BRIEFING

Economic Dialogue and Exchange of Views with the President of the Council (ECOFIN)

ECON 12 and 21 January 2015

Mr Padoan, Italy's Finance Minister takes part in the ECON meeting on 12.1.2015 in his capacity as outgoing President of the ECOFIN-Council during the Italian Presidency (July-December 2014).

Mr Reirs, Latvia's Finance Minister takes part in the ECON meeting on 21.1.2015 in his capacity as incoming President of the ECOFIN-Council during the Latvian Presidency (January-June 2015).

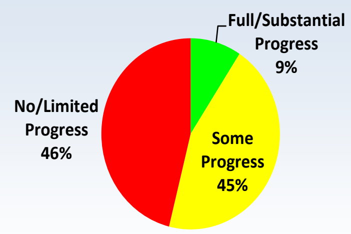
These two exchanges of views also cover an Economic Dialogue on the implementation of the 2014 and 2015 European Semester Cycles. According to the Treaty of the Union, Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council.

European Semester Cycles 2014 and 2015

According to the June 2014 European Council conclusions, the **implementation of the Country Specific Recommendations** (CSRs) is essential to accelerate growth. Based on the principles of national ownership and social dialogue, Member States should follow these recommendations in their forthcoming decisions on budgets, structural reforms and employment and social policies. The Council and the Commission (COM) will closely monitor CSRs' implementation and take further actions, as appropriate, including possible sanctions for euro area Member States under the Excessive Deficit Procedure or the Excessive Imbalance Procedure.

According to the June 2014 assessment by COM services, EU-28 Member States fully/substantially implemented 13 out of 141 2013 CSRs (equal to 9%) received in 2013. Some progress has been registered on approximately 45% of the CSRs, while an almost equally large proportion of the CSRs has not been implemented at all or only in a limited manner (for more information see separate EGOV note).

Implementation of the 2013 CSRs



Source: European Commission and EGOV calculus.

Regarding progress on the **implementation of the 2014 CSRs**, the COM is expected to publish early March 2015, its country-specific analysis and where relevant, in-depth-reviews under the Macroeconomic Imbalance Procedure (MIP). A preliminary assessment on fiscal policy was undertaken for euro area Member States as part of the assessment of 2015 Draft Budgetary Plans (DBPs).

On the basis of the 2015 Annual Growth Survey, the Council held during 2014 under the Italian Presidency broad political debates on **improving the Semester process** in order to better implement the CSRs. The Council, in its synthesis report on EU2020 review (Council doc. 16559/14), suggests the following to be put into practise:

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a) A revised timetable for the European Semester, allowing for an improved consultation process based on timely and appropriate information;
b) More focused CSRs;
c) Increased ownership and accountability by Member States of CSRs (e.g. peer pressure, benchmarking);
d) Where appropriate, a less prescriptive approach to CSRs with more flexibility for Member States in defining the measures to be taken and finally; and
f) Sufficient monitoring and follow-up within the Semester.

> **The legal nature of CSRs**
> Country Specific Recommendations are **politically binding**, as they are endorsed annually by the European Council and adopted by the Council. Their **legal base** is in the EU primary legislation (Articles 121 and 148 of the TFEU). In addition, each recommendation is underpinned by either a single or several **legally binding instruments** of EU secondary law (see separate EGOV note).

In the same synthesis report, the Council also outlines the main **results of its debates on the EU2020 review**. It calls for more effective implementation and the refocusing of the strategy through better balance between the fiscal and the real economy. It does not see the need for the creation of additional targets, rather for the development of a clearer and more specific link between the EU2020 and the Semester.

The Latvian Presidency will **implement the streamlined European Semester** and facilitate horizontal discussions on key structural reforms, challenges in their implementation, and best practices. Subject to COM's proposals, the Presidency will ensure the implementation of the SGP and the MIP and the renewal of the Broad Economic Policy Guidelines (BEPGs). As regards the **review of the economic governance framework** ("6-pack" and "2-pack") the Presidency will aim for Council conclusions. As regards the proposal for a **European Fund for Strategic Investment**, the Presidency stands ready to take forward the discussions with the aim of an agreement by June 2015.

Next steps during the 2015 Semester Cycle

- **January-February:** bilateral meetings between COM and Member States on the implementation of 2014 CSRs; COM proposals on BEPGs and Employment Guidelines; and COM proposal on the mid-term review of the EU2020.
- ***3-4 February****:* meeting between EP and national parliaments under the European Parliamentary Week.
- ***Early March:*** presentation of country-specific analysis by COM and adoption of EP report (Rosati report) on the priorities of 2015 Semester Cycle.
- ***19-20 March:*** European Council meeting on the mid-term review of EU2020, implementation of 2014 CSRs and the upcoming 2015 SCPs and NRPs.
- ***Mid-April:*** submission of 2015 SCPs and NRPs by Member States.
- ***Mid-May:*** presentation of the draft 2015 CSRs by COM and poss. Council conclusions on the 2015 In-Depth Reviews.
- ***19 June:*** ECOFIN approval of the CSRs, Council opinions on the SCPs and the BEPGs.
- ***25-26 June:*** European Council endorsement of the CSRs.
- ***14 July:*** adoption of CSRs by ECOFIN

> **Improving Economic Governance in the EMU**
>
> According to December 2014 European Council conclusions closer coordination of economic policies is essential to ensure the smooth functioning of the EMU. Following a discussion on this issue, on the basis of an **analytical note at the informal meeting of the Heads of State or Government in February**, the President of the Commission, in close cooperation with the President of the Euro Summit, the President of the Eurogroup and the President of the ECB, will **report at the latest to the June 2015 European Council**. The Member States will be closely involved in the preparatory work.
> A **draft EP-report** on the review of the EU economic governance framework (Bérès report) is expected to be adopted by the competent committee (ECON) in April 2015.

