



EUROPEAN PARLIAMENT

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*Committee on Economic and Monetary Affairs*

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**2012/2151(INI)**

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## **DRAFT REPORT**

with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup "Towards a genuine Economic and Monetary Union"  
(2012/2151(INI))

Committee on Economic and Monetary Affairs

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(Initiative – Rule 42 of the Rules of Procedure)

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup "Towards a genuine Economic and Monetary Union" (2012/2151(INI))**

*The European Parliament,*

- having regard to Article 225 of the Treaty on the Functioning of the European Union,
- having regard to the Commission communication of 7 May 2008 on 'EMU@10: successes and challenges after 10 years of Economic and Monetary Union',
- having regard to the Commission communication of 20 October 2009 on 'An EU framework for cross-border crisis management in the banking sector',
- having regard to the Commission proposal of 12 July 2010 for a directive of the European Parliament and of the Council on deposit guarantee schemes (recast),
- having regard to the Commission proposal of 6 June 2012 for a directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EC and Regulation (EU) No 1093/2010,
- having regard to the conclusions of the European Council of 28 and 29 June 2012,
- having regard to the Statement of the Heads of State or Government of the Euro Area of 29 June 2012,
- having regard to the report of 26 June 2012 of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup 'Towards a genuine Economic and Monetary Union',
- having regard to the report of the International Monetary Fund of July 2012 on euro area policies,
- having regard to the G-20 Leaders' Statement following the Pittsburgh Summit of 24 and 25 September 2009 as regards cross-border resolutions and systemically important financial institutions,
- having regard to the legislation adopted by the European Parliament and the Council as part of the 'six pack',
- having regard to the opinion of the European Economic and Social Committee of 12 July 2012 on 'What changes for Europe's banking sector with the new financial rules',
- having regard to the report of the High-Level Group on Financial Supervision chaired by

Jacques de Larosière, submitted to the President of the European Commission on 25 February 2009,

- having regard to its resolution of 7 July 2010 on the European Financial Stability Facility and European Financial Stabilisation Mechanism and future actions<sup>1</sup>,
- having regard to its resolution of 7 July 2010 with recommendations to the Commission on Cross-Border Crisis Management in the Banking Sector<sup>2</sup>,
- having regard to its resolution of 22 September 2010 on the proposal for a regulation of the European Parliament and of the Council on Community macro prudential oversight of the financial system and establishing a European Systemic Risk Board<sup>3</sup>,
- having regard to its resolution of 22 September 2010 on the proposal for a regulation of the European Parliament and of the Council establishing a European Banking Authority<sup>4</sup>,
- having regard to its resolution of 20 October 2010 with recommendations to the Commission on improving the economic governance and stability framework of the Union, in particular in the euro area<sup>5</sup>,
- having regard to its resolution of 16 December 2010 on establishing a permanent crisis mechanism to safeguard the financial stability of the euro area<sup>6</sup>,
- having regard to its resolution of 23 March 2011 on the draft European Council decision amending Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro<sup>7</sup>,
- having regard to its resolution of 6 April 2011 on a Single Market for Enterprises and Growth<sup>8</sup>,
- having regard to its resolution of 6 July 2011 on the financial, economic and social crisis: recommendations concerning the measures and initiatives to be taken<sup>9</sup>,
- having regard to its resolution of 1 December 2011 on the European Semester for Economic Policy Coordination<sup>10</sup>,
- having regard to its resolution of 18 January 2012 on the conclusions of the European Council meeting of 8 and 9 December 2011 on a draft international agreement on a Fiscal

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<sup>1</sup> OJ C 351 E, 2.12.2011, p. 69.

<sup>2</sup> OJ C 351 E, 2.12.2011, p. 61.

<sup>3</sup> OJ C 50 E, 21.2.2012, p. 210.

<sup>4</sup> OJ C 50 E, 21.2.2012, p. 214.

<sup>5</sup> OJ C 70 E, 8.3.2012, p. 41-55.

<sup>6</sup> OJ C 169 E, 15.6.2012, p. 121.

<sup>7</sup> OJ C 247 E, 17.8.2012, p. 22.

<sup>8</sup> Texts adopted, P7\_TA(2011)0146.

<sup>9</sup> Texts adopted, P7\_TA(2011)0331.

<sup>10</sup> Texts adopted, P7\_TA(2011)0542.

