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*Committee on Employment and Social Affairs*

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**2010/0281(COD)**

23.3.2011

## **OPINION**

of the Committee on Employment and Social Affairs

for the Committee on Economic and Monetary Affairs

on the proposal for a regulation of the European Parliament and of the Council  
on the prevention and correction of macroeconomic imbalances  
(COM(2010)0527 – C7-0301/2010 – 2010/0281(COD))

Rapporteur: Pervenche Berès

PA\_Legam

## SHORT JUSTIFICATION

### *Background*

On 29 September 2010, the Commission presented a legislative package aimed at reinforcing the economic governance in the EU and the euro area. The package is made up of six proposals: four of them deal with fiscal issues, including a reform of the Stability and Growth Pact (SGP), while two new regulations aim at detecting and addressing emerging macroeconomic imbalances within the EU and the euro area.

In the later two proposals, and with a view to broaden the EU's economic surveillance to non-fiscal areas, the Commission proposes a series of new elements relating to the surveillance and correction of macroeconomic imbalances. The 'preventive part' of these elements comprises a regular assessment of the risks of imbalances based on a scoreboard of indicators and carrying out in-depth country analyses. When necessary, country-specific recommendations could be addressed by the Council to a Member State with severe imbalances or imbalances that put at risk the functioning of the EMU. Moreover, the 'corrective part' as presented in the proposal on "enforcement measures to correct excessive macroeconomic imbalances", envisages that euro area Member States which show insufficient compliance with their respective recommendations may become subject of an excessive deficit procedure and, ultimately, could face sanctions in the form of a yearly fine.

### *Observations*

The Commission's proposals contain many sound ideas. In general, your rapporteur shares the Commission's view that it is necessary to develop a new structured procedure for prevention and correction of adverse macroeconomic imbalances in every Member State. Your rapporteur recalls that the Commission's EMU@10 communication already pointed to the increase of divergences between Member States before the crisis and that the European Parliament resolution on EMU@10 thoroughly addressed this point. A mechanism to monitor and prevent such divergences and imbalances is thus more than welcome. However, your rapporteur considers that a number of modifications are necessary in order to ensure that imbalances and divergences between Member States are detected, prevented or ultimately corrected in an efficient manner. Your rapporteur therefore introduces a series of amendments to the Commission proposals on "prevention and correction of macroeconomic imbalances" and on "enforcement measures to correct excessive macroeconomic imbalances in the euro area", addressing the following main aspects:

- The EU's surveillance framework should include employment and social aspects, in addition to those of general economic and financial nature. Article 148 of the Treaty on the Functioning of the European Union (TFEU) should therefore be added as a legal base in the preventive part of the surveillance framework, and the relevant Regulation should address the prevention and correction of macroeconomic as well as of social imbalances on an equal basis. This way, a more integrated economic and social approach will be ensured.

- Linked to the above, the instruments based on Article 148 TFEU, in particular the guidelines for the employment policies of the Member States should be taken into account when assessing imbalances, and supplemented with specific tools for detection and prevention of

social imbalances. The Employment Committee (EMCO) and the Social Protection Committee (SPC) should thus be actively involved in all relevant surveillance procedures.

- The scoreboard of indicators to serve as a tool for early detection and monitoring of imbalances should be adopted and updated regularly by the Commission in the form of delegated acts in accordance with Article 290 TFEU. The main indicators should include relevant employment, unemployment, poverty and taxation aspects.

- The system of correction of imbalances should not only contribute to the budgetary discipline of the euro area Member States. Equally important, it should be designed in such a way so as to avoid the emergence of asymmetric shocks and to contribute also to sustainable growth and job creation. The system should thus work in support of achieving the EU's growth and jobs objectives, such as those adopted under the Europe 2020 strategy.

- Furthermore, the correction system, including when it comes to the correction of excessive imbalances, should be composed not only of fines (sanctions) but also incentives. Any decision to impose a sanction or a fine on a Member State should be subject to a social impact assessment.

- Fines collected from the Member States which fail to comply with their respective recommendations should be used in support of the EU's long term investment and job targets and not distributed only to the Member States that are not subject of any excessive procedure as the Commission proposes.

Finally, your rapporteur considers it of utmost importance that the role of the European Parliament be strengthened in the whole surveillance process. In addition, regular consultation of the social partners and a stronger involvement of National Parliaments are necessary preconditions of a credible and transparent surveillance framework.

