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REPORT

on the EU role in the framework of international financial, monetary and
regulatory institutions and bodies
(2015/2060(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Sylvie Goulard

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the EU role in the framework of international financial, monetary and regulatory institutions and bodies (2015/2060(INI))

The European Parliament,

- having regard to the principle of sincere cooperation between the Union and the Member States, referred to in Article 4(3) of the Treaty on European Union (TEU),
 - having regard to Articles 121 and 138 of the Treaty on the Functioning of the European Union (TFEU),
 - having regard to Protocol 14 to the TFEU on the Euro Group,
 - 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, especially in the euro area¹,
 - having regard to its resolution of 11 May 2011 on ‘The EU as a global actor: its role in multilateral organisations’²,
 - having regard to its resolution of 25 October 2011 on global economic governance³,
 - having regard to its resolution of 24 June 2015 on ‘The review of the economic governance framework: stocktaking and challenges’⁴,
 - having regard to its resolution of 9 July 2015 on ‘Building a Capital Markets Union’⁵,
 - having regard to the report of 25 February 2009 by the High-Level Group on Financial Supervision in the EU (the de Larosière report),
 - having regard to the Five Presidents’ report of June 2015 calling for the consolidation of the external representation of the euro,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Constitutional Affairs (A8-0027/2016),
- A. whereas the stability of the financial system, which is essential for the effective allocation of resources for growth and jobs, is a global public good;
- B. whereas the growing interdependence among economies across the world makes it necessary to move towards increasingly global forms of governance;

¹ Texts adopted, P7_TA(2010)0377.

² Texts adopted, P7_TA(2011)0229.

³ Texts adopted, P7_TA(2011)0457.

⁴ Texts adopted, P8_TA(2015)0238.

⁵ Texts adopted, P8_TA(2015)0268.

- C. whereas if the EU is not able to speak with one voice in international institutions/bodies, all European voices should be coordinated to shape global governance towards the objectives and values of the EU treaties;
- D. whereas the EU should contribute to the creation of a democratic framework in order to cope with global challenges;
- E. whereas global cooperation can lead to a dilution of responsibilities and lack of accountability at the expense of democracy; whereas national parliaments and the European Parliament should not be reduced to a role of mere rubberstamping but must be incorporated, actively and comprehensively, into the whole decision-making process;
- F. whereas the existing international institutions/bodies with their own distinct governance structures and remits of action have been created across history as a response to each specific situation; whereas this has led to complexity, and sometimes duplication of tasks, and to a system which may be opaque and lack overall coordination;
- G. whereas Article 42 of the Charter of Fundamental Rights and Regulation (EC) No 1049/2001¹, under which Union citizens have the right of access to documents, should apply to institutions and agencies of the Union participating in international organisations/bodies;
- H. whereas the Treaties provide that any citizen of the Union and any natural or legal person residing or incorporated in a Member State has a right of access to documents of the institutions, bodies, offices and agencies of the Union, whatever their medium (Article 42 of the Charter of Fundamental Rights); whereas the same degree of transparency should apply to institutions and agencies of the Union participating in international organisations and fora, especially when setting rules affecting EU citizens;
- I. whereas the diversity of the legal structures and financial and operating procedures of international economic organisations/bodies² makes it difficult to undertake an overall monitoring, although consistency in financial and operating procedures is fundamental in ensuring an international level playing field; whereas the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) are genuine international organisations, set up through conventions, with broad remits and composition, while the G20, the Financial Stability Board (FSB) and the Basel Committee, for example, are among the informal public bodies with limited membership, some of which have enjoyed a new impetus following the crisis, and the International Organisation of Securities Commissions (IOSCO), the International

¹ Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents

² The Bank for International Settlements, the Financial Action Task Force (FATF) and the World Trade Organization (WTO) also have a rule-making function; the United Nations Conference on Trade and Development (UNCTAD) plays a significant role in global economic governance; the African Development Bank (ADB), the Asian Development Bank (ADB), the Caribbean Development Bank (CDB), the West African Development Bank (WADB), the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IIC), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB), the World Bank Group, the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) support the financing of development cooperation.

