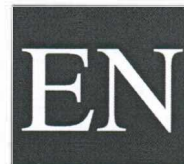




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**COUNCIL OF
THE EUROPEAN UNION**



Alert Mechanism Report

- Council Conclusions -

3153rd ECONOMIC and FINANCIAL AFFAIRS Council meeting

Brussels, 13 March 2012

The Council adopted the following conclusions:

- "1. The Council **WELCOMES** the entry into force on 13 December 2011 of the "six-pack" legislation to reinforce EU's economic governance and **REAFFIRMS** its readiness and commitment to fully, effectively and swiftly implement the new legal framework, including the new procedure for the prevention and correction of macroeconomic imbalances. Large and persistent macroeconomic and fiscal imbalances accumulated over the past decade, together with the financial crisis, have significantly contributed to the current economic challenges in a number of Member States and have threatened the smooth functioning of the monetary union. The Council therefore **SUPPORTS** the broadening and deepening of the surveillance of Member States' economic policies with the aim of covering all relevant dimensions of internal and external macroeconomic imbalances.
2. Against this background, the Council **WELCOMES** the Commission's first Alert Mechanism Report providing the starting point of the new macroeconomic imbalances procedure. The Council **TAKES NOTE** of the initial economic screening presented by the Commission in the report, leading to an identification of Member States that may be affected by, or be at risk of being affected by, macroeconomic imbalances. Moreover the Council **CONSIDERS** that it is an important step in setting out the common analytical framework underpinning the procedure, on which further work will be carried out in the coming months. The Council **WELCOMES** the Commission's intention to undertake in-depth analyses aimed at clarifying the nature of and the risks associated with observed developments in the relevant Member States. The Council **INVITES** the Commission to take due account of the discussions in the Council and the Eurogroup. While programme countries are not assessed in this report as they are subject to enhanced surveillance, the Council also **RECALLS** the need to continue their ongoing process of correcting the significant imbalances as part of their adjustment programmes.

P R E S S

3. The Council **RECALLS** that the in-depth studies should encompass a thorough examination of sources of imbalances in the Member State under review, taking due account of country-specific economic conditions and of a wider set of analytical tools, most up-to-date indicators and qualitative information of country specific nature, so that the driving forces behind the observed developments are examined in detail. When the Commission is drawing up the in-depth reviews, the Member States concerned and the Commission will cooperate and exchange all relevant and most recent information, while making sure to avoid duplication of work and requests for information in the context of other formal or informal EU procedures.
 4. The Council **LOOKS FORWARD** to the publication of the Commission's in-depth reviews as foreseen in the regulation and **ENCOURAGES** the Commission to publish the in-depth reviews simultaneously and present clearly the evidence underpinning the analysis. Based on the findings of the in-depth reviews and on a proposal for recommendations from the Commission, the Council may address recommendations to relevant Member States under the preventive or corrective arms of the procedure.
 5. To ensure effective and timely follow-up by the Council on this new procedure, the Council **INVITES** the Commission services to inform the Economic Policy Committee on their work on the in-depth analyses before finalising its recommendations.
 6. The Council **WELCOMES** the intention of the Commission to undertake during 2012 further horizontal analysis, in cooperation with national authorities through the Economic Policy Committee, on the drivers and possible policy implications of large sustained current account surpluses, trade and financial linkages between surplus and deficit countries and examine ways for further rebalancing, particularly at the level of the euro area, and within the global context. The Council also **WELCOMES** the intention of the Commission to undertake horizontal analysis on the role played by catching-up effects and the divergence in economic performance across Member States.
 7. Furthermore, without prejudice to the result of the Commission's in-depth analyses, the Council **INVITES** Member States to address already in their upcoming National Reform Programmes and Stability and Convergence Programmes the issues raised in the Alert Mechanism Report."
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