability of people with migrant background. 	<ul style="list-style-type: none"> • Improve the cost-effectiveness of the education system, reduce drop-out rates, in particular within vocational education, and increase the number of apprenticeships. • Remove obstacles to competition, open local municipal and regional procurement of services and ensure that competition

				<p>law sanctions are sufficiently deterrent.</p> <ul style="list-style-type: none"> Strengthen the stability of the housing market and financial system.
EE	<ul style="list-style-type: none"> Complement the planned budget rule with more binding multi-annual expenditure rules. Enhance the efficiency of public spending and fight the shadow economy. 	No EDP procedure	<ul style="list-style-type: none"> Improve incentives to work by streamlining the social benefits system. Increase participation of the young and long-term unemployed Link training and education more effectively to the needs of the labour market. Fosters prioritisation and internationalisation of the research and innovation systems Improve energy efficiency and strengthen environmental incentives concerning vehicles and waste. Enhance fiscal sustainability of municipalities while improving efficiency of local governments. 	No in-depth review on macroeconomic imbalances
IE		EDP correction deadline: 2015	Ireland is a programme country, the only recommendation is to implement the measures laid down in Implementing Decision 2011/77/EU and further specified in the MoU 16.12.2010 and its subsequent supplements.	n.a. (as covered by the adjustment programme)
EL		EDP correction deadline: 2014	Greece is a programme country, the only recommendation is to fully implement the measures laid down in Council Decision 2011/734/EU of 12 July 2011, as amended on 8 November 2011 and 13 March 2012, and the Memorandum of Understanding on specific economic policy conditionality, which was signed on 14 March 2012.	n.a. (as covered by the adjustment programme)
ES	<ul style="list-style-type: none"> Deliver an annual average structural fiscal effort of above 1.5% 	EDP correction	<ul style="list-style-type: none"> Increase in the statutory retirement age Adopt concrete measures to develop 	<ul style="list-style-type: none"> Introduce a taxation system consistent with the fiscal consolidation efforts and

	<p>of GDP over the period 2010-13.</p> <ul style="list-style-type: none"> • Adopt the announced multi-annual budget plan for 2013-14 by end July. • Adopt and implement measures at regional level in line with the approved rebalancing plans and strictly apply the new provisions of the Budgetary Stability Law regarding transparency and control of budget execution. • Establish an independent fiscal institution to provide analysis, advice and monitor fiscal policy, as well as to estimate the budgetary impact of proposed legislation. 	deadline: 2013.	<p>lifelong learning further, improve working conditions and foster the reincorporation of old workers the job market.</p> <ul style="list-style-type: none"> • Review spending priorities and reallocate funds to support access to finance for SMEs, research, innovation and young people. • Reinforce efforts to reduce early school-leaving and increase participation in vocational education and training through prevention, intervention and compensation measures. • Open up professional services, reduce delays in obtaining business licences and eliminate barriers to doing business. • Complete the electricity and gas interconnections with neighbouring countries and address the electricity tariff deficit. 	<p>more supportive to growth, including by shift away from labour towards consumption and environmental taxation. Address the low VAT revenue ratio by broadening the tax base for VAT. Ensure less tax-induced bias towards indebtedness and home-ownership (as opposed to renting).</p> <ul style="list-style-type: none"> • Complement the restructuring of the banking sector by addressing the situation of remaining weak institutions, put forward a comprehensive strategy to deal with the legacy assets on the banks' balance sheets, and define a clear stance on the funding and use of backstop facilities. • Implement the labour market reforms, increase the effectiveness of active labour market policies, and strengthen coordination between the national and regional public employment services, including sharing information about job vacancies. • Take specific measures to counter poverty, by making child support more effective and improving the employability of vulnerable groups.
FR	<ul style="list-style-type: none"> • Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, for the year 2012 and beyond. • Ensure an adequate structural adjustment effort to make sufficient progress towards the MTO. • Ensure sufficient progress towards compliance with the debt reduction benchmark. • Continue to review the sustainability and adequacy of the pension 	EDP correction deadline: 2013.	<ul style="list-style-type: none"> • Ensure that older workers stay in employment longer and improve youth employability. • Ensure that public employment services are more effective in delivering individualised support. 	<ul style="list-style-type: none"> • Combat labour market segmentation. Ensure that any development in the minimum wage is supportive of job creation. • Increase adult participation in lifelong learning. • Introduce a more simple and balanced taxation system, shifting the tax burden from labour to other forms of taxation that weigh less on growth and external competitiveness. • Remove unjustified restrictions on regulated trades and professions and