Public Finances

According to COM assessment, the aggregate budgetary consolidation in the EU and in the euro zone has overall come to a halt in 2014, given that the annual changes of the aggregate structural balances are close to zero both in 2014 and 2015 (after having been positive since 2010). The below table shows the country-specific changes in the structural balances as forecast by COM and as required in current Council recommendations under the Stability and Growth Pact.

Member State	Annual structural effort (COM autumn 2014 forecast)		Structural effort required under SGP	
	2014	2015	2014	2015
Euro area countries				
Belgium *(preventive arm)*	0.1	0.4	0.8 (debt rule)	1.1 (debt rule)
Germany *(preventive arm)*	0.1	-0.1	0.0[1]	0.0[1]
Estonia *(preventive arm)*	0.3	0.1	0.0[1]	0.5[1]
Ireland *(corrective arm)*	1.0	0.5	1.9	1.9
Greece *(corrective arm)*	-0.9	-0.4	At least 10.0 (cumulative) in 2009-14	
Spain *(corrective arm)*	0.1	-0.1	0.8	0.8
France *(corrective arm)*	0.3	0.1	0.8	0.8
Italy *(preventive arm)*	-0.1	0.1	1.2 (debt rule)	2.5 (debt rule)
Cyprus *(corrective arm)*	1.3	-0.5	More than 4.0 (annual aver.) in 2013-16	
Latvia *(preventive arm)*	-0.5	-0.1	0.0[1]	0.4[1]
Lithuania *(preventive arm)*	0.4	0.2	n.a.	n.a.
Luxembourg *(preventive arm)*	-0.9	-0.7	0.0[1]	0.0[1]
Malta *(corrective arm)*	0.0	-0.2	0.7	-
Netherlands *(preventive arm)*	0.1	-0.3	0.0[1]	0.0[1]
Austria *(preventive arm)*	0.2	0.1	0.6[1]	0.6[1]
Portugal *(corrective arm)*	0.6	-0.4	1.4	0.5
Slovenia *(corrective arm)*	-0.7	0.3	0.5	0.5
Slovakia *(preventive arm)*	-0.7	0.8	0.1[1]	0.1[1]
Finland *(preventive arm)*	-0.4	0.0	0.0[1]	0.1[1]
Euro area	***0.1***	***0.0***	-	-
Non-euro area countries				
Bulgaria *(preventive arm)*	-2.1	0.0	n.a.	n.a.
Czech Republic *(preventive arm)*	-0.9	-1.0	n.a.	n.a.
Denmark *(preventive arm)*	-0.4	-1.0	n.a.	n.a.
Croatia *(corrective arm)*	-0.3	-0.2	n.a.	n.a.
Hungary *(preventive arm)*	-1.4	-0.1	0.5	0.9
Poland *(corrective arm)*	0.6	0.4	1.0	1.2
Romania *(preventive arm)*	0.0	-0.8	n.a.	n.a.
Sweden *(preventive arm)*	-1.2	-0.4	n.a.	n.a.
United Kingdom *(corrective arm)*	-0.6	0.5	Annual average of 1.75	
EU	***-0.1***	***0.0***	-	-

Sources: The annual structural effort is calculated as a yoy change of the structural balance included in table 41 of the COM autumn 2014 forecast; the figures for the required structural effort are taken from the latest EDP recommendations by the Council or – for euro areas countries not subject to an EDP as well as IE– from the Staff Working Documents underpinning the COM Opinions on the 2015 DBPs. For non-euro area countries not subject to an EDP, COM/ Council have (except for Hungary) not published figures for the required specific structural effort (shown in the table as n.a. = not available). Note: The assessment on effective action follows a EU methodology which takes into account more aspects than the change in the structural balance and covers the whole period of the Council decision to correct the excessive deficit and not only individual years (see "Public Finances in EMU").

[1] Indicates that the required structural effort relates to the path towards the MTO, and not the debt rule.

COM assessed in November 2014 that the 2015 DBPs of 7 euro area Member States (BE, ES, FR, IT, MT, AT and PT) have a risk of non-compliance with the rules of the SGP. In the cases of FR, IT and BE, COM will examine the situation in early March 2015, which could lead to new Council-decisions either under the preventive or corrective arm of the SGP.

Financial Assistance to EU Member States

Currently only Cyprus and Greece are receiving financial assistance from either the European Stability Mechanism (ESM) or European Financial Stability Facility (EFSF) in the framework of a macro-economic adjustment programme. Ireland, Portugal and Spain have already exited and are currently under Post-Programme Surveillance (PPS) until 75% of their ESM/EFSF loans are paid back (as in line with the rules of the "two pack"). The "PPS countries" are at the same time also subject to the ESM Early Warning System (EWS), which is to ensure that the ESM and EFSF receive repayments due in a timely manner.

Greece: on 19 December 2014 the EFSF decided to grant Greece a two-month technical extension of its 2nd economic adjustment programme financed by the EFSF in order to give time to conclude the current review with the Troika. Instead of ending on 31 December 2014, the EFSF programme will now end on 28 February 2015. The decision follows a request from the Greek Finance Minister Hardouvelis. As a result of this decision, the remaining €1.8 billion from the programme can still be disbursed conditional on the successful conclusion of the current review. At its meeting on 8 December 2014, the Eurogroup stated that it remains favorably disposed to granting Greece an ESM precautionary credit line (Enhanced Conditions Credit Line - ECCL), if Greece were to request this and subject to the finalization of the reform measures that are still pending under the current review, continued involvement of the IMF, and the completion of relevant national and EU procedures.The ESM would only grant an ECCL once Greece's current programme has been successfully concluded.