Association of Insurance Supervisors (IAIS), the International Organisation of Pension Supervisors (IOPs) and the International Accounting Standards Board (IASB) are private specialist associations of a sectoral nature with a greater or lesser degree of involvement on the part of the sectors concerned;

- J. whereas a number of informal exchanges are already taking place, albeit not on a systematic basis, between the European Parliament and certain of these organisations/bodies;
 - K. whereas transparency is important for democracy, while the protection of market-sensitive information has to be properly taken into account;
 - L. whereas the crisis has prompted the G20 to establish a global agenda focusing on an effective set of specific reforms, while in the longer term a genuine multilateral and democratic framework is essential for its legitimacy;
 - M. whereas the respective roles of banks and markets in financing the economy vary from one country to another;
 - N. whereas the economic and financial crisis which began in 2008 has highlighted a striking lack of economic and financial governance in the world; whereas numerous macroeconomic matters require greater coordination, particularly in relation to tax matters; whereas, therefore, the common goal of all stakeholders should be to design a comprehensive framework providing financial stability and to ensure consistency between the global and local levels;
 - O. whereas the creation of new EU supervisory bodies should not automatically imply an increase in the number of EU representatives, which may have undemocratic effects, such as a greater likelihood of blocking minorities and unease among the EU's partners;
 - P. whereas the IMF has decided to include the Renminbi in the basket of currencies which make up the IMF's Special Drawing Right; whereas this has resulted in a reduction of the weight of both the euro and the pound, but no change in the weight of the US dollar; whereas this stresses the need for a stronger European voice;
1. Stresses the need for enhanced international regulatory cooperation, with strong EP involvement;
 2. Expresses concern at the lack of coherence caused by the fragmentation and diversity of the various organisations/bodies and at the implementation delays regarding rules and orientations agreed at international level;
 3. Calls for clarification as to the remit of each organisation/body and the ways in which they operate and are financed, including voluntary contributions, gifts and donations, in order to ensure absence of vested interests and legality of decisions;
 4. Calls for better policy coherence and coordination among the global institutions through the introduction of comprehensive standards of democratic legitimacy, transparency,

accountability and integrity; considers that this should, inter alia, concern:

- relations with the public (for example public access to documents, open dialogue with diverse stakeholders, the establishment of mandatory transparency registers and rules on transparency of lobby meeting);

- internal rules (for example human resources based on skills, sound financial management, prevention of conflict of interests);

5. Considers that the under-representation of least developed countries in most international financial, monetary and regulatory institutions and bodies is creating an imbalance and that as a consequence issues relating to inequalities or financing for the poorest countries face the risk of not being properly addressed;
6. Considers that, as well as geographical disparity in representation, there are also certain sectors - notably civil society, SMEs, consumer representatives and employee representatives – whose involvement in the consultation process could be improved in international discussions regarding financial, monetary and regulatory bodies; considers it the duty of those bodies and sectors to work on improving the situation;
7. Takes the view that the EU should streamline and codify its representation in multilateral organisations/bodies with a view to increasing the transparency, integrity and accountability of the Union's involvement in these bodies, its influence and the promotion of the legislation it has adopted through a democratic process; additionally, considers that the EU should become a more proactive global actor in ensuring the future G20 commitments, such as transforming shadow banking, implementing over-the-counter (OTC) derivatives reforms, addressing systemic risks and ensuring that emerging risks to the global economy are taken up on the agenda of the relevant global institution;
8. Calls on the European actors to include a stronger focus on the global competitiveness of the EU's financial sectors when making policy at European and international level;
9. Recalls that the EU should seek full membership of international economic and financial institutions where this has not yet been granted and is appropriate (e.g. in the cases of the OECD and the IMF); calls for the relevant international economic and financial institutions to make all the necessary statutory changes to allow the EU's full participation;
10. Regards as detrimental to the Union situations in which representatives of a Member State or national authority assume positions in international organisations/bodies that are contrary to European legislative or regulatory decisions democratically adopted by majority vote; calls accordingly for the coordination between these representatives to be enhanced and made more effective, for instance through more binding mechanisms;
11. Stresses the need for the Commission, representing the whole Union in an international body or organisation or monitoring a private specialist body, to be held more directly accountable to citizens; stresses the importance of the role of Parliament in this process;
12. Considers that the priorities of organisations and related working groups should be

clarified and formally set out; takes the view that systematic recourse to consensus risks not only slowing down deliberations but also diluting the substance of the recommendations, and that the composition of the organisations must reflect their diversity, in financial, economic and supervisory terms;

