

Economic governance: prevention and correction of macroeconomic imbalances. 'Six pack'

2010/0281(COD) - 14/11/2012 - Follow-up document

The Commission presents a Staff Working Document on completing the scoreboard for the Macroeconomic Imbalance procedure (MIP) through the development of a Financial Sector Indicator. It recalls that in December 2011, the '6-pack' entered into force, including Regulation (EU) No 1176/2011 setting up the MIP1. In February 2012, the first step in the MIP was taken, when the Commission adopted and published the first Alert Mechanism Report (AMR). The AMR of February 2012 was based on a scoreboard established by the Commission in line with Article 4 of Regulation (EU) No 1176/2011. The scoreboard consisted of ten indicators covering the wide scope of surveillance under the MIP.

Although the first MIP scoreboard captured a number of financial issues (like the private sector credit flow, the private sector debt and the public sector debt) the European Parliament and the Council supported the Commission's intention to add to the scoreboard, in time for the second round of MIP, an additional indicator aimed at better capturing the links between the real economy and the financial sector. Accordingly, the Commission proposes to include in the scoreboard **the growth rate of financial sector liabilities, while retaining the leverage indicator among the set of reading indicators, thus taking into account both in the overall economic reading.** In the technical discussion, this option was supported by a vast majority of Member States' experts. It envisaged complementing this indicator with a debt-to-equity ratio indicator in the second layer of reading indicators: the debt-to-equity ratio indicator shows the relative proportion of shareholders' equity and debt used to finance assets.