Stability Union<sup>1</sup>,

- having regard to its resolution of 15 February 2012 on the feasibility of introducing stability bonds<sup>2</sup>,
- having regard to its resolution of 15 February 2012 on employment and social aspects in the Annual Growth Survey 2012<sup>3</sup>,
- having regard to its resolution of 15 February 2012 on the contribution to the Annual Growth Survey 2012<sup>4</sup>,
- having regard to its position of 16 February 2012 on the proposal for a directive of the European Parliament and of the Council on Deposit Guarantee Schemes (recast)<sup>5</sup>,
- having regard to its position of 19 April 2012 on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to risk-sharing instruments for Member States experiencing or threatened with serious difficulties with respect to their financial stability<sup>6</sup>,
- having regard to its amendments adopted on 13 June 2012 on the proposal for a regulation of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area (part of the 'two-pack'),
- having regard to its amendments adopted on 13 June 2012 on the proposal for a regulation of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (part of the 'two-pack'),
- having regard to its resolution of 14 June 2012 'Towards a job-rich recovery'<sup>7</sup>,
- having regard to its resolution of 4 July 2012 on the June 2012 European Council meeting<sup>8</sup>,
- having regard to Rules 42 and 48 of its Rules of Procedure,
- having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets, the Committee on Employment and Social Affairs and the Committee on Constitutional Affairs (A7-0000/2012),

A. whereas since the signing of the Treaty of Rome the European Union has made significant

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<sup>1</sup> Texts adopted, P7\_TA(2012)0002.  
<sup>2</sup> Texts adopted, P7\_TA(2012)0046.  
<sup>3</sup> Texts adopted, P7\_TA(2012)0047.  
<sup>4</sup> Texts adopted, P7\_TA(2012)0048.  
<sup>5</sup> Texts adopted, P7\_TA(2012)0049.  
<sup>6</sup> Texts adopted, P7\_TA(2012)0133.  
<sup>7</sup> Texts adopted, P7\_TA(2012)0260.  
<sup>8</sup> Texts adopted, P7\_TA(2012)0292.

steps towards political, economic, fiscal and monetary integration;

- B. whereas the economic and monetary union (EMU) is not an end in itself but rather an instrument to achieve Union objectives, in particular a balanced and sustainable growth and a high level of employment;
- C. whereas in a globalised information society the need for closer European integration is becoming ever more clear;
- D. whereas the Union is at a crossroads and a clear direction needs to be chosen either to combine the forces within the Union and to build a future for a strong and value-driven Union in a globalised world, or to fold back on itself and be forced to submit passively to globalisation for lack of power and influence;
- E. whereas the economic, financial and banking crisis has repeatedly demonstrated that public debt at national level and financing problems as well as the disturbance of macroeconomic equilibriums quickly, directly and negatively affect the socio-economic development of the euro area and of the Union as a whole;
- F. whereas there is great concern about the difficult economic and financial situation in which several Member States find themselves, aggravated by the continuous strains on the sovereign bond markets reflected in high interest borrowing rates for some countries and considerable financial and economic instability;
- G. whereas the combination of a lack of competitiveness and a low growth potential with high deficits and high debt not only causes harm in some Member States, but also makes vulnerable the euro area as a whole;
- H. whereas recent events have made clear that the euro area is not sufficiently equipped to solve the crisis and to react adequately to regional economic shocks within it;
- I. whereas the important role played by the euro, both within the euro area and at the global level, as the second most important international reserve currency, risks being increasingly undermined the longer the crisis persists;
- J. whereas over the last decade the euro has brought Union citizens many benefits, such as price stability, protection against currency fluctuations, the impossibility of non-cooperative competitive devaluations, lower interest rates, the encouragement of the integration of financial markets and easier cross-border capital movement;
- K. whereas the Union's single currency should not become a symbol of division which threatens the whole European project, but should remain a symbol of a Union that is decisive and capable of taking far-reaching decisions for a common and prosperous future;
- L. whereas euro area membership implies a high degree of economic interdependence between the Member States concerned and therefore requires a much closer coordination of financial, fiscal and economic policies, linked to stricter supervisory instruments and effective enforcement;