	system.			take further steps to liberalise network industries.
IT	<ul style="list-style-type: none"> Fully implement the adopted fiscal consolidation measures and ensure sufficient progress towards compliance with the debt reduction benchmark 	EDP correction deadline: 2012		<ul style="list-style-type: none"> Ensure that the Constitutional balanced budget rule, including appropriate coordination across levels of government, is consistent with the EU framework. Improve efficiency and quality of public expenditure and the absorption and management of EU funds, in particular in the South of Italy. Address youth unemployment, promote labour mobility, reduce tertiary-education dropout rates and fight early school leaving. Tackle the segmentation of the labour market and establish an integrated unemployment benefit scheme. Take further action to incentivise labour market participation of women. Strengthen the link between wages set at sectoral level and productivity. Fight tax evasion and pursue the shadow economy and undeclared work. Take measures to reduce the scope of tax exemptions, allowances and VAT reduced rates and simplify the tax code. Take further action to shift the tax burden away from capital and labour to property and consumption as well as environment. Liberalise and simplify the services sector. Improve market access in network industries, as well as infrastructure capacity and interconnections. Implement the planned reorganisation of the civil justice. Simplify the regulatory framework for businesses and improve access to financial instruments
CY	<ul style="list-style-type: none"> Take additional measures to achieve a durable correction of the 	EDP correction deadline 2012	<ul style="list-style-type: none"> Improve the long-term sustainability and adequacy of the pensions system. 	<ul style="list-style-type: none"> Harmonise the supervision of the cooperative credit societies

	<p>excessive deficit in 2012.</p> <ul style="list-style-type: none"> • Implement the budgetary strategy, supported by sufficiently specified measures, for the year 2013 and beyond. • Accelerate the phasing-in of an enforceable multiannual budgetary framework. • Keep tight control over expenditure and implement programme and performance budgeting. • Improve tax compliance and fight against tax evasion. 		<ul style="list-style-type: none"> • Complete and implement the national healthcare system without delay. • Reform the system of wage indexation. • Reinforce occupational mobility and address youth unemployment. • Remove unjustified obstacles in services markets in particular by improving the implementation of the Services Directive. 	<ul style="list-style-type: none"> • Strengthen regulatory provisions for the efficient recapitalisation of the financial institutions. • Improve competitiveness through the reform of the system of wage indexation to better reflect productivity developments. • Diversify the structure of the economy. • Redress the fiscal balance via restraining expenditure.
LV	<ul style="list-style-type: none"> • Implement the budget for the year 2012 as envisaged and achieve the fiscal effort specified in the Council recommendation under the EDP. • Implement a budgetary strategy, supported by sufficiently specified structural measures, for the year 2013 and beyond. 	EDP correction deadline: 2012.	<ul style="list-style-type: none"> • Continue to shift taxation away from labour to consumption, property, and use of natural and other resources while improving the structural balance. • Reduce long-term and youth unemployment. • Reform the social assistance system to make it more efficient, while better protecting the poor. • Encourage energy efficiency, promote competition in major energy networks and improve connectivity with EU energy networks. • Improve management and efficiency of the judiciary. • Continue reforms in higher education. • Ensure the adoption the Fiscal Discipline Law 	<ul style="list-style-type: none"> • No in-depth review on macroeconomic imbalances
LT	<ul style="list-style-type: none"> • Implement the budget for the year 2012 and achieve the structural adjustment effort specified in the Council recommendation under the EDP. • Specify the measures necessary to ensure implementation of the budgetary strategy for the year 	EDP correction deadline: 2012	<ul style="list-style-type: none"> • Adopt legislation on a comprehensive pension system reform. • Tackle high unemployment, in particular among youth, low-skilled and long-term unemployed. • Increase work incentives and strengthen the links between the social assistance reform and 	<ul style="list-style-type: none"> • No in-depth review on macroeconomic imbalances