Portugal: in December 2014 the Commission published its first PPS report on Portugal, stating that the economic and financial conditions in Portugal have further improved since the end of the programme with sovereign yields remaining low, domestic private consumption strengthened and normal market financing being gradually restored. However, the economic recovery is constrained by high levels of public and private debt and by weak external environment, with a decline in the growth contribution from the external side. The efforts to reduce the underlying structural budget deficit have also diminished and implementation of structural reforms remains uneven across policy areas.

Ireland: in December 2014, Ireland completed the early repayment of €9 billion of IMF loans which will result in a saving of over €150m in interest payments in 2015 and €750m over the lifetime of the IMF loans. This follows the agreement of the EU Member States, which are creditors through the EFSF, EFSM or bilateral loans, for Ireland to repay early a significant part of the IMF loan received under the programme before it repays the EU funds.

Macroeconomic Imbalances

In November 2014, COM published the **2015 Alert Mechanism Report** (AMR). It identified, on the basis of the MIP scoreboard (see Annex 2) 16 Member States at risk of imbalances that hinder the smooth functioning of the economies or may hamper the proper functioning of the EMU: they **warrant an In-Depth-Review** (IDR), which will be undertaken and published by COM in spring 2015.

- For Croatia, Italy and Slovenia, the IDRs will assess if the **"excessive macroeconomic imbalances"** identified in the Semester 2014 still persist;
- For Ireland, Spain and France, the IDRs will assess if the **macroeconomic imbalances requiring "specific monitoring"** in 2014 still pose risks;
- For 10 countries the IDR will establish the existence of **"macroeconomic imbalances":** in 8 countries (Belgium, Bulgaria, Germany, Hungary, the Netherlands, Finland, Sweden and the United Kingdom) macroeconomic imbalances had been identified in 2014, and 2 countries (Portugal and Romania) are submitted to IDR for the first time;
- 10 Member States are **not considered at risk of "macroeconomic imbalance**";
- 2 Member States (Greece and Cyprus) are not proposed to be subject to an IDR as they are currently subject to macroeconomic adjustment programmes and the surveillance of imbalances takes place in this context.

Even if EU economies continue to progress in correcting their external and internal imbalances, COM considers that **macroeconomic imbalances remain a serious concern and underline the need for decisive, comprehensive and coordinated policy action**.

- High and unsustainable **current account deficits** have been **considerably reduced**, but driven by a **contraction in demand**, particularly investment (e.g. PT, EL, ES, and IT), which could have negative implications for medium-term potential if not corrected;
- **Current account surpluses** in some Member States (e.g. NL, DE, DK and SE) have not sufficiently declined;
- The recovery in competitiveness is encouraging, as a result of adjustments and reforms, but **sustaining competitiveness remains a key concern** in many countries (e.g. FI), in particular for Member States with large external imbalances;
- **High levels of private** (e.g. IE, DK, NL, PT, SE and LU), **and public debt** (e.g. EL, IT, BE, IE and PT) in most countries, and the high external liabilities in many countries, still constitute substantial vulnerabilities for growth, jobs and financial stability. The related problems are aggravated by low inflation.
- **Unemployment** (e.g. ES, EL) and other social indicators remain very worrying in several countries, and economic growth has been insufficient to improve the labour and social situation.

The AMR provides a short overview of the economic reading of the MIP-scoreboard and the auxiliary indicators for **each Member State**. COM has published specific monitoring reports for Member States assessed in 2014 as having "excessive imbalances" (IT, HR, SI) or "imbalances requiring specific monitoring" (FR, ES, IE) or "imbalances requiring decisive policy actions" (HU); for IE, ES and HU this is done in the context of post-programme surveillance.

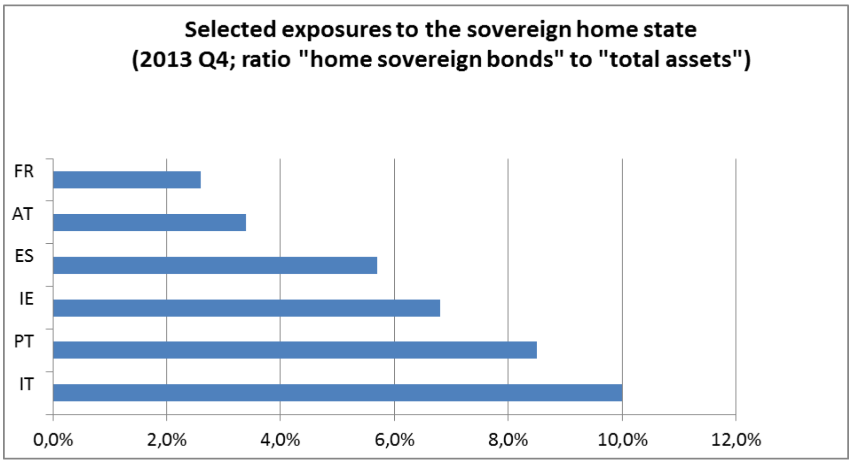
The Council and the Eurogroup will discuss the AMR in the context of multilateral surveillance during spring 2015. COM is also looking forward to feedback from the European Parliament.

Banking Union

In the second half of 2014, the ECB finalized the **comprehensive assessment** and published its results on 26 October. Overall, that assessment took one year of diligent work and gave the ECB detailed insight into the most significant banks in the euro zone, enabling it to assume formal responsibility for the **direct supervision** of those banks on 4 November.