13. Stresses the need to carry out ex ante evaluations when developing regulatory, supervisory and other financial sector policies at global level; considers that such evaluations are without prejudice to the political prerogatives of the co-legislators;
14. Takes the view that the implementation of recommendations on the part of the various countries involved is still insufficient to contribute to the creation of a global level playing field;
15. Notes that the FSB is now engaging in developing standards in the insurance sector; recognises that the IAIS is playing an important role in global insurance policy, but stresses that involving the European Insurance and Occupational Pensions Authority (EIOPA) would bring the benefit of strengthening the contribution of European insurance-specific expertise and would ensure that the standards developed at global level do not go against the logic the EU has been the first to develop;
16. Welcomes the work done by the OECD on tax issues, especially the OECD/G20 Base Erosion and Profit Shifting (BEPS) project; considers that monitoring implementation is the new challenge ahead; stresses that the coordination between the Commission and the Member States which are members of the Financial Action Task Force (FATF) should be improved in order for the EU to make its voice heard;
17. Views favourably the willingness of the ECB President to further cooperate with Parliament regarding the ECB's role in banking matters, in particular in the framework of global standards-setting bodies such as the FSB;
18. Welcomes the organisational arrangements agreed by the euro area countries which are members of the Asian Infrastructure Investment Bank, taking the form of a single seat on the Board of Governors representing those euro area members;
19. Accordingly makes the following proposals:
 - Calls on the Commission to draw on existing best practices at European and national levels in order to draft a European code of conduct on transparency, integrity and accountability, designed to guide the actions of EU representatives in international organisations/bodies; calls for Parliament to be closely associated in the drafting process;
 - Stresses in particular its concerns regarding the statute, financing and operation of those organisations/bodies, their interaction with authorities, stakeholders and the public, their communication and access to their documents; stresses the need to ensure a fair balance of interests, including NGOs with adequate technical expertise and financial means, in order to strengthen the voice of civil society;
 - Calls on the European institutions and agencies, as well as the Member States, to promote the accountability of each and every European representative to

democratically elected bodies;

- Calls for the adoption of an interinstitutional agreement with the aim of formalising a 'financial dialogue', to be organised with the European Parliament for the purpose of establishing guidelines regarding the adoption and the coherence of European positions in the run-up to major international negotiations, making sure that these positions are discussed and known ex ante and ensuring a follow-up, with the Commission reporting back regularly on the application of these guidelines and scrutiny; proposes that the European institutions, the Member States and, where appropriate, the heads of the international organisations concerned be invited to attend; considers that the nature (public or in camera) and frequency of this dialogue would depend on practical requirements; is of the opinion that active involvement of national parliaments at their respective levels, by controlling the positions taken by the representatives of the member states concerned, is also necessary;
- Considers that these more detailed guidelines could be complemented by proactive 'guidance' resolutions, to be adopted by Parliament with an appropriate frequency, which would spell out its view on general policy orientation;
- Observes that, in areas where the European Parliament is co-legislator with the Council, the dialogue would serve to define their negotiating remit, unifying European positions around legislation adopted by majority vote or avoiding inconsistencies with legislation pending adoption;
- Calls on the European representatives to pay particular attention in international negotiations to coherence and consistency between international requirements/standards and binding adopted EU legislation, and to compliance in order to create a level playing field at international level;
- Calls for enhancing the accountability of the Commission to the European Parliament by streamlining the process for the definition of EU positions at the meetings of the G20 in policy fields related to employment, energy, trade, development and anti-corruption;
- Urges the Member States to comply without delay with the sincere cooperation provisions;
- Calls on the Member States to accept the representation of the Banking Union in the Basel Committee on Banking Supervision through the Single Supervisory Mechanism;
- Calls on the Commission to include in its work programme the external dimension of economic and financial regulation, that is, the work anticipated to take place in international financial institutions, and, in order to enhance internal policy coherence, to set up a working group on global economic governance and financial institutions;
- Takes note of the initiative of the Commission to progress towards a single representation of the euro area within the IMF; considers that this needs to be done

without prejudice to a single European Union constituency in the long term;