	2013 and beyond. <ul style="list-style-type: none"> Consider increasing taxes least detrimental to growth, such as housing and environmental taxation, including car taxation, while reinforcing tax compliance. Introduce enforceable and binding expenditure ceilings in the medium-term budgetary framework. 		activation measures. <ul style="list-style-type: none"> Implement all aspects of the State-Owned Enterprise reform package. Improve the energy efficiency of buildings, including through a rapid implementation of the Holding Fund. Promote competition in energy networks. 	
LU	<ul style="list-style-type: none"> Preserve a sound fiscal position and ensure the long-term sustainability of public finances, in particular taking into account implicit liabilities related to ageing. Implement the budgetary strategy, supported by sufficiently specified measures, for the year 2013 and beyond. 	No EDP procedure.	<ul style="list-style-type: none"> Increase the impact of the proposed pension reform. Take steps to further reform the wage bargaining and wage indexation system. Continue efforts to reduce youth unemployment. Ensure that the targets for reducing greenhouse gas emissions from non-ETS activities will be met. 	<ul style="list-style-type: none"> No in-depth review on macroeconomic imbalances
HU	<ul style="list-style-type: none"> Implement the 2012 budget and reduce the reliance on one-off measures. Specify all structural measures to ensure a durable correction of the excessive deficit and to make sufficient progress towards the MTO. 	EDP correction deadline: 2012	<ul style="list-style-type: none"> Revise the cardinal law on economic stability by putting the new numerical rules into a binding medium-term budgetary framework. Continue to broaden the analytical remit of the Fiscal Council. Prepare and implement a national strategy on early school-leaving by ensuring adequate financing. Reform the public transport system to make it more cost efficient. Increase the cross-border capacities of the electricity network, ensure the independence of the energy regulator and gradually abolish regulated energy prices. 	<ul style="list-style-type: none"> Make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners. Strengthen the capacity of the Public Employment Service and implement the National Roma Integration Strategy. Ensure a stable regulatory and business-friendly environment for financial and non-financial enterprises. Establish a stable and non-distortive framework for corporate taxation. Provide specific well-targeted incentive schemes to support innovative SMEs

MT	<ul style="list-style-type: none"> • Reinforce the budgetary strategy in 2012 with additional permanent measures to ensure adequate progress towards the MTO. • Keep the deficit below 3% of GDP without recourse to one-offs. • Specify the concrete measures to back up the deficit targets from 2013. • Implement, by end-2012 at the latest, a binding, rule-based multi-annual fiscal framework. • Increase tax compliance, fight tax evasion, and reduce incentives towards indebtedness in corporate taxation. 	EDP correction deadline: 2011.	<ul style="list-style-type: none"> • Ensure the long-term sustainability of the pension system, increase in the retirement age, encourage private pension savings. • Reduce the high rate of early school leaving and the gender employment gap. • Reform the system of wage bargaining and wage indexation. • Step up efforts to promote energy efficiency and increase the share of energy produced from renewable sources. • Mitigate potential risks arising from the large exposure to the real estate market. • Take measures to further strengthen the provisions for loan impairment losses 	<ul style="list-style-type: none"> • No in-depth review on macroeconomic imbalances
NL	<ul style="list-style-type: none"> • Implement the budgetary strategy for 2012 as envisaged. • Specify the measures necessary to ensure implementation of the 2013 budget. • Ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, while protecting expenditure in areas directly relevant for growth such as research and innovation, education and training. • After the formation of a new government, submit an update of the 2012 stability programme. 	EDP correction deadline: 2013.	<ul style="list-style-type: none"> • Increase the statutory retirement age and link it to life expectancy. • Implement the planned reform in long-term care and complement it with further measures. • Enhance participation in the labour market, particularly of older people, women, and people with disabilities and migrants. • Promote innovation, private R&D investment, closer science-business links and foster industrial renewal. • Reform the housing market by modifying the favourable tax treatment of home ownership, providing for a more market-oriented pricing mechanism in the rental market and by aligning rents with household income for social housing. 	<ul style="list-style-type: none"> • No in-depth review on macroeconomic imbalances
AT	<ul style="list-style-type: none"> • Achieve average annual structural 	EDP correction	<ul style="list-style-type: none"> • Improve healthcare and education by aligning responsibilities across federal, 	<ul style="list-style-type: none"> • No in-depth review on macroeconomic