The ECB's publication of the results ended the markets' speculation about the outcome. The overall **capital shortfall** that required mitigating action was comparatively small, less than EUR 10 billion for all 130 banks examined. The actual impact of the exercise on capital levels was higher, since in order to pass the financial health check, capital had already been raised pre-emptively.

Questioned about the development of **sovereign exposures**, the ECB listed on 17 December the holdings of home countries' sovereign bonds for a sample of 58 banks. The evolution of the exposure to the home sovereign was heterogeneous: Since the end of 2010, 26 banks had decreased their exposure or kept it at its previous level, while 32 banks had increased it. Aggregated at country level, the average holdings show notable differences:



Source: Own calculation, based on weighted averages, referring to the ECB's sample (see Annex 3)

The finalization of ECB's health check should allow banks to refocus on their **lending operations**. The ECB's most recent "survey on the access to finance of enterprises", published on 12 November, shows that finding customers is generally a more pressing problem for SMEs than **access to finance.** Though the availability of bank loans has on average improved, there are still large differences across countries: 32% of the SMEs in EL, 18% in IE and 17% in ES and PT named "access to finance" as the most pressing problem, compared with only 9% in DE and 7% in AT.

In September and December, the ECB gave banks fresh access to **long-term loans** (**TLTROs**), but attached conditions to their use to ensure that the liquidity is actually used to support the real economy. As banks have only asked for just above 50% of the liquidity that was theoretically available, there are some doubts about the success of that exercise (see, for example, Bruegel).

The set-up of the **Single Resolution Board** made further progress with the appointment of board members. On 16 December, EP approved the proposed candidates by vote.

ANNEXES:

1) Table on Member States progress to meet EU2020 targets
2) Scoreboard for the identification of possible macro-economic imbalances
3) Evolution of the ratio of home sovereign exposures over banks' total assets

Annex 1: Member States progress towards the EU2020 targets: State of Play (November 2014)

	Employment rate *(% of population aged 20 to 64)*				**R&D Target** *(% of GDP)*				**Greenhouse Gas Emissions[1]** *(Index 1990 = 100. National targets are relative to 2005 levels)*				**Renewable Energy** *(% of final energy consumption)*			
Member states	2011	2012	2013	Target	2011	2012	2013	Target	2011	2012	2013	Target	2011	2012	2013	Target
EU (28 countries)	68.5	68.4	68.4	**75.0**	1.97	2.01	2.02	**3.00**	83.2	82.1	n.a.	**-20**	12.90	14.10	n.a.	**20.0**
Belgium	67.3	67.2	67.2	**73.2**	2.15	2.24	2.28	**3.00**	85.3	82.6	n.a.	**-15**	5.20	6.80	n.a.	**13.0**