- M. whereas the latest Eurobarometer research indicates that for reason of the persisting crisis there has been a sharp decline in trust in political institutions both at national and at Union level, as well as a sharp decline of public perception of the Union conjuring up a positive image; whereas, nevertheless, the Union remains the actor that Union citizens feel is the most effective in tackling the economic crisis;
- N. whereas Union and national policy makers should continuously explain to their citizens the benefits of a single currency, including the costs and risks linked to a break up of the euro area;
- O. whereas 17 Member States have already adopted the Union's single currency and most others will join the euro when they are ready;
- P. whereas any doubt about the future of EMU in general and the Union's single currency in particular must be ruled out;
- Q. whereas time is running out and restoring confidence is the main task in order to convince European citizens and enterprises to start investing again in the economy and to create conditions for financial institutions to provide the real economy, once again, with credit on a broad but sound basis;
- R. whereas the answer to the euro crisis is complex and demands sustained, multifaceted efforts at all institutional and policy levels;
- S. whereas the Union institutions and the Heads of State and Government of the Member States in general and of the euro area Member States in particular hold the key to working in a credible way on the much-needed restoration of confidence;
- T. whereas restoring confidence also requires those Heads of State and Government and their Ministers to defend loyally in their Member States the policy decisions they agreed upon at Union level and to explain that they subscribed to those policies in the belief that they will safeguard the future of their own citizens; whereas by imputing unpopular decisions to the Union, a particularly dangerous game of perception is being played which risks eroding the Union from below, undermining solidarity and ultimately damaging the European project as a whole;
- U. whereas the European Council and the euro area summit of 28 and 29 June 2012 confirmed their determination to take the measures required to ensure a financially stable, competitive and prosperous Europe and thus to enhance the welfare of citizens;
- V. whereas the growing divide between core and peripheral countries in the Union should not become chronic in nature; whereas a permanent framework must be created in which Member States in difficulty should be able to rely on solidarity-based support from other Member States; whereas those Member States which desire solidarity should be able to take up their responsibility for implementing the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union as well as their country-specific recommendations and their engagements under the European Semester, in particular those related to the stability and growth pact (SGP), the Euro-plus pact and the macro-economic imbalances procedure;

W. whereas it is beyond doubt that the European integration is an irreversible and progressive process if Member States meticulously honour their European engagements;

***The way ahead: the report of the four Presidents***

X. whereas from a democratic point of view it is incomprehensible that the President of the European Parliament, who represents more than 502 million European citizens, has not been involved in the drafting of the report of 26 June 2012 of the President of the European Council, in collaboration with the Presidents of the European Commission, the Eurogroup and the European Central Bank, entitled ‘Towards a Genuine Economic and Monetary Union’;

Y. whereas the time has come for the political leaders of and within the European Union to demonstrate their determination, creativity, courage, resilience and leadership to remove the remaining deficiencies that continue to hamper the proper functioning of EMU;

Z. whereas the report drawn up by the four Presidents represents the first long-term plan which unambiguously chooses the way forward and seeks to break the cycle of distrust by means of structural measures;

AA. whereas the European Council of 28 and 29 June 2012 requested its President to develop a specific and time-bound roadmap for the achievement of a genuine EMU; whereas developing a global long-term vision via a road map is an important signal for restoring confidence that will grow as the road map is carried out step by step;

AB. whereas steady progress in the implementation of the long-term road map should not delay the needed short-term measures;

AC. whereas it cannot be excluded that new Treaty changes might be needed for increasing the governance of a fully operational EMU; whereas the Commission should list without delay the necessary institutional developments in the long term;

AD. whereas future Treaty changes should not be an obstacle to the swift implementation of what can already be achieved under the existing Treaties; whereas much can be achieved within the current institutional framework;

AE. whereas the ambition should be that all Member States jointly take steps forward towards greater European integration; whereas decisions that only apply to the euro area might be needed where required or justified on the basis of the specificity of the euro area, not excluding opt-ins for other Member States;

***Banking union***

AF. whereas the operations to stabilise the financial system to date, can be called successful but insufficient to fully restore confidence; whereas the European Central Bank (ECB) has played a pivotal role in these rescue operations without losing sight of its core objective, namely guaranteeing price stability;

AG. whereas the Treaty-based guaranteed independence of the ECB in the field of monetary

- policy remains a cornerstone for the credibility of EMU and the single currency;
- AH. whereas the precarious situation of the banking sector in several Member States threatens the public finances and the cost of management of the banking crisis falls too heavily on taxpayers; whereas the existing mechanisms and structures are insufficient to prevent mutual contagion;
- AI. whereas breaking up the negative feedback loops between sovereigns, banks and the real economy is crucial for a smooth functioning of EMU;
- AJ. whereas the European Parliament has repeatedly asserted that there is an urgent need for additional and far-reaching measures to solve the crisis in the banking sector; whereas a distinction should be made between short-term measures to stabilise an acute bank crisis situation and long-term measures aimed at the realisation of a fully operational European banking union;
- AK. whereas all measures taken in the context of such a banking union should not hamper the continued proper functioning of the internal market for financial services and the free movement of capital;
- AL. whereas financial institutions and their representatives should act responsibly and according to high moral standards, serving the real economy;
- AM. whereas the Union would benefit from proposals that introduce a single European supervisory mechanism for financial institutions, a single European deposit guarantee scheme and a single European recovery and resolution scheme;
- AN. whereas the scope of the deposit guarantee and crisis management framework should mirror that of the single supervisory mechanism in terms of the banks covered (symmetry);