	adjustment effort and specify budgetary measures in particular at sub-national level	deadline: 2013.	<p>regional and local government levels</p> <ul style="list-style-type: none"> • Harmonise statutory retirement age of women and men • Reduce high gender pay gap and enhance employment of women through better infrastructure for dependants • Reduce the tax and social security burden on labour and shift it towards real estate and environmental tax • Reduce higher education drop outs • remove entry barriers in communications, transport and energy retail markets and speed up competition law reform • Restructure banks which benefit from public sector and ensure more supervisory cooperation with other MS 	imbalances
PL	<ul style="list-style-type: none"> • implement current budget fully and achieve specified structural adjustment • improve tax compliance • minimise cuts in growth-enhancing expenditure • reform of fiscal framework legislation, introducing permanent expenditure rule by 2013 • better coordination between different government levels and annual budgetary process 	EDP correction deadline: 2012	<ul style="list-style-type: none"> • reduce youth unemployment via apprenticeships and better vocational training • match labour market needs with education • increase female labour market participation via better infrastructure for childcare • integrate pension schemes for miners and reform that for farmers • better link research-innovation-industry • more incentives for energy generation capacity investment and better gas sector competition 	<ul style="list-style-type: none"> • No in-depth review on macroeconomic imbalances
PT	•	EDP correction deadline: 2013, with budget target of deficit of 4.5% of GDP for 2012 as in line with the Adjustment	Portugal is a programme country. The only recommendation is to implement measures laid down in the Programme (Implementing Decision 2011/344/EU and MoU of 17 May 2011) in the field of labour market, health care, housing, judiciary, insolvency, regulatory framework and competition	n.a. (as covered by the adjustment programme)

		Programme Requirements		
RO	<ul style="list-style-type: none"> avoid the risk posed to the budgetary targets by arrears of state owned enterprises and potential re-accumulation of arrears at local government level and in health sector 	EDP correction deadline: 2012	<ul style="list-style-type: none"> to implement measures laid down in the Medium Term Financial Assistance (i.e. relevant Decisions and MoUs) 	n.a. (as covered by the assistance programme)
SI	<ul style="list-style-type: none"> implement current budget rigorously specify more structural measures for 2013 budget make expenditure rule more transparent 	EDP correction deadline: 2013	<ul style="list-style-type: none"> ensure long term sustainability of pension system (esp. increase employment rate of older workers) tackle discrepancies in permanent vs. temporary contracts protection and parallel labour market of student work better match skills with labour demand (esp. through better vocational training) 	<ul style="list-style-type: none"> build sufficient capital buffers in the banking sector improve business environment adapt wage growth support and minimum wage (too high) to competitiveness
SK	<ul style="list-style-type: none"> set up a Fiscal Council adopt rules on expenditure ceilings ensure adequate structural adjustment 	EDP correction deadline: 2013	<ul style="list-style-type: none"> improve efficiency of VAT collection, improve taxation of labour cost, link real estate taxation to property market value, use environmental taxation adjust pay-as-you-go pension pillar, also by introducing sustainability, reflecting demographic change individualise employment services for the young, older and long term unemployed improve labour market relevance of education and vocational training increase schooling and pre-schooling for vulnerable groups including Roma increase quality of public service strengthen the public procurement office shorten the judiciary proceedings 	<ul style="list-style-type: none"> No in-depth review on macroeconomic imbalances
FI	<ul style="list-style-type: none"> preserve sound fiscal position continue to carry out annual assessment of the size of the ageing-related sustainability gap 	No EDP procedure	<ul style="list-style-type: none"> cost saving and more efficient public service provision including territorial administrative reform improve employment for young and 	<ul style="list-style-type: none"> continue efforts to diversify the business structure, in particular by hastening the introduction of planned measures to