Bulgaria	62.9	63.0	63.5	**76.0**	0.55	0.62	0.65	**1.50**	60.5	56.0	n.a.	**+20**	14.60	16.30	n.a.	**16.0**
Czech Republic	70.9	71.5	72.5	**75.0**	1.56	1.79	1.91	**1.00**	69.3	67.3	n.a.	**+9**	9.30	11.20	n.a.	**13.0**
Denmark	75.7	75.4	75.6	**80.0**	2.97	3.03	3.05	**3.00**	83.8	76.9	n.a.	**-20**	24.00	26.00	n.a.	**30.0**
Germany	76.3	76.7	77.1	**77.0**	2.80	2.88	2.94	**3.00**	75.6	76.6	n.a.	**-14**	11.60	12.40	n.a.	**18.0**
Estonia	70.6	72.2	73.3	**76.0**	2.34	2.16	1.74	**3.00**	50.6	47.4	n.a.	**+11**	25.60	25.80	n.a.	**25.0**
Ireland	63.8	63.7	65.5	**69.0**	1.53	1.58	n.a.	**2.00**	106.3	107.0	n.a.	**-20**	6.60	7.20	n.a.	**16.0**
Greece	59.6	55.0	52.9	**70.0**	0.67	0.69	0.78	**1.21**	109.0	105.7	n.a.	**-4**	10.90	13.80	n.a.	**18.0**
Spain	62.0	59.6	58.6	**74.0**	1.32	1.27	1.24	**2.00**	124.4	122.5	n.a.	**-10**	13.20	14.30	n.a.	**20.0**
France	69.3	69.4	69.6	**75.0**	2.19	2.23	2.23	**3.00**	89.5	89.5	n.a.	**-14**	11.30	13.40	n.a.	**23.0**
Croatia	57.0	55.4	57.2	**62.9**	0.75	0.75	0.81	**1.40**	89.2	82.7	n.a.	**+11**	15.40	16.80	n.a.	**20.0**
Italy	61.2	61.0	59.8	**67.0**	1.21	1.26	1.25	**1.53**	94.9	89.7	n.a.	**+13**	12.30	13.50	n.a.	**17.0**
Cyprus	73.4	70.2	67.2	**75.0**	0.46	0.43	0.48	**0.50**	155.3	147.7	n.a.	**-5**	6.00	6.80	n.a.	**13.0**
Latvia	66.3	68.1	69.7	**73.0**	0.70	0.66	0.60	**1.50**	43.5	42.9	n.a.	**+17**	33.50	35.80	n.a.	**40.0**
Lithuania	66.9	68.5	69.9	**72.8**	0.90	0.90	0.95	**1.90**	44.5	44.4	n.a.	**+15**	20.20	21.70	n.a.	**23.0**
Luxembourg	70.1	71.4	71.1	**73.0**	1.41	1.16	1.16	**2.30**	100.4	97.5	n.a.	**-20**	2.90	3.10	n.a.	**11.0**
Hungary	60.7	62.1	63.2	**75.0**	1.20	1.27	1.41	**1.80**	68.0	63.7	n.a.	**+10**	9.10	9.60	n.a.	**14.65**
Malta	61.6	63.1	64.8	**70.0**	0.70	0.87	0.85	**2.00**	152.5	156.9	n.a.	**+5**	0.70	2.70	n.a.	**10.0**
Netherlands	77.0	77.2	76.5	**80.0**	1.89	1.97	1.98	**2.50**	95.0	93.3	n.a.	**-16**	4.30	4.50	n.a.	**14.0**
Austria	75.2	75.6	75.5	**77.0**	2.68	2.81	2.81	**3.76**	107.6	104.0	n.a.	**-16**	30.80	32.10	n.a.	**34.0**
Poland	64.5	64.7	64.9	**71.0**	0.75	0.89	0.87	**1.70**	87.2	85.9	n.a.	**+14**	10.40	11.00	n.a.	**15.0**
Portugal	68.8	66.3	65.4	**75.0**	1.46	1.37	1.36	**2.70**	115.7	114.9	n.a.	**+1**	24.50	24.60	n.a.	**31.0**
Romania	62.8	63.8	63.9	**70.0**	0.49	0.48	0.39	**2.00**	49.1	48.0	n.a.	**+19**	21.20	22.90	n.a.	**24.0**
Slovenia	68.4	68.3	67.2	**75.0**	2.43	2.58	2.59	**3.00**	105.6	102.6	n.a.	**+4**	19.40	20.20	n.a.	**25.0**
Slovakia	65.0	65.1	65.0	**72.0**	0.67	0.81	0.83	**1.20**	61.1	58.4	n.a.	**+13**	10.30	10.40	n.a.	**14.0**
Finland	73.8	74.0	73.3	**78.0**	3.64	3.43	3.32	**4.00**	96.5	88.1	n.a.	**-16**	32.70	34.30	n.a.	**38.0**
Sweden	79.4	79.4	79.8	**80.0**	3.22	3.28	3.21	**4.00**	85.1	80.7	n.a.	**-17**	48.80	51.00	n.a.	**49.0**
United Kingdom	73.6	74.2	74.9	**n.n.t.:**	1.69	1.63	1.63	**n.n.t.:**	75.3	77.5	n.a.	**-16**	3.80	4.20	n.a.	**15.0**