- Points out that, under Protocol N° 14 to the Treaty, closer coordination between euro area Member States is the responsibility of the Euro Group, whose nature is temporary and informal pending the euro becoming the currency of all Member States of the Union; considers that the transparency and accountability of the Euro Group could be improved; advocates that, along the lines of the Thyssen report of 20 November 2012¹, which formulates incremental recommendations for the banking, economic, fiscal and political unions, a more formal and perennial solution should be found; recalls that the independence of the role of the Commissioner for Economic and Monetary Affairs needs to be reinforced and to be accompanied by strong accountability mechanisms vis-à-vis both Parliament and the Council;
- Considers that, beyond the sole case of the IMF, progressive streamlining of the EU representation should be implemented over the next years, first through enhanced coordination and then, after an assessment, through the unification of seats; believes that membership of these organisations and bodies should be allocated in accordance with the respective competences of the EU institutions and the European Supervisory Authorities (ESAs), the Council/Eurogroup, and the national authorities; is of the opinion that in parallel the EU should work on the functioning of those organisations and bodies with a view to moving away from consensus to a weighted majority voting system;
- Underlines that it is the duty of the Commission, the Council, or where appropriate the Euro Group, to strengthen coordination through preparatory meetings; considers that if necessary new ad hoc Council working groups should be set up on the lines of the Economic and Financial Committee (EFC), the Working Group on IMF matters (SCIMF), the Eurogroup Working Group (EWG) and the Economic Policy Committee (EPC);
- Calls for a thorough assessment of the two separate seats currently allocated to the European Council and Commission presidencies at G20 meetings, in order to determine to what extent this arrangement detracts from the EU's external credibility, particularly in view of the existence of a single market in financial services; considers that with a view to encouraging the convergence of Member States represented individually various improvements are possible, which should help to achieve an effective coordination ahead of the meetings and foster a strong European voice at the meetings;
- Calls on the EU institutions and the Member States to promote the establishment of a roadmap towards the creation of a global treaty-based financial organisation, following the lines suggested by the de Larosière report, with wide-ranging powers of recommendation, negotiation of minimum binding standards, multilateral dispute settlement mechanisms and, where appropriate, sanctions; believes that the experience gained, notably in the trade sector through the WTO, could be used to set up the above-mentioned multilateral dispute settlement mechanisms; stresses that

¹ European Parliament resolution of 20 November 2012 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'

the proposed organisation should be subject to the highest standards of transparency and accountability;

- Is of the opinion that the Commission should be provided with an explicit mandate to foster a new impetus for the promotion of multilateralism regarding financial, monetary and regulatory international cooperation;
- Calls on the Commission to ensure that any EU financial legislative proposals are complementary to actions at the global level;

20. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Who makes the decisions? Who lays down the rules governing the activities of the financial sector? When faced with expert opinion and private interests, do parliaments and governments still have the last word? How do the European Union and the euro area defend their strategic interests? The European institutions and national governments have difficulty in finding answers to these simple but pertinent questions. This report seeks to help clarify matters by examining the work of the EU within a dozen or so organisations¹ of a political and/or technical nature.

This report is based on three findings.

Because of the free movement of capital, **the stability of the financial system, which is essential for investment and growth, depends on the capacity to formulate and enforce standards and rules of conduct at supranational level.**

The need to upscale accordingly must not lead to a dilution of responsibilities at the expense of democracy. In particular, the role of the European Parliament and national parliaments cannot be reduced to mere rubberstamping. If an independent assessment of the private and political interests at stake is needed, dialogue between experts and elected representatives must be resumed, as illustrated by a recent example. In assessing the implementation of the Basel III standards (bank capital requirements) is it possible to overlook the fact that in Europe it is principally the banks rather than the markets that provide SME funding? These specific factors have, after all, had a major impact on growth, as reflected in the interpretation thereof by the European legislature in the CRD IV provisions².

Finally, the EU and the euro area must be able to defend their strategic interests.