### *Single supervisory mechanism*

- AO. whereas supervisory authorities in general should detect problems at an early stage to prevent crises from occurring and maintaining financial stability;
- AP. whereas most of the banking supervisory powers in the Union today remain in the hands of national supervisors with the European Supervisory Authority (European Banking Authority) (EBA), established by Regulation (EU) No 1093/2010<sup>1</sup> in a coordinating role; whereas the current system of national supervision has proven to be too fragmented to face current challenges;
- AQ. whereas a high-quality and uniform European supervisory mechanism is indispensable to avoid competitive distortions, to guarantee a level playing field between all financial institutions and to restore cross-border confidence;
- AR. whereas a clear division of operational responsibilities should be agreed between a European supervisory mechanism and the national supervisory authorities, depending

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<sup>1</sup> OJ L 331, 15.12.2010, p. 12.

- on the size and nature of banks and the nature of the supervisory tasks;
- AS. whereas the European level of supervision should have ultimate responsibility for all financial institutions within the countries included in the system, for the guidance of national supervisory authorities and for determining the overall strategic supervisory framework;
- AT. whereas European supervision of financial institutions within the euro area is an absolute priority to take measures to tackle the crisis;
- AU. whereas, for reasons of efficiency and quick action, it is recommended to confer European supervision to the ECB, given its widely recognised expertise, access to information resources and significant credibility;
- AV. whereas supervision by the ECB should already from the very start cover the financial institutions requiring direct support from the Union as well as European systemically important financial institutions (E-SIFIs) and domestic systemically important financial institutions (D-SIFIs));
- AW. whereas it is of paramount importance that safeguards are introduced to avoid conflicts of interest between the ECB's monetary policy and its supervisory powers; whereas any possible erosion of the ECB's authority for monetary policy needs to be excluded by the setting up within the ECB of a legally independent supervisory board;
- AX. whereas the ECB will need appropriate budgetary and human resources to ensure an objective and integrated oversight of the European banking system;
- AY. whereas the independence of the European single supervisory mechanism from political and industry influence does not exempt it from explaining, justifying and being accountable to the European Parliament, on a regular basis and whenever the situation requires, for the actions and decisions taken in the field of European supervision, given the impact that supervisory measures may have on public finances, banks, employees and customers;
- AZ. whereas the head of the European single supervisory mechanism should be appointed after a hearing in, and confirmation by, the European Parliament;
- BA. whereas it is a major achievement that in the future the European Stability Mechanism (ESM) will, under certain conditions, be able to fund banks in difficulties directly; whereas for this reason making the single supervisory mechanism operational is the first and most urgent task in the realisation of the banking union;
- BB. whereas a single set of rules (single rule book), to be developed by EBA, should ensure fully harmonised rules and their uniform application across the Union; whereas the completion of the single rule book on banking supervision and prudential requirements is a precondition for the effective functioning of the single supervisory mechanism, since the European supervisor cannot work with different national prudential rules;

***Deposit guarantee scheme***

- BC. whereas deposit guarantee schemes are only one type of instrument which should guarantee financial stability; whereas they are part of a larger financial safety net consisting of regulation, prudential supervision, deposit protection and a lender of last resort;
- BD. whereas deposit guarantee schemes have played an important role during the financial crisis to protect the assets of depositors, maintain financial stability, avoid bank runs and re-gain depositor confidence;
- BE. whereas a balance should be struck between, on the one hand, an excessive protection of risks taken by financial institutions, which increases the risk of moral hazard and, and on the other, insufficient protection which undermines confidence in and the credibility of the financial system;
- BF. whereas after the increase of the deposit protection to a uniform Union level of EUR 100 000 the current Commission proposal for a European system of deposit guarantees is another step in the right direction; whereas the Commission proposal mainly aims at the harmonisation of national systems in the area of the offered guarantees as well as their financing;
- BG. whereas the introduction of a single European deposit guarantee fund should be the ultimate goal, further increasing the credibility of the scheme; the development of a similar scheme is justified considering the introduction of a European structure for prudential supervision and a European recovery and resolution framework;
- BH. whereas a single deposit guarantee scheme should cover all banks within the countries included in the system in order to guarantee a level playing field and avoid deposit flight from uncovered to covered financial institutions;