## AMENDMENTS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a regulation

#### Title

*Text proposed by the Commission*

*Amendment*

Proposal for a Regulation of the European Parliament and of the Council on the prevention and correction of

Proposal for a Regulation of the European Parliament and of the Council on the prevention and correction of

macroeconomic imbalances

macroeconomic *and social* imbalances

*Justification*

*The new EU surveillance framework needs to encompass employment and social aspects, in addition to those of general economic and financial nature. The proposed regulation should therefore address both macroeconomic and social imbalances within the EU.*

**Amendment 2**

**Proposal for a regulation**

**Citation 1**

*Text proposed by the Commission*

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(6) thereof,

*Amendment*

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(6), ***in combination with Article 148(3) and (4)***, thereof,

**Amendment 3**

**Proposal for a regulation**

**Recital 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***(1a) In order to develop a coordinated strategy for employment, as provided for by the Treaty on the Functioning of the European Union (TFEU), Member States and the Union should work in compliance with the guiding principles of promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change.***

#### **Amendment 4**

##### **Proposal for a regulation Recital 1 b (new)**

*Text proposed by the Commission*

*Amendment*

***(1b) The internal market, as provided for by the TFEU, should work for the sustainable development of the Union based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social cohesion, and a high level of protection and improvement of the quality of the environment.***

#### **Amendment 5**

##### **Proposal for a regulation Recital 1 c (new)**

*Text proposed by the Commission*

*Amendment*

***(1c) The TFEU provides that in defining and implementing its policies and activities, the Union should take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection and the fight against social exclusion.***

#### **Amendment 6**

##### **Proposal for a regulation Recital 1 d (new)**

*Text proposed by the Commission*

*Amendment*

***(1d) The European Council, meeting on 17 June 2010, adopted a new strategy for jobs and growth to enable the Union to emerge stronger from the crisis, and to turn its economy towards smart, sustainable and inclusive growth,***

*accompanied by high level employment, productivity and social cohesion. The European Council also decided to launch, on 1 January 2011, the European semester for policy coordination to allow Member States to benefit from early coordination at Union level and to enable enhanced surveillance and a simultaneous assessment of both budgetary measures and structural reforms, fostering growth and employment.*

## **Amendment 7**

### **Proposal for a regulation**

#### **Recital 2**

*Text proposed by the Commission*

(2) There is a need to build upon the experience gained during the first decade of functioning of economic and monetary union.

*Amendment*

(2) There is a need to build upon the experience gained during the first decade of functioning of the economic and monetary union ***regarding macroeconomic and social imbalances.***

## **Amendment 8**

### **Proposal for a regulation**

#### **Recital 3**

*Text proposed by the Commission*

(3) In particular, surveillance of the economic policies of the Member States should be broadened beyond budgetary surveillance to prevent excessive macroeconomic imbalances ***and*** help the Member States affected devise corrective plans before divergences become entrenched. This broadening of the economic surveillance framework should go in parallel with deepening of fiscal surveillance.

*Amendment*

(3) In particular, surveillance of the economic policies of the Member States should be broadened beyond budgetary surveillance to prevent excessive macroeconomic ***and social*** imbalances, help the Member States affected devise corrective plans before divergences become entrenched, ***promote mutually reinforcing development strategies and facilitate monitoring the progress towards the Union's growth and jobs objectives.*** This broadening of the economic surveillance framework should go in

parallel with deepening of fiscal surveillance.

## Amendment 9

### Proposal for a regulation

#### Recital 4

*Text proposed by the Commission*

(4) To help address such imbalances, a procedure laid down in detail in legislation is necessary.

*Amendment*

(4) To help address such imbalances, a ***more integrated economic and social approach and a*** procedure laid down in detail in legislation is necessary.

## Amendment 10

### Proposal for a regulation

#### Recital 4 a (new)

*Text proposed by the Commission*

*Amendment*

***(4a) The measures adopted under this Regulation should be fully consistent with horizontal provisions of the TFEU, namely Articles 7, 8, 9, 10 and 11 TFEU, with Article 153(5) TFEU, and with the Protocol (No 26) on services of general interest annexed to the Treaty on European Union and to the TFEU.***

## Amendment 11

### Proposal for a regulation

#### Recital 5

*Text proposed by the Commission*

(5) It is appropriate to *supplement* the multilateral surveillance referred to in Article 121(3) and (4) *of the Treaty* with specific rules for detection, prevention and correction of macroeconomic imbalances.