However, the representation of Europe in these organisations is, to say the least, piecemeal. This is all the more regrettable in view of the fact that so much is at stake in terms of not only financial stability but also growth and jobs in particular. Practical measures must be taken to ensure that progress is made, bearing in mind that, while Europe remains a financial force to be reckoned with, its population is diminishing in global terms. The European Union could usefully contribute to the emergence of a more balanced multilateral economic and financial cooperation.

1. Transparency

The plethora of international bodies that have come into being over the years in the financial sector, reflecting the complexity thereof, coupled with their own internal intricacies, make any overall evaluation very difficult.

¹ This report concentrates on certain specific areas and does not claim to be exhaustive. The scope thereof has deliberately been restricted to areas falling within the terms of reference of the ECON Committee, focusing on essential issues such as transparency, accountability and the strategic defence of European interests. The rapporteur thanks the authors of the various studies drawn up for the purposes of this report and available on the European Parliament website under Think tank.

² REACTION TO THE OPINION OF THE BASEL COMMITTEE ON CRD 4 (CAPITAL REQUIREMENTS DIRECTIVE FOR BANKS), ECON Press release, 05-12-2014 [URL: <http://www.europarl.europa.eu/news/en/news-room/content/20141205IPR82904/html/REACTION-TO-THE-OPINION-OF-THE-BASEL-COMMITTEE-ON-CRD-4>]

IMF	Seeks to ensure the stability of the international monetary system by providing technical and financial assistance where necessary.
OECD	Produces studies seeking to promote economic growth. Its role in fiscal matters is increasingly important.
G20	Is an informal political forum of a general nature encompassing the 19 largest world economies plus the EU .
FSB	Seeks to ensure improved coordination of international financial regulations on behalf of the G20 following the 2009 financial crisis
Basel Committee	Seeks to ensure convergence of banking supervision and prudential standards applicable to this sector (e.g. capital ratios).
IOSCO	Seeks to ensure the convergence of securities regulations so as to increase market efficiency and transparency.
IAIS	Promotes efficient and effective supervision of the insurance sector at international level; since 2013, it has been given a new role in the development of international insurance capital standards.
IOPS	Responsible for the development of standards and the promotion of international cooperation in the field of pensions through the exchange of best practices and, to an increasing extent, the formulation of rules.
IASB	Seeks to establish a harmonised system of accounting standards aiming to provide useful financial information to investors.

Certain basic choices are barely discussed. It does not appear that private law organisations have yet succeeded in ensuring that the general interest prevails, as illustrated by the paradoxical example of the IFRS accounting standards, which the US does not recognise, despite the fact that they were drawn up by an international body governed by US law. Furthermore, the logic behind public bodies is not always clear: Following the recent adoption by the EU legislature of bank recovery and resolution provisions (BRRD), does it make any sense for the FSB, which includes many Member States and the ECB, to launch the Total Loss-Absorbing Capacity (TLAC) project, for which the rationale is entirely different, or for that organisation to deal with issues relating to insurance, including the identification of ‘systemic’ insurers, despite the fact that ECB supervision of the insurance sector is excluded under the Treaty?

The lack of transparency also masks wide **differences in scope**. While IOSCO, for example, has a very wide membership, other bodies include far fewer countries. It is a matter of principle but also of substance. The unfairly weak representation of Africa or South America means that the problems associated with inequalities or funding for the poorest countries are in danger of being overlooked.

The advisory or technical nature of recommendations by certain bodies cannot justify a lack of transparency, with some stakeholders automatically complying with

recommendations to prevent rating agencies downgrading them (banks/capital requirements) or to improve their chances of obtaining funding (companies/accounting standards).

Increasing awareness of options and issues at stake is naturally first and foremost the responsibility of the politicians. However, at a more technical level, the Central Bank, Commission or other European authorities should also undertake to interact more systematically with the public through media, academic or professional circles. Some do so, while others are more reluctant.

Compliance requires particular attention. It is somewhat paradoxical to emphasise the importance of the global action for stability and organise high-profile meetings of world leaders (such as the G20) and then ultimately accepting disappointing implementation procedures. Should action not be taken to correct this disparity, which is undermining public confidence in the entire process, and introduce more binding provisions?