***Single recovery and resolution scheme***

- BI. whereas speed, access to quality information and credibility are essential in managing bank crises;
- BJ. whereas a single European recovery and resolution authority (ERRA) should be established, preferably in parallel with the single supervisory mechanism, for restoring the viability of banks in difficulties and resolving non-viable financial institutions;
- BK. whereas the ERRA will be able to work more efficiently, more promptly and more consistently than a network of national recovery and resolution authorities, avoiding the negative consequences of purely national decisions, breaking the negative feedback loop between banks and sovereigns and eliminating the need for ad hoc intergovernmental crisis solutions;
- BL. whereas the ERRA, whenever the situation requires, needs to explain and justify and should be accountable to the European Parliament for the actions and decisions taken in the field of European recovery and resolution of financial institutions;
- BM. whereas the head of the ERRA should be appointed after a hearing in and confirmation

by the European Parliament;

- BN. whereas the Commission proposal on recovery and resolution tools for banks in crisis is a step in the right direction;
- BO. whereas progress also must be made to create a single European recovery and resolution fund which is essential to guarantee at all times the stability of the financial system and to manage the resolution of financial institutions, whatever their size or nature, while safeguarding public finances;
- BP. whereas it is necessary for the protection of private savings to keep separate European funds for deposit guarantee and recovery and resolution;
- BQ. whereas European resolution and deposit guarantee mechanisms should have a strong financial structure built on contributions from the industry, with European public money only serving as an ultimate backstop;
- BR. whereas if the ESM is chosen to work as an additional fiscal safety net for the financial institutions in the euro area, sufficient financial resources have to be foreseen to perform these additional missions in a credible manner;

### ***Fiscal union***

- BS. whereas sound public finances and balanced budgets are a basic requirement for long-term economic and financial stability, for the welfare state and for the payment of the costs of the expected demographic development;
- BT. whereas the smooth functioning of EMU requires a full and swift implementation of the measures already agreed upon under the reinforced economic governance framework (such as the reinforced SGP and the Fiscal Compact);
- BU. whereas the crisis has made clear the need for a qualitative step towards a more robust fiscal union with more effective mechanisms to correct unsustainable fiscal trajectories, debt levels and set the upper limits of budget balance of Member States;
- BV. whereas supplementary mechanisms are needed to ensure that all Member States respect their engagements in their individual budgetary procedures, where it cannot be excluded that the role of the European Commissioner for Economic and Monetary Affairs needs to be reinforced;
- BW. whereas the trilogue negotiations on the so-called 'two-pack' regulations should soon lead to concrete political results; the Council should abandon its reluctance on the dossier;
- BX. whereas options should be explored for the feasibility of a euro area stabilisation instrument to counter and absorb economic shocks in the Member States; whereas financial assistance mechanisms such as the ESM are less rapidly deployable than conventional budgetary mechanisms;
- BY. whereas Member State parties to the Treaty on Stability, Coordination and Governance

in the Economic and Monetary Union need to report their public debt issuance plans to the Commission and to the Council, allowing an early coordination of debt issuance at Union level;

- BZ. whereas the common issuance of debt is in the longer run a corollary of EMU;
- CA. whereas as a necessary precondition for common issuance of debt a sustainable fiscal framework needs to be in place, aimed at both enhanced economic governance, fiscal discipline and SGP compliance, as well as control instruments to prevent moral hazard;
- CB. whereas it must be kept in mind that the introduction in a hasty or not credible way of instruments for common issuance of debt may lead to uncontrollable consequences and the loss of long-term trust in the euro area's capacity to act decisively;

### ***Economic union***

- CC. whereas the European Semester offers a good framework to coordinate economic policies implemented at national level in line with the country-specific recommendations adopted by the Council;
- CD. whereas fiscal discipline is a necessary but not a sufficient condition to get out of the crisis, in-depth structural reforms and initiatives are also needed to ensure a qualitative and sustainable growth and employment in a socially just society;
- CE. whereas national economic policies must reflect the reality of membership of EMU within a social market economy;
- CF. whereas the Pact for Growth and Jobs, which was approved at the European Summit of 28 and 29 June 2012, can bring an important contribution to growth, employment and improved European competition capacities, the Union and the Member States must take on their responsibility and act quickly;
- CG. whereas it is up to the Member States to deliver without delay on the agreed reforms in their national reform programmes;
- CH. whereas the instrument of enhanced cooperation should be used more frequently in the field of taxation; whereas reference can be made to the European Parliament's position on the common consolidated corporate tax base (CCCTB) and the financial transactions tax (FTT);
- CI. whereas it is important that the recovery of the economy goes along with a labour market policy that reduces structural unemployment, especially for youth, old persons and women,
- CJ. whereas binding coordination at Union level might be considered for certain key economic policy issues particularly relevant for growth and employment;
- CK. whereas sustainable lasting public finance is not only a matter of an economic use of the scarce government resources, but also of a fair taxation, of a well-organised collection of taxes, of a better fight against all forms of tax evasion, and of a well-designed tax