*Amendment*

(5) It is appropriate to *complement* the multilateral surveillance referred to in Article 121(3) and (4) *TFEU* with specific rules for detection, prevention and correction of macroeconomic imbalances ***that include incentives as well as fines.***



## Amendment 12

### Proposal for a regulation Recital 5 a (new)

*Text proposed by the Commission*

*Amendment*

***(5a) It is also appropriate to complement the joint annual report referred to in Article 148 TFEU with specific tools for the detection and prevention of social imbalances.***

## Amendment 13

### Proposal for a regulation Recital 6

*Text proposed by the Commission*

*Amendment*

(6) This procedure should rely on an alert mechanism for early detection of emerging macroeconomic imbalances. It should be based on use of an indicative and transparent scoreboard combined with economic judgment.

(6) This procedure should rely on an alert mechanism for early detection of emerging macroeconomic ***and social*** imbalances. It should be based on use of an indicative and transparent scoreboard combined with economic ***and social*** judgment, ***particularly in relation to competitiveness, convergence and solidarity.***

## Amendment 14

### Proposal for a regulation Recital 6 a (new)

*Text proposed by the Commission*

*Amendment*

***(6a) In order to enable the scoreboard to be used as a tool to facilitate early identification and monitoring of imbalances, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to establish a list of relevant***

*indicators to be included in the scoreboard and to adapt the composition of the indicators, the thresholds and the methodology used. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level and with social partners. The Commission, when preparing and drawing-up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.*

## Amendment 15

### Proposal for a regulation Recital 7

*Text proposed by the Commission*

(7) The scoreboard should consist of a limited set of economic and financial indicators relevant to detection of macroeconomic imbalances, with corresponding indicative thresholds. The composition of the scoreboard *may evolve in time*, inter alia due to evolving threats to macroeconomic stability or enhanced availability of relevant statistics.

*Amendment*

(7) The scoreboard should consist of a limited set of *real and nominal* economic, *social* and financial indicators relevant to *competitiveness and the* detection of macroeconomic *and social* imbalances, with corresponding indicative thresholds. The composition of the scoreboard *should be amended by way of delegated acts, if needed*, inter alia due to evolving threats to macroeconomic *and social* stability or enhanced availability of relevant statistics.

## Amendment 16

### Proposal for a regulation Recital 8

*Text proposed by the Commission*

(8) The crossing of one or more indicative thresholds need not necessarily imply that macroeconomic imbalances are emerging, as economic policy-making should take into account inter-linkages between macroeconomic variables. Economic

*Amendment*

(8) The crossing of one or more indicative thresholds need not necessarily imply that macroeconomic *or social* imbalances are emerging, as economic policy-making should take into account inter-linkages between macroeconomic *and social*

judgment should ensure that all pieces of information, whether from the scoreboard or not, are put in perspective and become part of a comprehensive analysis.

variables *as well as the moment of a particular economy's economic cycle*. Economic judgment should ensure that all pieces of information, whether from the scoreboard or not, are put in perspective and become part of a comprehensive analysis.

## Amendment 17

### Proposal for a regulation

#### Recital 9

*Text proposed by the Commission*

(9) Based on the multilateral surveillance procedure and the alert mechanism, the Commission should identify the Member States to be subject to an in-depth review. The in-depth review should encompass a thorough analysis of sources of imbalances in the Member State under review. It should be discussed within the Council and the Euro Group for the Member States whose currency is the euro.

*Amendment*

(9) Based on the multilateral surveillance procedure and the alert mechanism, the Commission should identify the Member States to be subject to an in-depth review. The in-depth review should encompass a thorough analysis of sources of *internal and external* imbalances in the Member State under review *as well as in the euro area. It should be built on a detailed investigation of a broad range of economic variables and should acknowledge the national specificities regarding industrial relations and social dialogue*. It should be discussed within *the European Parliament*, the Council and the Euro Group for the Member States whose currency is the euro.

## Amendment 18

### Proposal for a regulation

#### Recital 10

*Text proposed by the Commission*

(10) A procedure to monitor and correct adverse macroeconomic imbalances, with preventive and corrective elements, will require enhanced surveillance tools based on those used in the multilateral surveillance procedure. This may include

*Amendment*

(10) A procedure to monitor and correct adverse macroeconomic *and social* imbalances, with preventive and corrective elements, will require enhanced surveillance tools based on those used in the multilateral surveillance procedure *and*

enhanced surveillance missions by the Commission to Member States and additional reporting by the Member State in case of severe imbalances, including imbalances that jeopardise the proper functioning of the economic and monetary union.