2. Accountability

As a privileged forum for public debate within the internal market for financial services, the EP can contribute on three levels:

— regarding EU legislation adopted by the 28, giving a binding negotiating mandate in accordance with decisions taken by majority vote;

— in the run-up to the major international talks (G20 for example), in helping to shape and disseminate the European viewpoint;

— monitoring compliance.

The public now expects politicians to put their cards on the table. The days of backroom diplomacy are over. It is in the interest of Europe's partners for international agreements to be accepted by the public. Accountability to an exacting EP is not necessarily a bad thing for EU negotiators and can, on the contrary, strengthen their hand.

To date, exchanges of views between Parliament's ECON Committee and certain international bodies have been too perfunctory and superficial. The EP should endeavour to hold regular and in-depth dialogue.

3. Representation of the EU/ Euro Area

It is always difficult to evaluate influence with any degree of precision. However, it is clear that the EU is still punching below its weight. Representation in Europe is so diverse as to have become elusive. The Commission sometimes finds itself confined to a role for which it is not really intended, that is to say representing, not the EU as a whole, but only those least populous countries that are not actually members of these organisations.

The fragmentation is even more regrettable, given the cumulative financial contribution made by the EU Member States to certain organisations (such as the OECD). Similarly, geographical balance and the fair distribution of posts are factors that deserve consideration.

The implications of inadequate EU representation differ depending on whether the role of the organisation concerned is advisory support (OECD), crisis management (G20/FSB) or the establishment of technical standards.

Neither governments nor central banks, nor EU Member State supervisory authorities outvoted in the EU legislative process must be allowed to seek 'revenge' within international organisations on the partners that outvoted them. This would be contrary to the principle of sincere cooperation enshrined in the Treaties.

It is essential for the EU to adopt more effective mechanisms enabling it to speak with one voice with the ultimate aim, of course not achievable overnight, of single unified representation.

A practical solution could be the creation of preparatory coordination procedures which are more binding through "*financial dialogue*" between Member States and European institutions.

As regards the euro area, Article 138 of the Treaty, as pointed out in the Report of the Five Presidents¹, calls for a strengthening of its external representation; the objective being progressive unification. Following IMF involvement in the euro area, especially Greece, the matter has become far more pressing.

The EU could set itself even more ambitious aims. IOSCO Secretary-General David Wright has, in a personal capacity, been advocating a "global institutional framework, probably established by International Treaty that has some enforcement authority, binding disputes settlement and sanctioning possibilities"²

Conclusion :

Given the global nature of capital flows and the financial professions, it would be unrealistic to attempt to regulate this sector in the absence of public initiatives on a different scale altogether.

Faced with this challenge, the EU has a number of advantages. It has created a world-class internal market in financial services, soon to be revitalised by the Capital Markets Union. It has recognised financial centres, a board responsible for systemic risk management (ESRB) and three authorities that have lost no time in making their presence felt. The euro is an international currency. In the wake of the crisis, the euro area has introduced unprecedented bailout, supervisory and bank resolution mechanisms. The EU also has exceptional expertise in supranational democracy and the monitoring of non-compliance by Member States. Its high standards of transparency regarding access to administrative documents could also serve as an example to other international bodies.

Given the strategic importance of the financial sector for growth and jobs, a review of multilateral global cooperation is called for, giving increased importance to the EU and the euro area.

¹ Completion of European economic and monetary union, report by: Jean-Claude Juncker in close cooperation with Donald Tusk, Jeroen Dijsselbloem, Mario Draghi and Martin Schulz [URL: http://ec.europa.eu/priorities/economic-monetary-union/docs/5-presidents-report_fr.pdf]

² Remarks by David Wright, Secretary General of IOSCO, The Atlantic Council, Washington, DC, 10 December 2012 [URL: <https://www.iosco.org/library/speeches/pdf/20121210-Wright-David.pdf>]

MINORITY OPINION

pursuant to Rule 56(3) of the Rules of Procedure

Miguel Viegas, Matt Carthy, Fabio De Masi, Paloma López Bermejo, Rina Ronja Kari,
Marisa Matias, Miguel Urbán, and Dimitris Papadimoulis

Whilst this report contains positive provisions: the need for international regulatory cooperation, the concern with a dilution of responsibilities at the expense of democracy as a consequence of global coordination; it is based on the idea of deepening the power of supranational bodies which will move further away the political power from the people, which we strongly oppose.