system that avoids the combination of high marginal rates with low tax bases;

***Democratic legitimacy and accountability***

- CL. whereas the Union owes its legitimacy to its democratic values, the objectives it pursues and its competences, instruments and institutions,
  - CM. whereas due to the ongoing crisis the debate has grown not only on the governance of EMU but also on the democratic nature of the decision making within EMU;
  - CN. whereas the European Council has acted responsibly for the past years in the management of the crisis, formulating numerous proposals to find a way out of the crisis for which in the Treaties not always a clear competence to the Union has been assigned;
  - CO. whereas for proposals falling within the competence of the Union decisions have been taken in accordance with the legislative procedure, involving the European Parliament either through consultation or co-decision;
  - CP. whereas measures taken at Union level are often perceived as being "too little, too late" due to the procedures arising from the democratic legislative process, the lack of a European institutional substructure or own Union resources to intervene directly to tackle a crisis situation;
  - CQ. whereas the flaws in EMU have been detected and should be definitively resolved;
  - CR. whereas the interim and final reports that will be submitted by the President of the European Council in October and December 2012, respectively, should be drawn up in close collaboration with the European Parliament which insists on being fully involved as an equal partner in line with the Community method; whereas this can be organised through the involvement of the President of the European Parliament in the work of the four Presidents, as well as through the representatives to be appointed by the Conference of Presidents of the Parliament in the ad-hoc Council working group on the report of the four Presidents;
  - CS. whereas it is no longer acceptable that the President of the European Parliament cannot be present for the whole duration of the meetings of the European Council and the Euro area Summit; whereas a solution for this lack of democratic legitimacy should be found urgently through a political agreement between the two institutions;
  - CT. whereas wherever new competences are transferred to or created at Union level or new Union institutions established, corresponding democratic control by, and accountability to, the European Parliament should be ensured;
1. Requests the Commission to submit to Parliament as soon as possible after consultation of all interested parties, with the European Parliament being a co-legislator, proposals for acts on following the detailed recommendations set out in the Annex hereto;
  2. Confirms that the recommendations respect the principle of subsidiarity and the

fundamental rights of citizens of the European Union;

3. Calls on the Commission, in addition to the measures which can and must be taken swiftly under the existing Treaties, to list the institutional developments which may prove necessary in order to establish a stronger EMU architecture, based on the need for a banking union, a fiscal union and an economic union;
4. Considers that the financial implications of the requested proposal should be covered by appropriate budgetary allocations;
5. Instructs its President to forward this resolution and the detailed recommendations set out in the Annex to the Commission, the European Council, the Council, the European Central Bank, the President of the Euro Group and the parliaments and governments of the Member States.

**ANNEX TO THE MOTION FOR A RESOLUTION:  
DETAILED RECOMMENDATIONS AS TO THE CONTENT  
OF THE PROPOSAL REQUESTED**

**1. An integrated financial framework**

**Recommendation 1.1 relating to a single supervisory mechanism**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The legislative act to be adopted should create a high-quality single European supervisory mechanism within the ECB (European supervisor) to ensure the effective application of prudential rules, risk control and crisis prevention concerning credit institutions and other financial institutions throughout the Union.

The legal basis, form and content of the proposal should provide for the possibility of full participation of all Member States in the European supervisor.

Participation of euro area Member States in the European supervisor should be mandatory.

The proposal should be subject to full democratic scrutiny by the European Parliament.

The legal basis should involve the European Parliament as a co-legislator when the European Parliament's co-decision role cannot be achieved by way of a 'supervisory package' concept.

The proposal should ensure that all tasks listed in Regulation (EU) No 1093/2010 continue to be exercised at Union level.

The European supervisor needs to be accountable to the European Parliament for the actions and decisions taken in the field of European supervision and should report on a quarterly basis to the competent committee of the European Parliament.