***analysing the impact of employment on the macro-economic situation based on the Joint Assessment Framework including the Employment Performance Monitor.*** This may include enhanced surveillance missions by the Commission to Member States and additional reporting by the Member State in case of severe imbalances, including imbalances that jeopardise the proper functioning of the economic and monetary union ***or social cohesion.***

## Amendment 19

### Proposal for a regulation

#### Recital 11

##### *Text proposed by the Commission*

(11) When assessing imbalances, account should be taken of their severity, of the degree to which they may be considered unsustainable and of the potential negative economic and financial spillovers to other Member States. The ***economic adjustment capacity and*** the track record of the Member State concerned as regards compliance with earlier recommendations issued under this Regulation and other recommendations issued under ***Article 121 of the Treaty*** as part of multilateral surveillance, in particular the broad guidelines for the economic policies of the Member States and of the Union, should also be considered.

##### *Amendment*

(11) When assessing imbalances, account should be taken of their severity, of the degree to which they may be considered unsustainable and, ***in particular,*** of the potential negative economic, ***social*** and financial spillovers to other Member States. The ***structural or short-term nature of imbalances as well as the national, Union or external character of their causes needs to be understood. Inter-linkages between policy options by different Member States as well as spill-over effects should be adequately taken into account.*** The track record of the Member State concerned as regards compliance with earlier recommendations issued under this Regulation and other recommendations issued under ***Articles 121 and 148 TFEU*** as part of multilateral surveillance, in particular the broad guidelines for the economic policies of the Member States and of the Union ***and the guidelines for the employment policies of the Member States, as well as the consequences of such recommendations,*** should also be considered.

## Amendment 20

### Proposal for a regulation Recital 12

*Text proposed by the Commission*

(12) If macroeconomic imbalances are identified, recommendations should be addressed to the Member State concerned to provide guidance on appropriate policy responses. The policy response of the Member State concerned to imbalances should be timely and should use all **available** policy instruments under the control of public authorities. It should be tailored to the specific environment and circumstances of the Member State concerned and cover the main economic policy areas, potentially including fiscal and **wage** policies, labour markets, product and services markets and financial sector regulation.

*Amendment*

(12) If macroeconomic **and social** imbalances are identified, recommendations should be addressed to the Member State concerned to provide guidance on appropriate policy responses. The policy response of the Member State concerned to imbalances should be timely and should use all **relevant** policy instruments under the control of public authorities. ***It should be based on a close dialogue with social partners and other national stakeholders and should fully take into account the restrictions that the fundamental rights of those actors place on government action.*** It should be tailored to the specific environment and circumstances of the Member State concerned and cover the main economic policy areas, potentially including fiscal and **taxation** policies, labour markets, product and services markets and financial sector regulation. ***It should be undertaken in respect of Article 9 TFEU, and with a view to promoting a high level of employment, the guarantee of adequate social protection and the fight against social exclusion.***

## Amendment 21

### Proposal for a regulation Recital 13

*Text proposed by the Commission*

(13) The early warnings and recommendations by the European Systemic Risk Board to Member States or

*Amendment*

(13) The early warnings and recommendations by the European Systemic Risk Board to Member States or

the Union address risks of a macrofinancial nature. These may also warrant appropriate follow-up action in the context of the surveillance of imbalances.

the Union address **only** risks of a macrofinancial nature. These may also warrant appropriate follow-up action in the context of the surveillance of imbalances.

## Amendment 22

### Proposal for a regulation

#### Recital 14

##### *Text proposed by the Commission*

(14) If severe macroeconomic imbalances are identified, including imbalances that jeopardise the proper functioning of economic and monetary union, an excessive imbalance procedure should be initiated that may include issuing recommendations to the Member State, enhanced surveillance and monitoring requirements and in respect of Member States whose currency is the euro, the possibility of enforcement in accordance with Regulation (EU) No [.../...] in the event of sustained failure to take corrective action.

##### *Amendment*

(14) If severe macroeconomic **and social** imbalances are identified, including imbalances that jeopardise the proper functioning of economic and monetary union **or social cohesion**, an excessive imbalance procedure should be initiated that may include issuing recommendations to the Member State, enhanced surveillance and monitoring requirements and in respect of Member States whose currency is the euro, the possibility of enforcement in accordance with Regulation (EU) No [.../...] in the event of sustained failure to take corrective action.