	<ul style="list-style-type: none"> • better integrate local government in the multi-annual expenditure ceilings 		<ul style="list-style-type: none"> • long-term unemployed via skills development • increase statutory retirement age • enhance competition especially in retail sector, further open municipal procurement of services to competitive bidding and ensure deterring competition law fines • diversify business structure also by broadening the innovation base 	<ul style="list-style-type: none"> • broaden the innovation base
SE	<ul style="list-style-type: none"> • preserve sound fiscal position 	No EDP procedure	<ul style="list-style-type: none"> • improve employment for young and vulnerable groups also by more wage flexibility at the lower scale • review effectiveness of the reduced VAT for restaurants and catering in creating jobs • improve measure for commercialisation of innovative and new tech products in the upcoming research and innovation bill 	<ul style="list-style-type: none"> • strengthen stability of housing and mortgage market by reducing debt bias of housing investment
UK	<ul style="list-style-type: none"> • prioritise growth enhancing expenditure • achieve specified structural adjustment effort 	EDP correction deadline: financial year 2014/15	<ul style="list-style-type: none"> • improve employment for young via apprenticeship schemes esp. for advanced and higher level skills • improve labour market integration for people from jobless households • improve availability of bank and non-bank (venture and risk capital) financing to the private sector (SMEs) • increase competition in banking sector (recommendations of Independent Commission on Banking) • improve capacity and quality of network infrastructure (transport, energy) also via public-private financing 	<ul style="list-style-type: none"> • tackle high and volatile house prices and household debt via (a) comprehensive housing reform programme with increase in housing supply and (b) reform of mortgage and real estate markets, financial regulation and property taxation

ANNEX 2 (ECONOMIC DIALOGUE 11 JUNE 2012)

Provisional Table on the Involvement and Role of the National Parliaments concerning the SCP and the NRP

In line with the relevant regulations⁹, national parliaments should be duly involved in the European Semester and in the preparation of stability programmes, convergence programmes and national reform programmes in order to increase the transparency, ownership and accountability for the decisions taken. Each Member States' Stability Programme shall include information on its status in the context of national procedures, in particular whether the programme was presented to the national parliament and whether there has been a parliamentary approval of the programme.

The draft table below provides information on the form of involvement of the national parliaments as specified in the Stability or Convergence Programmes (SCP) and the National Reform Programmes (NRP). These are provisional findings as not all language versions are available yet.

	Stability and Convergence Programmes (SCP)	National Reform Programmes (NRP)
Belgium	No reference to the involvement of the National Parliament could be found in the Programme.	"The National Reform Programme was also discussed in the parliament."
Bulgaria	"The convergence Programme is approved by the government and is examined by the National Assembly."	"The elaboration and implementation of the National Reform Programme of the Republic of Bulgaria is carried out within the framework of a specially established and functioning Working Group "Europe 2020"... in which the state administration and all the stakeholders are represented"
Czech Republic	"The document was also discussed with the substantively relevant committees of the Chamber of Deputies and the Senate of the Parliament of the Czech Republic."	Language versions were not available.
Denmark	No reference to the involvement of National Parliament could be found in the Programme.	"Denmark's National Reform Programme 2012 has been submitted to a number of committees in the Danish Parliament prior to being forwarded to the Commission."