[1] The EU as a whole aims to reduce GHG emissions by 20 % compared to 1990 levels. The Effort Sharing Decision establishes binding annual GHG emissions targets for Member States, **compared to 2005 levels**, for emissions from sectors not included in the EU Emissions Trading System (EU ETS). By 2020, the national targets will collectively deliver a reduction of around 10 % in total EU emissions from the non-EU ETS sectors and a 21 % reduction in emissions for the sectors covered by the EU ETS (both compared to 2005 levels). This will accomplish the overall emission reduction goal of a 20 % cut below 1990 levels by 2020.
n.n.t. = no national target.

	Energy Efficiency[2] *(Primary energy consumption - in Mtoe)*				**Early School Leaving** *(% pop aged 18-24 w/ at most lower secondary)*				**Tertiary Education** *(% of pop aged 30-34 w/ tertiary educ. attainment)*				**Poverty/Social exclusion**[3] *(people at risk of poverty or social exclusion, in thousands)*			
Member states	2011	2012	2013	Target	2011	2012	2013	Target	2011	2012	2013	Target	2011	2012	2013	Target
EU (28 countries)	1596.4	1583.5	n.a.	**1483.0**	13.4	12.7	12.0	**10.0**	34.7	35.9	36.9	**40.0**	121742	124523	122649	**-20000**
Belgium	51.6	48.7	n.a.	**43.7**	12.3	12.0	11.0	**9.5**	42.6	43.9	42.7	**47.0**	2271	2356	2286	**-380**
Bulgaria	18.6	17.8	n.a.	**15.8**	11.8	12.5	12.5	**11.0**	27.3	26.9	29.4	**36.0**	3693	3621	3493	**:**
Czech Republic	40.6	40.1	n.a.	**39.6**	4.9	5.5	5.4	**5.5**	23.7	25.6	26.7	**32.0**	1598	1580	1508	**:**
Denmark	18.5	17.9	n.a.	**17.8**	9.6	9.1	8.0	**10.0**	41.2	43.0	43.4	**40.0**	1039	1057	1059	**:**
Germany	294.7	297.6	n.a.	**276.6**	11.7	10.6	9.9	**10.0**	30.7	32.0	33.1	**42.0**	16074	15909	16212	**:**
Estonia	6.1	6.0	n.a.	**6.5**	10.6	10.3	9.7	**9.5**	40.2	39.5	43.7	**40.0**	307	311	313	**:**
Ireland	13.7	13.6	n.a.	**13.9**	10.8	9.7	8.4	**8.0**	49.7	51.1	52.6	**60.0**	1319	1378	n.a.	**:**
Greece	27.0	25.9	n.a.	**27.1**	12.9	11.3	10.1	**9.7**	29.1	31.2	34.9	**32.0**	3403	3795	3904	**-450**
Spain	121.4	121.3	n.a.	**121.6**	26.3	24.7	23.6	**15.0**	41.9	41.5	42.3	**44.0**	12791	13090	12630	**-1400**
France	245.5	246.4	n.a.	**236.3**	11.9	11.5	9.7	**9.5**	43.3	43.5	44.1	**50.0**	11840	11760	11229	**-1900**
Croatia	7.9	7.6	n.a.	**9.19**	4.1	4.2	4.5	**4.0**	24.5	23.7	25.6	**35.0**	1384	1384	1271	**-150**
Italy	162.6	155.2	n.a.	**158.0**	18.2	17.6	17.0	**16.0**	20.3	21.7	22.4	**26.0**	17112	18194	17326	**-2200**
Cyprus	2.6	2.5	n.a.	**2.8**	11.3	11.4	9.1	**10.0**	46.2	49.9	47.8	**46.0**	207	234	240	**-27**
Latvia	4.3	4.4	n.a.	**5.4**	11.6	10.6	9.8	**13.4**	35.9	37.2	40.7	**34.0**	821	731	702	**:**
Lithuania	5.8	5.9	n.a.	**6.5**	7.4	6.5	6.3	**9.0**	45.7	48.6	51.3	**48.7**	1011	975	917	**:**
Luxembourg	4.5	4.4	n.a.	**4.5**	6.2	8.1	6.1	**10.0**	48.2	49.6	52.5	**66.0**	84	95	96	**-6**
Hungary	23.1	21.5	n.a.	**26.6**	11.2	11.5	11.8	**10.0**	28.1	29.9	31.9	**30.3**	3051	3188	3285	**-450**
Malta	0.9	0.9	n.a.	**0.8**	22.7	21.1	20.8	**10.0**	23.4	24.9	26.0	**33.0**	90	94	99	**-6**
Netherlands	66.3	67.4	n.a.	**60.7**	9.1	8.8	9.2	**8.0**	41.1	42.2	43.1	**40.0**	2598	2492	2650	**:**
Austria	31.9	31.8	n.a.	**31.5**	8.3	7.6	7.3	**9.5**	23.8	26.3	27.3	**38.0**	1593	1542	1572	**-235**
Poland	96.3	93.3	n.a.	**96.4**	5.6	5.7	5.6	**4.5**	36.5	39.1	40.5	**45.0**	10196	10128	9748	**-1500**
Portugal	21.9	20.9	n.a.	**22.5**	23.0	20.5	18.9	**10.0**	26.7	27.8	30.0	**40.0**	2601	2667	2877	**-200**
Romania	34.8	33.6	n.a.	**43.0**	17.5	17.4	17.3	**11.3**	20.4	21.8	22.8	**26.7**	8630	8907	8601	**-580**
Slovenia	7.2	6.9	n.a.	**7.3**	4.2	4.4	3.9	**5.0**	37.9	39.2	40.1	**40.0**	386	392	410	**-40**
Slovakia	16.2	15.7	n.a.	**16.2**	5.1	5.3	6.4	**6.0**	23.2	23.7	26.9	**40.0**	1112	1109	1070	**-170**
Finland	34.1	32.8	n.a.	**35.9**	9.8	8.9	9.3	**8.0**	46.0	45.8	45.1	**42.0**	949	916	854	**-140**
Sweden	47.8	48.0	n.a.	**43.4**	6.6	7.5	7.1	**10.0**	46.8	47.9	48.3	**40.0**	1538	1519	1602	**:**
United Kingdom	190.4	195.4	n.a.	**177.6**	15.0	13.6	12.4	**n.n.t.**	45.8	47.1	47.6	**n.n.t.**	14044	15099	15586	**:**

Source: Eurostat (Extraction date: 08/01/2015), Overview of Europe 2020 Targets by the Commission, 2014 National Reform Programmes

[2] Member States have set indicative national targets based on different indicators translated into absolute levels of primary energy consumption in million tonnes of oil equivalent (Mtoe).

[3] Most of the Member States have set national targets based on a reduction in the number of people living in poverty or social exclusions (compared to 2008 levels); some Member States - whose target is not included in this column - have set national targets based on different indicators related to the reduction in poverty/social exclusion (e.g. reduction in long-term unemployment for Germany, reduction in the at risk poverty rate after social transfers for Estonia).

Annex 2: The scoreboard for the identification of possible macro-economic imbalances

