Question for written answer E-9689/2010
to the Commission
Rule 117
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Subject: Trade surpluses as an indicator as part of the new mechanism for preventing and correcting macroeconomic imbalances

On October 29, 2010, in its proposals to strengthen economic governance in the EU and the eurozone, the Commission unveiled a new mechanism for preventing and correcting macroeconomic imbalances, which consists of two proposals for regulations: one concerning the Excessive Imbalance Procedure (EIP), the other concerning related enforcement measures.

What concerns the Commission are imbalances – already defined in the above text as *broad and persistent divergences in competitiveness* – that may jeopardize the economic stability of the eurozone. The proposal states that the set of indicators, on which the assessment and early detection of imbalances arising in various parts of the economy will be based, will be communicated subsequently in a separate paper. However, it stresses that it should be broad enough to cover any possible case of a major imbalance.

Furthermore, it is clear that the reduced competitiveness of one Member State may result in part from the increased competitiveness of another Member State, a situation which becomes more pronounced in an integrated market such as Europe. This asymmetry seems to continue at the level of laws and measures to address the shortcomings of the common economic zone. Thus, countries with high deficits are urged to tackle their problems, while countries with surpluses are not required to revise policies which reduce real wages and domestic consumption and, ultimately, aggressively further increase their competitiveness at the expense of others. The combination of a trade surplus and weak domestic demand seems to worry the Commission itself in its recent report on competitiveness in the eurozone countries.

Will the Commission also include in the list of indicators which it will be presenting, the maintenance of permanent trade surpluses by a eurozone country, especially where accompanied by policies which effectively reduce or limit wages in its domestic market and, as a result, reduce domestic consumption?