We unreservedly reject:

- This EU, where cooperation and solidarity between Member-states, as their national sovereignty, is compromised;
- The idea that peer review makes for greater accountability to the people than the traditional formal democratic accountability model based on the ‘agent and principal’ concept;
- The establishment of one-size-fits-all representation speaking with one voice for all EU countries within international financial institutions;
- The imposition of a code of conduct intended to inhibit individual action by Member States;
- The creation of a global financial organisation.

We firmly defend that:

- Further democratic legitimacy and accountability are not achieved by increasing supranational impositions;
- Member States should not discard their own representation in international forums;
- International regulatory cooperation must be based on solidarity among countries and not on defence of major economic and financial interests.

20.11.2015

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the EU role in the framework of international financial, monetary and regulatory institutions and bodies
(2015/2060(INI))

Rapporteur: Paulo Rangel

SUGGESTIONS

The Committee on Constitutional Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Believes, while taking into account the EU's specific nature as a supranational body, the current high level of interdependence between countries and the shift in the balance of power, that the EU should play a more active and prominent role in the process of global economic governance, through its adhesion to international bodies; stresses the need for institutional reforms with a view to obtaining coherent EU representation and a strong European voice in international financial, monetary and regulatory institutions and bodies;
2. Believes that the EU, as a member of international forums, should promote the reform of the international and economic governance process in accordance with its principles, as set out in Articles 2, 3 and 6 of the Treaty on European Union (TEU), in particular;
3. Calls for the EU to adhere to international forums that regulate and influence the international economy; believes, however, that the EU should clarify the legal status of decisions taken by the informal bodies leading the monetary union;
4. Points out that the economic and financial crisis which began in 2008 has highlighted the need to reinforce economic governance in the world, and the need to establish supranational bodies with the ability to intervene and operating rules intended to achieve greater coordination of national economic policy decisions;
5. Calls for the establishment of coherent and better-structured prior coordination mechanisms with a view to forging and delivering a common EU position aimed at more effectively promoting the EU's goals and policies – as listed, for instance, in Articles 2, 3 and 6 TEU and in Articles 8, 9, 10, 11 and 12 of the Treaty on the Functioning of the European Union – within international economic forums, given the significant degree of interdependence between the world's economies as dictated by the importance of international trade for the global economic order;

6. Emphasises that a concerted EU strategy should be developed within each of these financial, monetary, and regulatory institutions and bodies so as to allow the Union to establish a coordinated position and enhance its influence over the decision-making process;
7. Emphasises the importance of a unified European voice in international institutions and bodies, and calls on the Commission to propose a European code of conduct regarding transparency and accountability, designed to guide the action of European representatives in international organisations and drawing on existing best practices; believes that in time this code of conduct could be used as an example by all international institutions and bodies when they create their own codes of conduct;
8. Recalls that, within those institutions in which both the EU and its Member States are represented, the ‘principle of sincere cooperation’ provided for in Article 4(3) TEU should be fully respected, and that the Member States should ‘refrain from any measure which could jeopardise the attainment of the Union’s objectives’;
9. Advocates that the Union promote a unified and inclusive European approach in order to ensure that its policies and measures are consistent, effective and sustained and that the interests and inputs of those Member States not represented within the aforementioned institutions or bodies are taken into account when a common stance is defined;
10. Considers that this unified and inclusive European approach could be better realised through a regular and formal ‘financial dialogue’ organised within Parliament in order to establish guidelines for the adoption of European positions in the run-up to major international negotiations, making sure that these positions are known and ensuring follow-up; takes the view that the European institutions, the Member States and, where appropriate, the heads of the international organisations concerned should be invited to attend this dialogue, the nature (public or in camera) and frequency of which would depend on practical requirements;
11. Considers that this dialogue would serve to define the negotiating remit for areas in which Parliament is co-legislator with the Council, unifying European positions around the legislation adopted by majority vote and avoiding inconsistencies with legislation pending adoption;
12. Urges the Union, through its institutions, to comply in full with its Charter of Fundamental Rights and to respect the absolute limits laid down therein for action in all areas, including measures of an economic nature that are likely to have a major impact on the lives of its citizens;
13. Recalls that the EU should seek full membership of international economic and financial institutions, where this has not yet been granted and is appropriate (in the case of the Organisation for Economic Cooperation and Development and the International Monetary Fund (IMF), for instance); calls for the relevant international economic and financial institutions to make all the necessary statutory changes to allow the EU’s full participation;
14. Believes that in the future, with due regard to the distribution of competences between the EU and its Member States and the progress made towards deepening economic and