Values for year 2013	**External imbalances and competitiveness**					**Internal imbalances**					
	3 year average of **Current Account Balance** as % of GDP	**Net International Investment Position** as % of GDP	% Change (3 years) of **Real Effective Exchange Rate with HICP deflators**	% Change (5 years) in **Export Market Shares**	% Change (3 years) in **Nominal ULC**	% y-o-y change in deflated **House Prices**	**Private Sector Credit Flow** as % of GDP	**Private Sector Debt** as % of GDP	**General Government Debt** as % of GDP	**Unemployment rate** - 3 year average	% y-o-y Change in **Total Financial Sector Liabilities,** non-consolidated
Thresholds	**-4/+6%**	**-35%**	**±5% (EA) ± 11%**	**-6%**	**+9% (EA) + 12%**	**+6%**	**14%**	**133%**	**60%**	**10%**	**16.5%**
BE	-1.6	48.8	-0.3	-9.1	8.6	0.0	1.1	163.0	104.5	7.7	-2.4
BG	*0.4*	-79.0	-1.0	*5.7*	14.8	-0.1	6.4	134.8	18.3	12.2	3.3
CZ	-1.7	-40.1	-3.1	*-7.7*	*3.7*	-1.2	*3.1*	*73.7*	45.7	6.9	9.8
DK	6.1	*39.7*	-2.6	-17.9	4.0	2.8	-1.4	223.2	45.1	7.4	-0.1
DE	6.7	42.9	-1.9	-10.7	6.4	1.8	1.3	103.5	76.9	5.5	-6.3
EE	-1.2	-47.1	3.1	14.0	9.6	7.3	5.4	119.4	10.1	10.3	8.9
IE	1.1	*-104.9*	-3.9	-4.9	1.3	0.3	-5.7	266.3	123.3	14.2	1.0
EL	-3.9	-121.1	-4.4	*-27.3*	-10.3	-9.3	-1.1	135.6	174.9	23.3	-16.3
ES	-0.7	-92.6	-0.4	*-7.1*	-4.6	-9.9	-10.7	172.2	92.1	24.1	-10.2
FR	-1.3	-15.6	-2.3	-13.0	3.9	-2.6	1.8	137.3	92.2	9.8	-0.6
HR	-0.1	*-88.7*	-4.0	-20.9	*0.9*	-18.1	-0.5	117.6	75.7	15.8	3.4
IT	-0.9	-30.7	0.0	-18.4	4.1	-6.9	-3.0	118.8	127.9	10.4	-0.7
CY	*-4.0*	-156.8	-0.8	*-27.2*	-5.9	-5.5	-11.2	344.8	102.2	11.9	-19.5
LV	-2.8	-65.1	-1.7	8.4	10.5	6.6	0.8	90.9	38.2	14.4	5.2
LT	-1.2	-46.4	-0.6	22.1	6.0	0.2	-0.2	56.4	39.0	13.5	-1.8
LU	5.5	216.4	0.7	2.2	10.5	4.9	27.7	356.2	23.6	5.3	8.8
HU	2.2	-84.4	-4.0	-19.2	5.9	-5.0	-1.0	95.5	77.3	10.7	-0.3
MT	4.0	49.2	-1.3	0.8	9.8	-2.1	0.4	136.5	69.5	6.4	0.7
NL	9.2	31.1	0.4	-9.5	6.3	-7.8	2.1	229.7	68.6	5.5	-3.2
AT	1.4	-0.2	0.7	-17.0	6.4	2.5	0.2	125.5	81.2	4.5	-3.6
PL	-3.3	-68.0	-4.3	2.1	3.8	-4.4	2.9	74.9	55.7	10.0	7.6
PT	-2.5	-116.2	-0.6	-5.3	-3.0	-2.5	-2.4	202.8	128.0	15.0	-5.3
RO	-3.3	-62.4	0.3	16.4	-3.8	-4.6	-1.5	66.6	37.9	7.0	3.1
SI	2.8	-38.2	-0.7	*-16.6*	1.3	-5.8	-4.0	101.9	70.4	9.1	-10.5
SK	*0.2*	*-65.1*	2.1	*-2.2*	2.5	-0.5	5.4	74.8	54.6	14.0	-0.3
FI	-1.7	8.8	0.1	-32.2	9.5	-1.3	0.7	146.6	56.0	7.9	-11.8
SE	6.1	-10.8	5.1	-15.0	8.3	4.7	3.8	200.1	38.6	7.9	9.1
UK	-3.2	-15.6	3.4	-11.7	3.7	1.6	*3.4*	*164.5*	87.2	7.9	-7.6

Source: Eurostat. Grey boxes ( ) mean breach of threshold. Data extracted on 6 January 2015.
Note: Figures in *italics* are according to ESA95/BPM5 standards: for these figures, the source is the Statistical Annex of the Alert Mechanism Report 2015, published in November 2014.

Annex 3: Evolution of the ratio of home sovereign exposures over banks' total assets

(The table below was copied from page 6 of the ECB's reply letter dated 17 December 2014).

Table 1: Ratio of banks' home sovereign exposure over CT1 and total assets from 2010Q4 to 2013Q4