## Amendment 23

### Proposal for a regulation

#### Recital 15

##### *Text proposed by the Commission*

(15) Any Member State placed under the excessive imbalance procedure should establish a corrective action plan setting out details of its policies designed to implement the Council recommendations. The corrective action plan should include a timetable for implementation of the measures envisaged. It should be endorsed by the Council on a report from the Commission.

##### *Amendment*

(15) Any Member State placed under the excessive imbalance procedure should establish a corrective action plan setting out details of its policies designed to implement the Council recommendations. The corrective action plan should **reflect the nature of the imbalances, be restricted to policy aspects under the legitimate control of government authorities and should** include a timetable for implementation of the measures envisaged. It should be endorsed by the Council on a

report from the Commission *and after consulting the European Parliament*.

## Amendment 24

### Proposal for a regulation

#### Recital 16

*Text proposed by the Commission*

(16) Since an effective framework for detection and prevention of macroeconomic imbalances cannot be sufficiently achieved by the Member States because of the deep trade and financial inter-linkages between Member States and the spillover effect of national economic policies on the Union and the euro area as a whole and can be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity, as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in *the same* Article, this Regulation does not go beyond what is necessary to achieve those objectives,

*Amendment*

(16) Since an effective framework for detection and prevention of macroeconomic *and social* imbalances cannot be sufficiently achieved by the Member States because of the deep trade and financial inter-linkages between Member States and the spillover effect of national economic policies on the Union and the euro area as a whole and can be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity, as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in *that* Article, this Regulation does not go beyond what is necessary to achieve those objectives,

## Amendment 25

### Proposal for a regulation

#### Article 1

*Text proposed by the Commission*

This Regulation sets out detailed rules for the detection, prevention and correction of macroeconomic imbalances within the Union.

*Amendment*

This Regulation sets out detailed rules for the detection, prevention and correction of macroeconomic *and social* imbalances within the Union.

#### *Justification*

*The new EU surveillance framework needs to encompass employment and social aspects, in addition to those of general economic and financial nature. The proposed regulation should therefore address both macroeconomic and social imbalances within the EU.*

## Amendment 26

### Proposal for a regulation Article 2 – point a

*Text proposed by the Commission*

(a) ‘imbalances’ means macroeconomic developments which are adversely affecting, or have the potential adversely to affect, the proper functioning of the economy of a Member State *or of economic and monetary union*, or of the Union as a whole.

*Amendment*

(a) ‘imbalances’ means macroeconomic *or social* developments which are adversely affecting, or have the potential adversely to affect, the proper functioning of the economy, *the competitiveness and convergence of, or the social cohesion in*, a Member State, *the euro area*, or the Union as a whole.

## Amendment 27

### Proposal for a regulation Article 2 – point b

*Text proposed by the Commission*

(b) ‘excessive imbalances’ means severe imbalances, including imbalances that jeopardise the proper functioning of economic and monetary union.

*Amendment*

(b) ‘excessive imbalances’ means severe imbalances, including imbalances that jeopardise the proper functioning of economic and monetary union *or social cohesion*.

## Amendment 28

### Proposal for a regulation Article 3 – paragraph 1

*Text proposed by the Commission*

1. The Commission shall, *after consultation with Member States*, establish *an indicative scoreboard as a tool* to facilitate early identification and monitoring of imbalances.

*Amendment*

1. The Commission shall *be empowered to adopt delegated acts, after consulting the social partners, in accordance with Article -12 in order to* facilitate early identification and monitoring of imbalances *by establishing a scoreboard comprising a list of indicators, which may be amended when deemed necessary in order to integrate new emerging imbalances and better assess*



*competitiveness positions or excessive internal and external imbalances.*

*1a. The scoreboard shall include a list of indicators as set out in the Annex.*

## Amendment 29

### Proposal for a regulation Article 3 – paragraph 2

*Text proposed by the Commission*

2. The scoreboard shall be made up of an array of *macroeconomic and macrofinancial* indicators *for* Member States. The Commission *may* set indicative *lower or upper* thresholds for these indicators to serve as alert levels. The thresholds applicable to Member States whose currency is the euro may be different from those applicable to the other Member States.

