



Macroeconomic surveillance EU: *macroeconomic imbalance procedure*

The EU monitors the macroeconomic situation in the member states. The European Commission keeps a scoreboard for a number of economic indicators. If it finds that a member state exceeds the reference value agreed for an indicator, it can investigate the situation in more detail and subsequently recommend that the Council decides there is an excessive macroeconomic imbalance that must be corrected by the member state.

Voting procedure in the Council

The Council votes by qualified majority voting (QMV), unless stated otherwise. The member state (MS) concerned does not cast a vote. If the Council votes on a country that is a member of the euro zone, only the euro countries have a vote. In reverse QMV, a Commission proposal is adopted unless a qualified majority of the Council opposes it.

Reference values for the European Commission's scoreboard	
<u>Indicators where changes are monitored</u>	
Current account balance	+6%/-4%
Net international investment position	-35%
Real effective exchange rate (3 years)	
euro countries	+/-5%
non-euro countries	+/-11%
Export market shares (5 years)	-6%
Nominal unit labour costs (5 years)	
euro countries	+9%
non-euro countries	+12%
Deflated house prices (year on year)	+6%
<u>Indicators where the values themselves are monitored</u>	
Private sector credit flow	15%
Private sector debt	160%
Public sector debt	60%
Unemployment	10%

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Decision

On the Commission's advice, the Council decides there is an excessive macroeconomic imbalance. It makes recommendations to the member states and requests an action plan.
Council votes without MS concerned
 TFEU art. 121 (3) and (4)
 Reg. 1176/2011 art. 7

Endorsement of action plan

On the Commission's advice, the Council endorses the member state's action plan and sets a timetable for its implementation.
Council votes without MS concerned
 Reg. 1176/2011 art. 8 (2)

Action plan not endorsed

On the Commission's advice, the Council does not endorse the action plan and asks the member state to submit a new action plan.
Council votes without MS concerned
 Reg. 1176/2011 art. 8 (3)

Action plan not endorsed 2nd time

The Council does not endorse the action plan for a second time.
Council votes without MS concerned
 Reg. 1176/2011 art. 8 (3)

Fine

On the Commission's advice, the Council imposes an annual fine of 0.1% of GDP within 30 days.
Council votes with reverse QMV, without MS concerned
 Only for euro countries
 Reg. 1174/2011 art. 3 (2a)

Compliance

On the Commission's advice, the Council decides that the member states has carried out the action plan and holds the excessive imbalance procedure in abeyance. Monitoring continues until the imbalance is corrected.
Council votes without MS concerned
 Reg. 1176/2011 art. 10 (5); art. 11

Non-compliance

On the Commission's advice, the Council decides that the member state has not complied with the action plan.
Council votes with reverse QMV, without MS concerned
 Reg. 1176/2011 art. 10 (4)

Interest-bearing deposit

On the Commission's advice, the Council imposes an interest-bearing deposit of 0.1% of GDP within 30 days.
Council votes with reverse QMV, without MS concerned
 Only for euro countries
 Reg. 1174/2011 art. 3 (1)

Non compliance 2nd time

On the Commission's advice, the Council again decides that the member states has not complied with the action plan.
Council votes with reverse QMV, without MS concerned
 Reg. 1176/2011 art. 10 (4)

Fine

On the Commission's advice, the Council imposes an annual fine of 0.1% of GDP within 30 days.
Council votes with reverse QMV, without MS concerned
 Only for euro countries
 Reg. 1174/2011 art. 3 (2b)

The Commission can carry out surveillance missions to monitor implementation of corrective measures.