

At A Glance: The Macroeconomic Imbalance Procedure

The Macroeconomic Imbalance Procedure (MIP) is a policy tool introduced within the reinforced economic governance framework adopted in 2011¹. The MIP aims at preventing and correcting macroeconomic imbalances² in Member States, with specific attention to imbalances with potential spill-overs effects on other Member States. It relies on the following steps:

1. **The Alert Mechanism Report (AMR)** - The AMR is published annually by the European Commission (COM) at the beginning of the European Semester. The AMR is based on a [scoreboard](#)³ of indicators and thresholds, used to facilitate the identification and monitoring of potential external or internal imbalances. For each indicator, the threshold⁴ signals that a specific problem might arise. Member States with indicators beyond these thresholds are submitted to an "*in-depth review*", i.e. a further economic analysis by COM.
2. **Preventive recommendations as part of the CSRs** - If, on the basis of the outcomes of the "*in-depth review*", COM finds that "*macroeconomic imbalances*" exist, it informs the EP, the Council and the Eurogroup. The Council, on a recommendation from the COM, may then address a recommendation to the Member State concerned (in accordance with procedure set out in Art. 121.2 TFEU). These preventive MIP-recommendations form part of the Country Specific Recommendations (CSRs) addressed to each Member State in July by the Council, within the European Semester framework and under Article 6 of the Regulation on the prevention and correction of macroeconomic imbalances.
3. **Corrective recommendations within Excessive Imbalance Procedure (EIP)** - If, on the basis of the in-depth review, COM identifies "*excessive imbalances*", it informs the EP, the Council, the Eurogroup, the relevant European Supervisory Authorities and the ESRB. The Council, on a recommendation from the COM, may establish the existence of excessive imbalance and recommend corrective action (in accordance with Article 121.4 TFEU). The Council's recommendation sets out the nature and implications of the imbalances, and specifies the policy recommendations to be followed as well as a deadline within which the Member State concerned has to submit a corrective action plan.
4. **Corrective action plan** - The Member State for which an EIP is opened submits the corrective action plan. The Council, on the basis of a COM report, assesses the corrective action plan within two months. If this is considered insufficient, the Council can ask the Member State to submit a new corrective action plan.
5. **Assessment of corrective action** - On the basis of COM reports, the Council assesses whether the Member State concerned has taken the recommended corrective actions. If it considers that the Member State has not taken the recommended corrective action, the Council, on a recommendation from the COM, adopts a decision (based on reversed QMV) establishing non-compliance, together with a recommendation setting new deadlines for taking corrective action.
6. **Potential financial sanctions:** The euro-area Member States which do not follow up on recommendations under the EIP may be imposed gradual sanctions, ranging from an interest-bearing deposit to annual fines. The interest-bearing deposit or the fine shall be 0.1% of the national GDP.

The graph overleaf provides an overview of the procedure.

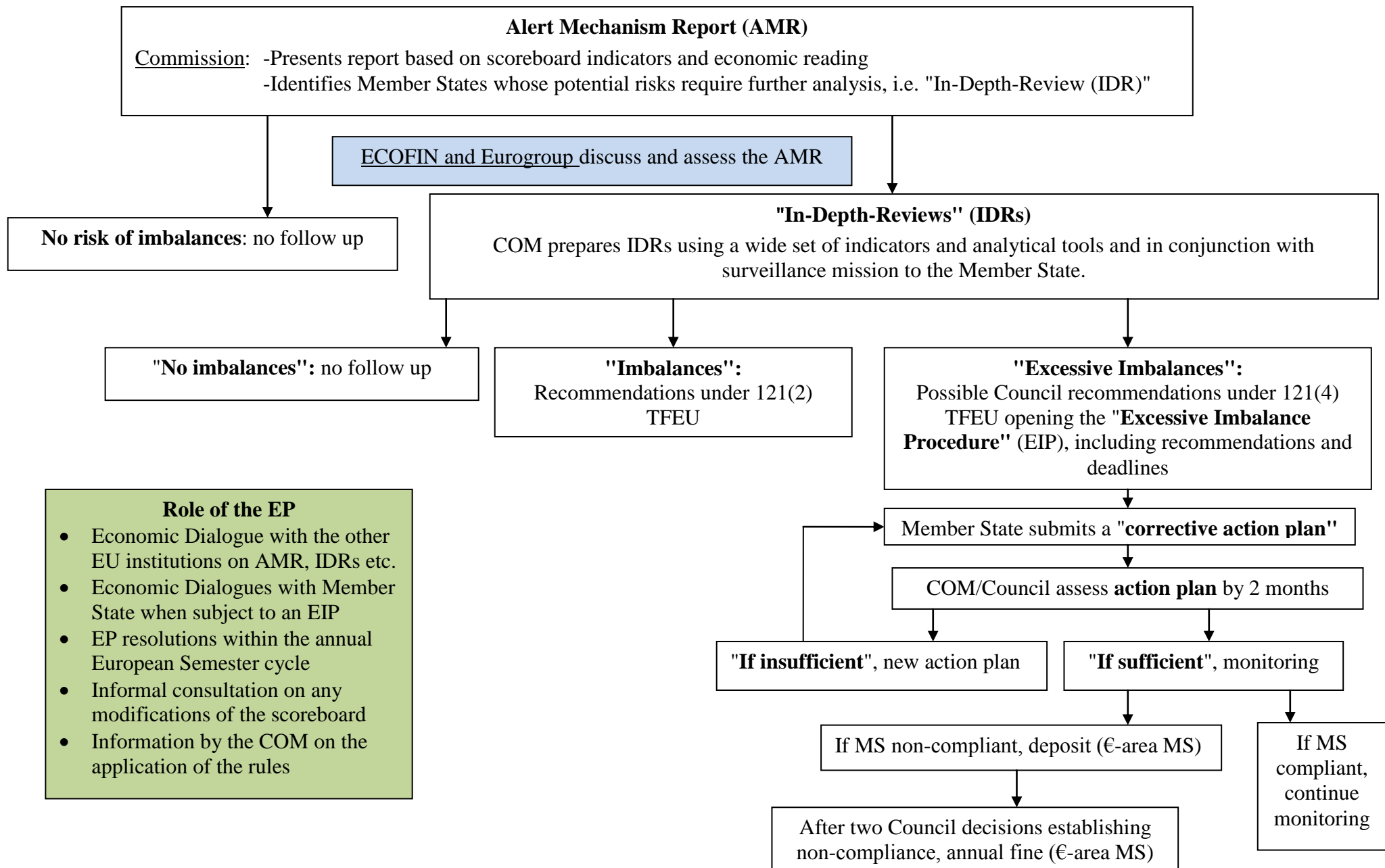
¹[Regulation \(EU\) No 1176/2011 on the prevention and correction of macroeconomic imbalances](#) and [Regulation \(EU\) No 1174/2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area](#)

²[COM webpage](#) on the Macroeconomic Imbalance Procedure.

³Scoreboard [data](#) platform: Interactive Eurostat database with updated indicators of the scoreboard and additional 'reading' indicators.

⁴Some of the thresholds are differentiated for Euro area and non-Euro area Member States.

The Macroeconomic Imbalance Procedure (MIP)



Role of the EP

- Economic Dialogue with the other EU institutions on AMR, IDRs etc.
- Economic Dialogues with Member State when subject to an EIP
- EP resolutions within the annual European Semester cycle
- Informal consultation on any modifications of the scoreboard
- Information by the COM on the application of the rules