*Amendment*

2. The scoreboard shall be made up of an array of indicators *that are relevant for detecting the risk of potential macroeconomic, macrofinancial and social imbalances in* Member States *or among them*. The Commission *shall* set indicative *symmetric lower and upper* thresholds for these indicators to serve as alert levels, *taking into account the starting performance of Member States as well as the average position of the Union and the euro area and its evolution over time*. The thresholds applicable to Member States whose currency is the euro may be different from those applicable to the other Member States.

## Amendment 30

### Proposal for a regulation Article 3 – paragraph 4

*Text proposed by the Commission*

4. The Commission shall regularly assess the appropriateness of the scoreboard, including the composition of indicators, the thresholds set and the methodology used, and shall adapt it if necessary to preserve or enhance its capability to detect emerging imbalances and monitor their development. *Changes in the underlying methodology and composition of the scoreboard and*

*Amendment*

4. The Commission shall regularly assess the appropriateness of the scoreboard, including the composition of indicators, the thresholds set and the methodology used, and shall *be empowered to adopt delegated acts in accordance with Article -12 in order to* adapt it if necessary to preserve or enhance its capability to detect emerging imbalances and monitor their development.

*the associated thresholds shall be made public.*

## **Amendment 31**

### **Proposal for a regulation**

#### **Article 4 – paragraph 2**

*Text proposed by the Commission*

2. The release of the updated scoreboard shall be accompanied by a Commission report containing *an* economic and financial assessment putting *the movement of* the indicators into perspective, drawing if necessary on any other economic and financial indicator relevant to detection of imbalances. The report shall also indicate whether the crossing of lower or upper thresholds in one or more Member States signifies the possible emergence of imbalances.

*Amendment*

2. The release of the updated scoreboard shall be accompanied by a Commission report containing *a sound* economic, *social* and financial assessment, *notably of competitiveness and convergence, and* putting the indicators into perspective, drawing if necessary on any other economic, *social* and financial *or structural* indicator relevant to detection of imbalances. *Best practices shall be taken into account.* The report shall also indicate whether the crossing of lower or upper thresholds in one or more Member States signifies the possible emergence of imbalances *inside the Member State concerned, in another Member State or across the Union as a whole. All the available information shall be taken into account and conclusions shall not be drawn from the scoreboard based on the indicators alone.*

## **Amendment 32**

### **Proposal for a regulation**

#### **Article 4 – paragraph 4**

*Text proposed by the Commission*

4. As part of the multilateral surveillance in accordance with Article 121(3) *of the Treaty*, the Council shall discuss and adopt conclusions on the Commission report. The Euro Group shall discuss the report as far as it relates, directly or indirectly, to

*Amendment*

4. As part of the multilateral surveillance in accordance with Article 121(3) *TFEU and of the examination of the implementation of the employment policies in accordance with Article 148(4) TFEU*, the Council shall discuss and adopt conclusions on the Commission report *after consulting the*

Member States whose currency is the euro.

***Employment Committee and the social partners. The competent committee of the European Parliament may organise public debates on the Commission report.***  
The Euro Group shall discuss the report as far as it relates, directly or indirectly, to Member States whose currency is the euro.

### Amendment 33

#### Proposal for a regulation

##### Article 5 – paragraph 1

###### *Text proposed by the Commission*

1. Taking account of the discussions in the Council and the Euro Group, as provided for in Article 4(4), the Commission shall prepare an in-depth review for each Member State it considers affected by, or at risk of, imbalances. This assessment shall include an evaluation of whether the Member State in question is affected by imbalances, and of whether these imbalances constitute excessive imbalances.

###### *Amendment*

1. Taking account of the discussions in the Council and the Euro Group, as provided for in Article 4(4), the Commission shall prepare an in-depth review for each Member State it considers affected by, or at risk of, imbalances. This assessment shall include an evaluation of whether the Member State in question is affected by imbalances, and of whether these imbalances constitute excessive imbalances. ***The in-depth review shall be built on a detailed investigation of a broad range of economic variables and shall acknowledge the national specificities regarding industrial relations and social dialogue.***

### Amendment 34

#### Proposal for a regulation

##### Article 5 – paragraph 2 – point a

###### *Text proposed by the Commission*

(a) as appropriate, whether the Member State under review has taken appropriate action in response to Council recommendations or invitations adopted in accordance with ***Articles 121 and 126 of the Treaty*** and under Articles 6, 7, 8 and

###### *Amendment*

(a) as appropriate, whether the Member State under review has taken appropriate action in response to Council recommendations or invitations adopted in accordance with ***Articles 121, 126 and 148 TFEU*** and under Articles 6, 7, 8 and 10 of this Regulation, ***and the economic, social***

10 of this Regulation;

*and other important consequences of such recommendations;*

### **Amendment 35**

#### **Proposal for a regulation Article 6 – paragraph 1**

*Text proposed by the Commission*

1. If, on the basis of its in-depth review referred to in Article 5 of this Regulation, the Commission considers that a Member State is experiencing imbalances, it shall inform the Council accordingly. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned, in accordance with the procedure set out in Article 121(2) *of the Treaty*.