			Exposure to the sovereign home state, 2010Q4 (percentages)		Exposure to the sovereign home state, 2013Q4 (percentages)		Change in exposure to the sovereign home state, 2013Q4-2010Q4 (percentage points)	
Bank	Country	EBA bank code	Ratio to Core Tier 1 capital	Ratio to total assets	Ratio to Core Tier 1 capital	Ratio to total assets	Ratio to Core Tier 1 capital	Ratio to total assets
ERSTE BANK GROUP (EBG)	AT	AT001	53.5	2.9	85.4	4.8	31.9	1.9
RAIFFEISEN BANK INTERNATIONAL (RBI)	AT	AT002	84.2	5.2	16.3	1.0	-67.9	-4.3
OESTERREICHISCHE VOLKSBANK AG	AT	AT003	36.1	1.8	60.9	4.5	24.7	2.7
BANK OF CYPRUS PUBLIC CO LTD	CY	CY007	52.5	2.7	117.4	8.8	64.9	6.1
DEUTSCHE BANK AG	DE	DE017	77.3	1.2	68.9	1.6	-8.3	0.4
COMMERZBANK AG	DE	DE018	164.9	5.8	87.4	4.0	-77.5	-1.9
LANDESBANK BADEN-WURTTEMBERG	DE	DE019	309.6	8.1	284.7	12.9	-24.9	4.8
DZ BANK AG DT. ZENTRAL-GENOSSENSCHAFTSBANK	DE	DE020	387.6	6.7	263.8	7.9	-123.8	1.1
BAYERISCHE LANDESBANK	DE	DE021	281.2	11.7	252.0	13.1	-29.1	1.4
NORDDEUTSCHE LANDESBANK -GZ-	DE	DE022	1,200.4	20.9	528.1	19.2	-672.3	-1.7
HSH NORDBANK AG, HAMBURG	DE	DE025	176.0	6.7	274.4	10.7	98.5	4.0
LANDESBANK BERLIN AG	DE	DE027	651.1	12.5	509.0	11.8	-142.1	-0.7
DEKABANK DEUTSCHE GIROZENTRALE, FRANKFURT	DE	DE028	349.5	7.4	435.3	11.0	85.8	3.6
WGZ BANK AG WESTDT. GENO. ZENTRALBK, DDF	DE	DE029	1,124.1	22.7	880.3	21.8	-243.8	-0.9
DANSKE BANK	DK	DK008	34.6	0.9	14.1	0.5	-20.4	-0.4
JYSKE BANK	DK	DK009	32.1	1.7	72.7	4.7	40.5	3.0
SYDBANK	DK	DK010	50.4	3.1	42.0	2.8	-8.3	-0.4
NYKREDIT	DK	DK011	31.3	2.0	16.8	1.1	-14.4	-1.0
BANCO SANTANDER S.A.	ES	ES059	78.6	3.4	66.9	3.4	-11.7	0.0
BANCO BILBAO VIZCAYA ARGENTARIA S.A. (BBVA)	ES	ES060	177.6	9.7	138.1	8.9	-39.5	-0.8
BANCO DE SABADELL, S.A.	ES	ES065	147.0	7.5	174.8	9.3	27.8	1.8
BANKINTER, S.A.	ES	ES069	131.9	4.7	149.6	7.9	17.7	3.3
OP-POHJOLA GROUP	FI	FI012	7.5	0.5	3.4	0.2	-4.2	-0.3
BNP PARIBAS	FR	FR013	32.6	0.9	13.8	0.5	-18.8	-0.4
CREDIT AGRICOLE	FR	FR014	58.4	1.7	70.2	2.5	11.8	0.8
BPCE	FR	FR015	126.6	4.0	161.1	6.0	34.5	2.0
ROYAL BANK OF SCOTLAND GROUP plc	GB	GB088	26.9	0.9	28.3	1.2	1.3	0.2
HSBC HOLDINGS plc	GB	GB089	50.6	2.4	23.2	1.3	-27.5	-1.1
BARCLAYS plc	GB	GB090	33.5	1.0	74.0	2.6	40.5	1.6
LLOYDS BANKING GROUP plc	GB	GB091	31.4	1.3	111.4	4.9	80.1	3.6
EFG EUROBANK ERGASIAS S.A.	GR	GR030	211.3	10.0	110.3	5.7	-100.9	-4.4
NATIONAL BANK OF GREECE	GR	GR031	157.3	10.7	179.3	9.3	22.1	-1.4
ALPHA BANK	GR	GR032	126.3	8.2	51.7	5.7	-74.7	-2.5
PIRAEUS BANK GROUP	GR	GR033	266.9	14.1	25.0	2.2	-241.8	-11.9
OTP BANK NYRT.	HU	HU036	131.2	12.5	87.0	9.8	-44.2	-2.8
ALLIED IRISH BANKS PLC	IE	IE037	128.4	3.5	113.7	8.8	-14.7	5.3
BANK OF IRELAND	IE	IE038	42.6	2.0	95.0	5.0	52.4	3.0
IRISH LIFE AND PERMANENT	IE	IE039	49.5	2.4	109.5	6.5	60.0	4.0
INTESA SANPAOLO S.p.A	IT	IT040	220.3	8.7	239.9	12.0	19.6	3.3
UNICREDIT S.p.A	IT	IT041	122.6	5.1	133.4	6.6	10.8	1.5
BANCA MONTE DEI PASCHI DI SIENA S.p.A	IT	IT042	441.6	13.4	299.5	12.6	-142.0	-0.8
BANCO POPOLARE - S.C.	IT	IT043	216.8	8.7	396.3	15.0	179.4	6.3
UNIONE DI BANCHE ITALIANE SCPA (UBI BANCA)	IT	IT044	154.4	7.8	256.4	15.9	102.0	8.1
BANQUE ET CAISSE D'EPARGNE DE L'ETAT	LU	LU045	208.8	7.7	122.5	6.2	-86.3	-1.5
BANK OF VALLETTA (BOV)	MT	MT046	207.5	11.6	211.7	12.2	4.3	0.6
RABOBANK NEDERLAND	NL	NL048	46.6	2.0	77.5	3.3	30.9	1.3
SNS BANK NV	NL	NL050	256.4	5.8	46.2	1.5	-210.2	-4.3
DNB NOR BANK ASA	NO	NO051	117.5	6.0	72.5	3.9	-45.0	-2.1
POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI S.A. (	PL	PL052	163.8	15.4	73.6	7.2	-90.2	-8.2
CAIXA GERAL DE DEPOSITOS, SA	PT	PT053	96.0	5.2	125.1	8.1	29.1	2.9
BANCO COMERCIAL PORTUGUES, SA (BCP OR MILLENNIU	PT	PT054	165.6	5.9	99.3	7.3	-66.3	1.4
BANCO BPI, SA	PT	PT056	171.8	8.6	148.5	12.1	-23.4	3.5
NORDEA BANK AB (PUBL)	SE	SE084	57.4	1.9	13.3	0.5	-44.1	-1.4
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) (SEB)	SE	SE085	42.5	1.7	48.4	2.0	5.9	0.3
SVENSKA HANDELSBANKEN AB (PUBL)	SE	SE086	99.6	3.4	27.2	1.0	-72.4	-2.4
SWEDBANK AB (PUBL)	SE	SE087	24.1	1.1	23.5	1.1	-0.6	0.0
NOVA LJUBLJANSKA BANKA D.D. (NLB d.d.)	SI	SI057	113.9	5.5	79.2	7.6	-34.7	2.1
NOVA KREDITNA BANKA MARIBOR D.D. (NKBM d.d.)	SI	SI058	122.9	7.7	192.2	20.8	69.4	13.1

Sources: EBA, SNL Financial and ECB calculations.