The body or bodies with ultimate authority under the European supervisor should be headed by officers appointed after confirmation by the European Parliament.

The European supervisor should have the competence and responsibility to:

- supervise all financial institutions within the countries included in the system but with a clear division of operational responsibilities between the European and national supervisors depending on the size and nature of banks and the nature of the supervisory tasks;
- take due account of the impact of its activities on competition and innovation within the internal market, the Union's global competitiveness, financial inclusion, and the Union's strategy for jobs and growth;
- protect the stability of the financial system, the transparency of markets and financial products and the protection of depositors and investors;

- prevent regulatory arbitrage and guarantee a level playing field;
- strengthen international supervisory coordination.

### **Recommendation 1.2 relating to a European deposit guarantee scheme**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The legislative act to be adopted should update and supplement the Commission's proposal of 12 July 2010 for a directive on Deposit Guarantee Schemes in order to introduce a stronger European dimension to deposit protection.

The proposal should create a single European deposit guarantee fund (EDGF) and ensure that the level of funds available at Union level are adequate to provide a high level of protection to eligible deposits. The EDGF should cover all banks in order to guarantee a level playing field and avoid deposit flight from uncovered to covered financial institutions.

In order to maximise the protection of private savings, the EDGF should be kept separate from the single recovery and resolution fund (see recommendation 1.3 below).

The EDGF should have a strong financial structure built on contributions from industry, with European public money only serving as an ultimate backstop.

All deposits denominated in euro should be subject to a particular regime. Under that particular regime, the obligation on Member States to ensure that the EDGF has adequate funding should be a collective one in the case of Member States whose currency is the euro.

A vehicle should be established or designated to provide reassurance that the collective obligation will be met. That vehicle could be the ESM.

### **Recommendation 1.3 relating to a European recovery and resolution scheme**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The legislative act to be adopted should update and supplement the current proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms in order to create a European scheme for the application of resolution measures to institutions subject to direct supervision under the single supervisory mechanism.

A body at European level should be established or designated to exercise the required resolution tools in respect of those institutions (ERRA). This body should enjoy a wide independence. Its head should be appointed after confirmation by the European Parliament.

In order to ensure adequate resources are available for resolution actions to be taken, a fund should be created aimed at preserving stability and limiting contagion from failing banks.

The fund should be pan-European, funded ex-ante by the institutions concerned, and separate from deposit-guarantee schemes.

The resolution scheme should have a strong financial structure built on contributions from industry with public money only serving as an ultimate backstop. However, Member States should have an obligation to ensure that the fund is of an adequate size.

That obligation should be a collective one in the case of Member States whose currency is the euro. A vehicle should be established or designated to provide reassurance that that collective obligation will be met and if required that vehicle needs to be able to intervene directly in institutions under recovery or resolution. That vehicle could be the ESM.

The proposal should also accord with other aspects of the European Parliament's resolution of 7 July 2010 with recommendations to the Commission on Cross-Border Crisis Management in the Banking Sector, such as harmonisation of insolvency laws and common risk assessments.

## **2. An integrated fiscal framework**

### **Recommendation 2.1 on the two-pack**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

In the following domains the Commission should be required to implement effectively the compromises reached in the context of the two-pack trilogue negotiations between the European Parliament and the Council:

- creating a common budgetary timeline;
- reforming national budgetary frameworks;
- assessing the budgetary plans;
- establishing economic partnership programmes;
- closer monitoring for Member States whose currency is the euro and that are in excessive deficit procedure;
- closer monitoring for Member States whose currency is the euro and that are at risk of non-compliance with their obligation under their excessive deficit procedure;
- reporting on debt issuance.

### **Recommendation 2.2 on the Fiscal Compact**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The Fiscal Compact should be transposed into secondary Union legislation as soon as possible.

### **Recommendation 2.3: Enhanced cooperation in the field of taxation**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

Enhanced cooperation should be used more frequently in the field of taxation (such as for establishment of a CCCTB or a financial transaction tax) since harmonised frameworks for taxation will enhance budgetary policy integration.

#### **Recommendation 2.4: A central European budget raised by own taxes**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

When formulating policy options, the Commission should be required to take into account the positions of the European Parliament on the multi-annual financial framework and own resources.

#### **Recommendation 2.5 for fighting tax evasion**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The free movement of capital cannot be used as a way to avoid tax, in particular for Member States whose currency is the euro and that are experiencing or threatened with serious difficulties with respect to their financial stability in the euro area. Therefore the Commission should finalise international agreement rounds and table proposals to improve cooperation and coordination between tax authorities.