⁹ See recital (16) of 1175/2011 and art. 3.4 of 1466/97

Germany	"The Federal Government submits each update of the German Stability programme and the corresponding Council Opinion to the competent committees of experts of the German Bundestag, the Finance Ministers' Conference and the Stability Council."	"The NRP was approved by the Federal cabinet on 21 March 2012 and subsequently submitted directly to the German Bundestag and Bundesrat."
Estonia	Language versions were not available.	"The progress report and necessary updates are discussed with the social partners and relevant commissions of Estonia every year."
Ireland	Programme countries are not required to submit a fully fledged SP.	Programme countries are not required to submit a fully fledged NRP.
Greece	Programme countries are not required to submit a fully fledged SP.	Programme countries are not required to submit a fully fledged NRP.
Spain	No reference to the involvement of the National Parliament could be found in the Programme.	No reference to the involvement of the National Parliament could be found in the Programme.
France	"The current stability programme has been examined by the financial committees of the two assemblies". (The reports are published in the EU Commission's webpage)	No reference to the involvement of the National Parliament could be found in the Programme.
Italy	No reference to the involvement of the National Parliament could be found in the Programme.	No reference to the involvement of the National Parliament could be found in the Programme.
Cyprus	"In line with the standard national procedure, this Programme is the product of consultations with political parties and social partners."	"The Planning Bureau monitors the on-going progress and coordinates the submission of reports to the EU, after appropriate political approval. It organizes public consultations with social partners on the overall priorities and progress, informs the Parliament and promotes publicity through the media."
Latvia	Language versions were not available.	Language versions were not available.
Lithuania	"Traditionally the draft Convergence Programme or the Programme approved by the Government of the Republic of Lithuania is submitted to the Seimas of the Republic of Lithuania for consideration."	No reference to the involvement of the National Parliament could be found in the Programme.

Luxembourg	"Consultation debate on 29 March, 2012 in Parliament on the NRP, as well as on the guidelines for budgetary policy in light of the European Semester."	"Consultation debate on 29 March, 2012 in Parliament on the NRP, as well as on the guidelines for budgetary policy in light of the European Semester."
Hungary	No reference to the involvement of the National Parliament could be found in the Programme.	No reference to the involvement of the National Parliament could be found in the Programme.
Malta	No reference to the involvement of the National Parliament could be found in the Programme.	No reference to the involvement of the National Parliament could be found in the Programme.
The Netherlands	"The 2012 update of the Dutch Stability Programme was approved by the Dutch Council of Ministers on April 23rd 2012 and discussed in Dutch Parliament on April 26th 2012."	"The National Reform Programme will be presented to the House of Representatives before it is submitted to the European Commission. The Minister of Economic Affairs, Agriculture and Innovation and a parliamentary committee had a written procedure on April 25th 2012 to discuss the National Reform Programme."
Austria	Language versions were not available	No reference to the involvement of the National Parliament could be found in the Programme.
Poland	Language versions were not available	No reference to the involvement of the National Parliament could be found in the Programme.
Portugal	Programme countries are not required to submit a fully fledged SP.	Programme countries are not required to submit a fully fledged NRP.
Romania	No reference to the involvement of the National Parliament could be found in the Programme.	No reference to the involvement of the National Parliament could be found in the Programme.
Slovenia	"Stability programme and its updates and the draft opinion of the Council on the Stability programme of the Republic of Slovenia are discussed in the working bodies of the Parliament of the Republic of Slovenia."	No reference to the involvement of the National Parliament could be found in the Programme.
Slovakia	"The Stability Programme, once approved by the Government, is submitted to the Slovak Parliament."	No reference to the involvement of the National Parliament could be found in the Programme.
Finland	"The contents of the Stability Programme have also been presented in writing and orally to the Grand Committee of Parliament. The Commission's assessment and the Council's	No reference to the involvement of the National Parliament could be found in the Programme.

	statement on Finland's Stability Programme will be submitted to Parliament in connection with Ecofin preparations."	
Sweden	"The Riksdag's Standing Committee on Finance was informed about the convergence programme on 19 April 2012."	No reference to the involvement of the National Parliament could be found. in the Programme.
United Kingdom	"Under Section 5 of the European Communities (Amendment) Act 1993, Parliamentary scrutiny is required to approve the Government's assessment of the UK's medium-term economic and budgetary position. This forms the basis of the UK's Convergence Programme."	"Substantial engagement with national Parliaments and the wider public is critical to the success of Europe 2020. The Government consults widely on policy development as a matter of course. Since the NRP draws on publicly available information, it is not subject to formal consultation."