*Amendment*

1. If, on the basis of its in-depth review referred to in Article 5 of this Regulation, the Commission considers that a Member State is experiencing imbalances, it shall inform the ***European Parliament and the Council*** accordingly. The Council, on a recommendation from the Commission ***and after consulting the European Parliament***, may address the necessary recommendations to the Member State concerned, in accordance with the procedure set out in Article 121(2) *TFEU*.

### **Amendment 36**

#### **Proposal for a regulation Article 6 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. In normal circumstances, the results of the in-depth review shall be presented to the European Parliament and the Council in the context of the European semester for policy coordination.***

### **Amendment 37**

#### **Proposal for a regulation Article 6 – paragraph 2**

*Text proposed by the Commission*

2. The Council shall inform the ***European Parliament*** of its recommendations. The

*Amendment*

2. The Council shall inform the ***national parliaments*** of its recommendations. The

Council recommendations shall be made public.

Council recommendations shall be made public.

### **Amendment 38**

#### **Proposal for a regulation**

#### **Article 6 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***2a. The recommendations of the Council and the Commission shall not encroach upon fields such as wage formation which explicitly fall outside the Union’s remit. The Council and the Commission shall assign the utmost importance to national labour market practices and traditions that should be decisive in determining all recommendations which have a bearing on the responsibilities of the social partners or their special position in the social dialogue.***

### **Amendment 39**

#### **Proposal for a regulation**

#### **Article 7 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that the Member State concerned is affected by excessive imbalances, it shall inform the Council accordingly.

1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that the Member State concerned is affected by excessive imbalances, it shall inform ***the European Parliament and*** the Council accordingly.

### **Amendment 40**

#### **Proposal for a regulation**

#### **Article 7 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. The Council, on a recommendation from the Commission, may adopt

2. The Council, on a recommendation from the Commission ***after consulting the***

recommendations in accordance with Article 121(4) *of the Treaty* declaring the existence of an excessive imbalance and recommending the Member State concerned to take corrective action. Those recommendations shall set out the nature of the imbalances and specify the corrective action to be taken in detail and the deadline within which the Member State concerned must take such corrective action. The Council may, as provided for in Article 121(4) *of the Treaty*, make its recommendations public.

**European Parliament**, may adopt recommendations in accordance with Article 121(4) *TFEU* declaring the existence of an excessive imbalance and recommending the Member State concerned to take corrective action. Those recommendations shall set out the nature of the imbalances and specify the corrective action to be taken in detail and the deadline within which the Member State concerned must take such corrective action. The Council may, as provided for in Article 121(4) *TFEU*, make its recommendations public.

## Amendment 41

### Proposal for a regulation Article 8 – paragraph 1

#### *Text proposed by the Commission*

1. Any Member State for which an excessive imbalance procedure is opened shall submit a corrective action plan to the Council and the Commission within a deadline to be defined in the recommendations in accordance with Article 7. The corrective action plan shall set out the specific and concrete policy actions the Member State concerned has implemented or intends to implement and shall include a timetable for implementation thereof.

#### *Amendment*

1. Any Member State for which an excessive imbalance procedure is opened shall submit a corrective action plan to the Council and the Commission within a deadline to be defined in the recommendations in accordance with Article 7 *TFEU*. The corrective action plan shall ***make use of all relevant policy instruments under the control of public authorities, taking into account the fundamental rights of citizens, social partners and other national stakeholders.*** ***The corrective action plan shall*** set out the specific and concrete policy actions the Member State concerned has implemented or intends to implement and shall include a timetable for implementation thereof.

## Amendment 42

### Proposal for a regulation

## Article 9 – paragraph 4

*Text proposed by the Commission*

4. If economic circumstances change, the Council, on a recommendation from the Commission, may amend the recommendations adopted under Article 7 in accordance with the procedure laid down in the same Article. The Member State concerned shall submit a revised corrective action plan that shall be assessed in accordance with the procedure laid down in Article 8.

