Press release

European Parliament

Euro area economic governance: "Let's make things better", MEPs say

[16-06-2015 - 17:10]

Today's economic governance rules for the euro area are not working as well as they should. This is because they are too complex, lack ownership and are not consistently enforced, say Economic and Monetary Affairs Committee MEPs in a resolution voted on Tuesday. This draft text, which assesses the record of the economic governance architecture so far and recommends improvements, will become Parliament's input to the 25 June European Council.

The text - drafted by Pervenche Berès (S&D, FR) and approved by 33 votes to 24 with 1 abstention –will also contribute to the "Five Presidents" report" on future Euro area economic governance.

MEPs back the European Commission's three-pillar strategy, calling for investments, fiscal consolidation and structural reform, but encourage it to apply it more specifically when assessing national draft budgets and deciding on country-specific recommendations.

Flexibility

MEPs also welcome the Commission's explanatory communication about Stability and Growth Pact flexibility, including the possibility of temporarily deviating from adjustment paths or, in the case of certain investments, from medium-term objectives.

MEPs accept that if member states' contributions to the European Fund for Strategic Investments (EFSI or Juncker Plan) push their deficits above the 3% of GDP limit, this will not automatically trigger an excessive deficit procedure, provided that the contributions do not replace already planned investments.

National circumstances and spill over effects

The report says that the Commission should pay more attention to specific national circumstances when deciding on country-specific recommendations. It should also keep a closer eye on spill over effects in other member states and better coordinate its recommendations with the excessive debt procedure, adds the text.

Structural reform plans should have to be approve by national parliaments, in order to improve their effectiveness and strengthen the sense of national ownership, say MEPs, adding that social partners should also be fully involved in the reform process at all stages.

To improve the legitimacy of Convergence Guidelines (which contain targeted priorities for the coming years) at EU level, they should be approved by means of co-decision, says the text, adding that a provision for this should be included in the next Treaty change.

Future assistance programmes within Community framework

The text reiterates the European Parliament's earlier criticism of the setting-up of the European Stability Mechanism (ESM) and of the Fiscal Compact outside the structure of the EU institutions. MEPs demand that the ESM and the Fiscal Compact be fully integrated into the Community framework and thus made formally accountable to Parliament.

The text also reiterates Parliament's request that options be developed for a new legal framework for future macroeconomic adjustment programmes to replace the EU

Commission/ECB/IMF “Troika”. This should improve the transparency and ownership of these programmes and ensure that all EU decisions are, where possible, taken in line with the Community method. The Eurogroup's decision-making process should also be reassessed with a view to improving its democratic accountability, adds the text.

Next

The text will be put to a plenary vote in Brussels on 24 June, right ahead of the 25 -26 June European Council, at which the heads of state or government will discuss the Five Presidents report.

Further information

- Statements of rapporteur Pervenche Berès (S&D, FR) and chairman Roberto Gualtieri (S&D, IT) after the votes: http://audiovisual.europarl.europa.eu/Assetdetail.aspx?ref=I105065
- Background information: http://www.europarl.europa.eu/committees/en/econ/economic-governance.html?tab=European%20Semester
- Committee on Economic and Monetary Affairs: http://www.europarl.europa.eu/committees/en/econ/home.html

Contact

Ron KORVER
BXL: (+32) 2 28 44659
STR: (+33) 3 881 74903
PORT: (+32) 498 98 35 88
EMAIL: econ-press@europarl.europa.eu
TWITTER: EP_Economics