### **3. An integrated economic policy framework**

#### **Recommendation 3.1 on the better ex-ante coordination of economic policy reforms**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The Commission should make sure that the compromises reached in the context of the two-pack trilogue negotiations between the European Parliament and the Council are implemented comprehensively.

#### **Recommendation 3.2 on improving the European Semester**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The various steps of the European Semester should be enshrined in legislation, as follows:

- The development and strengthening of the internal market and fostering international trade links are central to stimulating economic growth, increasing competitiveness and addressing macroeconomic imbalances; therefore, the Commission should be required to take into account in its Annual Growth Survey what steps Member States have taken to complete the internal market;

- The European Semester should allow the development of greater synergy between Union and Member State budgets in view of achieving the targets of the "Europe 2020" strategy;
- The involvement of regional and local authorities and partners in the planning and implementation of relevant programmes should be increased, in order to increase the feeling of responsibility for the goals of the strategy at all levels and ensure greater awareness on the ground of its objectives and results;
- The Commission should adopt the Annual Growth Survey and the alert mechanism by 1 December each year with a specific chapter for the euro area;
- The Commission should clearly assess, in the Annual Growth Survey, the main economic and fiscal problems of the Union and individual Member States, propose priority measures to overcome those problems, and identify the initiatives taken by the Union and the Member States to support enhanced competitiveness and long-term investment, to remove obstacles to sustainable growth, to achieve the targets laid down in the Treaties and the current "Europe 2020" strategy, to implement the seven flagship initiatives and to reduce macroeconomic imbalances;
- The Member States and their regions should involve national and regional parliaments, social partners, public authorities and civil society more closely in the formulation of national reform, development and cohesion programmes, and consult them regularly;
- The Commission should identify explicitly in the Annual Growth Survey potential cross-border spill-over effects of major economic policy measures implemented at Union level as well as in Member States;
- The Commissioners responsible for the European Semester should come and debate the Annual Growth Survey with the relevant committees of the Parliament as soon as they have been adopted by the Commission;
- The Council should come to Parliament in July to explain any significant changes it has made to the Commission's proposed country-specific recommendations; the Commission should take part in this hearing to provide its views on the situation;
- The Member States should provide information which is as detailed as possible on the measures and instruments provided for in the national reform programmes to attain the national objectives set, including the deadline for implementation, the expected effects, the potential spill-over effects, the risks of unsuccessful implementation, the costs and, if applicable, the use of EU Structural Funds.

#### **4. Strengthening democratic legitimacy and accountability**

##### **Recommendation 4.1 on Economic dialogue**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The Commission should be required to implement comprehensively the compromises reached

in the context of the two-pack trilogue negotiations between the European Parliament and the Council.

#### **Recommendation 4.2: European financial backstops**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

The operations of the EFSF/ESM and any future similar structure, should be subject to regular democratic scrutiny by the European Parliament.

#### **Recommendation 4.3 on increasing the role of the European Parliament and inter-parliamentary cooperation in the context of the European Semester**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

- The European Parliament should vote before the Spring Council on the Annual Growth Survey with proposals for amendments to be submitted to the European Council; the President of the European Parliament shall present at the European Spring Council the Parliament's views on the Annual Growth Survey;
- The Commission and the Council should be present when inter-parliamentary meetings between representatives of national parliaments and representatives of the European Parliament are organised at key moments of the Semester (i.e.: after the release of the Annual Growth Survey, and after the release of the country-specific recommendations), notably allowing national parliaments to take into account a European perspective when discussing the national budgets.

#### **Recommendation 4.4 on increasing transparency and accountability**

*The European Parliament considers that the legislative act to be adopted should aim to regulate as follows:*

- In order to reinforce transparency, Ecofin and the Eurogroup should be required to transmit to the European Parliament key internal documents, agendas and background material in advance of their meetings;
- The European Parliament should be fully involved in the further drafting of the report of the four Presidents, in line with the Community method; this involvement can be organised at working group level (preparatory work) as well as on the Presidential level (decision-taking);
- The President of the European Parliament should be invited to participate in the European Council meetings and the euro area summits;
- When new competences are transferred to or created at Union level or when new Union institutions are established, a corresponding democratic control by, and accountability to, the European Parliament should be ensured;

- The European Parliament should hold a hearing and consent to the appointment of the ESM Chairperson. The Chairperson should be subject to regular reporting to the European Parliament;
- The Commission troika representative(s) should be heard in the European Parliament before taking up duties and should be subject to regular reporting to the European Parliament.