*Amendment*

4. If economic circumstances change, the Council, on a recommendation from the Commission, ***after consulting the European Parliament***, may amend the recommendations adopted under Article 7 in accordance with the procedure laid down in the same Article. The Member State concerned shall submit a revised corrective action plan that shall be assessed in accordance with the procedure laid down in Article 8.

## Amendment 43

### Proposal for a regulation Article -12 (new)

*Text proposed by the Commission*

*Amendment*

#### ***Article -12***

##### ***Exercise of the delegation***

- 1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.***
- 2. The delegation of power referred to in Article 3(1) and (4) shall be conferred on the Commission for a period of four years from ....\*. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the four-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.***
- 3. The delegation of power referred to in Article 3(1) and (4) may be revoked at any time by the European Parliament or by the Council. A decision of revocation***

*shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.*

*4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*

*5. A delegated act adopted pursuant to Articles 3(1) and (4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or the Council.*

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*\* Date of entry into force of this Regulation.*

## **Amendment 44**

### **Proposal for a regulation Article -12 a (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article -12a**

##### **Review**

*1. By ... \* and every three years thereafter, the Commission shall publish a report on the application of this Regulation. That report shall evaluate, inter alia:*

*(a) whether the indicators and thresholds of the scoreboard have managed to detect emerging imbalances and to monitor their development;*



*(b) the progress of effective coordination of economic policies in accordance with the TFEU.*

*2. The report and any accompanying proposals shall be forwarded to the European Parliament and the Council.*

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*\* OJ please insert date: xxx years after the date of entry into force of this Regulation.*

## **Amendment 45**

### **Proposal for a regulation Annex (new)**

*Text proposed by the Commission*

*Amendment*

#### **ANNEX**

*The list of indicators in the scoreboard referred to in Article 3 may include the following sets of indicators:*

*(1) product and services markets (inflation, current account balance, public and private R&D expenditure, housing, agriculture and energy prices evolution);*

*(2) capital markets (credit growth, public and private debt, public and private investment, FDI- net foreign asset positions);*

*(3) labour markets (employment and unemployment rate by gender and age groups, scale of wages and compensations, investment in education, poverty);*

*(4) taxation (rates of labour and capital taxation);*

*(5) fiscal, economic, social and environmental sustainability;*

*(6) aggregate demand and supply;*

*(7) internal income inequalities;*

*(8) the share of labour income in overall GDP and unit profit rates;*

*(i) asset and energy price developments;*

*(j) evolution of export market shares in Union and third-country markets; and net foreign assets positions;*

*(k) third-country foreign direct investment flows.*

## PROCEDURE

<b>Title</b>	Prevention and correction of macroeconomic imbalances	
<b>References</b>	COM(2010)0527 – C7-0301/2010 – 2010/0281(COD)	
<b>Committee responsible</b>	ECON	
<b>Opinion by</b> Date announced in plenary	EMPL 21.10.2010	
<b>Rapporteur</b> Date appointed	Pervenche Berès 21.10.2010	
<b>Discussed in committee</b>	1.12.2010	25.1.2011
<b>Date adopted</b>	16.3.2011	
<b>Result of final vote</b>	+: 36	–: 2
	0: 8	
<b>Members present for the final vote</b>	Regina Bastos, Edit Bauer, Jean-Luc Bennahmias, Pervenche Berès, Mara Bizzotto, Philippe Boulland, David Casa, Alejandro Cercas, Marije Cornelissen, Frédéric Daerden, Karima Delli, Proinsias De Rossa, Frank Engel, Sari Essayah, Richard Falbr, Ilda Figueiredo, Thomas Händel, Nadja Hirsch, Stephen Hughes, Liisa Jaakonsaari, Danuta Jazłowiecka, Martin Kastler, Ádám Kósa, Patrick Le Hyaric, Veronica Lope Fontagné, Olle Ludvigsson, Elizabeth Lynne, Thomas Mann, Elisabeth Morin-Chartier, Csaba Öry, Rovana Plumb, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Jutta Steinruck, Traian Ungureanu	
<b>Substitute(s) present for the final vote</b>	Georges Bach, Raffaele Baldassarre, Sven Giegold, Gesine Meissner, Antigoni Papadopoulou, Evelyn Regner	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Liam Aylward, Fiona Hall, Jacek Włosowicz	