ANNEX 3 (Economic Dialogue 11 June 2012)

In depth review of macroeconomic imbalances: Commission's conclusions for 12 MSs

MS	Severity of imbalance	Main aspects
Spain	Very Serious Imbalance	Macroeconomic developments, notably related to the significant level of private sector debt, the large negative external position and the financial sector, which were influenced by housing market developments, require close monitoring and urgent economic policy attention in order to avert any adverse effects on the functioning of the economy and of economic and monetary union.
Cyprus	Very Serious Imbalance	Macroeconomic developments as reflected in the current account, public finances and the financial sector require close monitoring and urgent economic policy attention in order to avert any adverse effects on the functioning of the economy and of economic and monetary union.
France	Serious Imbalance	Certain macroeconomic developments in the areas of export performance and competitiveness deserve attention so as to reduce the risk of adverse effects on the functioning of the economy.
Italy	Serious Imbalance	High public indebtedness and macroeconomic developments in the area of export performance deserve attention as Italy has been losing external competitiveness since euro adoption. Given the high level of public debt, enhancing the growth potential should be a key priority so as to reduce the risk of adverse effects on the functioning of the economy.
Hungary	Serious Imbalance	Certain macroeconomic developments such as the highly negative size of the net international investment position and public debt deserve very close attention so as to reduce the important risks of adverse effects on the functioning of the economy. Further to the assessment of effective action, and in line with the provisions of the EU Cohesion Fund regulation, the Commission has also adopted a proposal for a Council decision to lift the March 2012 suspension of the Cohesion Fund commitments.
Slovenia	Serious Imbalance	Macroeconomic developments related to corporate sector deleveraging and banking stability and unfavourable but less pressing development in external competitiveness deserve to be closely monitored, so as to reduce the important risks of adverse effects on the functioning of the economy.
Belgium	Imbalance	Macroeconomic developments in the areas of external competitiveness of goods and indebtedness, especially the high level of public debt, deserve further attention so as to reduce the risk of adverse effects on the functioning of the economy.
Bulgaria	Imbalance	The level of external indebtedness as well as certain macroeconomic developments related to corporate sector deleveraging and the labour market adjustment process deserve attention so as to reduce the risk of adverse effects on the functioning of the economy.
Denmark	Imbalance	Certain macroeconomic developments, notably underlying its external competitiveness and potential risks related to household indebtedness, deserve attention so as to reduce the risk of adverse effects on the functioning of the economy.
Sweden	Imbalance	Certain macroeconomic developments regarding private sector debt and the housing market deserve attention so as to reduce the risk of adverse effects on the functioning of the economy.
U.K.	Imbalance	Macroeconomic developments in the areas of household debt and the housing market deserve attention, as do unfavourable but less pressing developments in external competitiveness, so as to reduce the risk of adverse effects on the functioning of the economy.
Finland	Imbalance	Macroeconomic developments relating to competitiveness deserve attention so as to reduce the risk of adverse effects on the functioning of the economy.

Source: EU Commission.

ANNEX 4 (Economic Dialogue 11 June 2012)**Comparison of Commission's and MS' macroeconomic forecasts 2012 and 2013****on Real GDP % change**

	2012		2013	
	COM	MS	COM	MS
BE	0.0	0.1	1.2	1.3
BG	0.5	1.4	1.9	2.5
CZ	0.0	0.2	1.5	1.3
DE	0.7	0.7	1.7	1.6
DK	1,1	1,2	1,4	1,5
EE	1.6	1.7	3.8	3.0
IE	0.5	0.7	1.9	2.2
EL	- 4.7	-	0.0	-
ES	-1,8	-1,7	-0,3	0,2
FR	0.5	0.7	1.3	1.8
IT	-1.4	-1.2	0.4	0.5
CY	-0.8	-0.5	0.3	0.5
LV	2.2	2.0	3.6	3.7
LT	2.4	2.5	3.5	3.7
LU	1.1	1.0	2.1	2.1
HU	-0.3	0.1	1.0	1.6
MT	1.2	1.5	1.9	2.0
NL	-0.9	0.75	0.7	1.25
AT	0.8	0.4	1.7	1.4
PL	2.7	2.5	2.6	2.9
PT	-3.3	-3.0	0.3	0.6
RO	1.4	1.7	2.9	3.1
SI	-1.4	-0.9	0.7	1.2
SK	1.8	1.1	2.9	2.7
FI	0.8	0.8	1.6	1.5
SE	0.3	0.4	2.1	3.3
UK	0.5	0.8	1.7	2.0

Source: Commission Spring 2012 forecast and MS' stability or convergence programmes