monetary union, unified external representation of the EU within the IMF and other international economic forums should be ensured in order to allow the EU to exploit its potential fully, to facilitate the achievement of its objectives, to protect its interests and those of all its Member States, and to increase its relevance and influence within the global economic and financial architecture; considers it imperative that this unified representation begin with progress towards single representation of the euro area within the IMF, without prejudice to the creation of a single EU constituency in the long term;

15. Stresses the need for real reform of EU policies so as to avoid internal economic and social imbalances between Member States and to allow debt restructuring processes;
16. Regrets the fact that the international financial, monetary and regulatory institutions and bodies, and the EU's participation therein, lack democratic accountability and transparency as regards decision-making processes;
17. Believes that consideration should be given to the provision of a single seat for the Council and Commission presidencies at G20 meetings, as the current situation whereby there are two separate seats weakens the EU's external credibility;
18. Stresses the need to ensure the full transparency, democratic accountability and legitimacy of the Union's participation in existing economic and financial institutions;
19. Stresses that representatives of the Union should be able to hold the rotating presidency of the G20;
20. Advocates that the Union establish a system of full transparency for lobbyists in the process of negotiation between the European institutions and the aforementioned international institutions;
21. Considers that Parliament should be duly and periodically informed of the Union's activities and positions within existing economic and financial institutions; believes that Parliament should have the right to express its opinion and should play a monitoring role as regards the work of EU representatives in these institutions, with the aim of ensuring accountability and strengthening democratic legitimacy;
22. Calls for the establishment of interinstitutional working groups that would convene prior to the official meetings of international financial, monetary and regulatory institutions and bodies and would give Parliament the opportunity to express its opinion on the issues to be discussed in the upcoming meetings; takes the view that a mechanism should be created to take account of Parliament's opinion on such issues;
23. Stresses that Parliament should be granted access to the relevant documents issued by economic and financial institutions, that an appropriate, open, regular and efficient reporting mechanism should be developed, and that EU participants should systematically provide feedback to Parliament on the decisions taken in these forums;
24. Is of the opinion that the EU should play a leading and more active role in promoting the reform of international economic and financial institutions with a view to making their functioning more democratic, transparent and accountable, thereby bringing them closer to citizens;

25. Considers it advisable for the EU to defend, in all international economic forums, the coordination and strengthening of world economic governance, the European social model, tax cooperation and a culture of business sustainability.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	19.11.2015
Result of final vote	+: 13 -: 3 0: 2
Members present for the final vote	Mercedes Bresso, Elmar Brok, Richard Corbett, Pascal Durand, Danuta Maria Hübner, Ramón Jáuregui Atondo, Maite Pagazaurtundúa Ruiz, Paulo Rangel, György Schöpflin, Pedro Silva Pereira, Barbara Spinelli, Josep-Maria Terricabras, Kazimierz Michał Ujazdowski
Substitutes present for the final vote	Isabella Adinolfi, Max Andersson, Enrique Guerrero Salom, Sylvia-Yvonne Kaufmann, Andrej Plenković
Substitutes under Rule 200(2) present for the final vote	Sofia Ribeiro

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	15.2.2016
Result of final vote	+: 38 -: 18 0: 0
Members present for the final vote	Gerolf Annemans, Burkhard Balz, Udo Bullmann, Esther de Lange, Fabio De Masi, Markus Ferber, Jonás Fernández, Elisa Ferreira, Sven Giegold, Neena Gill, Sylvie Goulard, Roberto Gualtieri, Gunnar Hökmark, Danuta Maria Hübner, Cătălin Sorin Ivan, Diane James, Othmar Karas, Georgios Kyrtos, Werner Langen, Sander Loones, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Notis Marias, Fulvio Martusciello, Marisa Matias, Costas Mavrides, Bernard Monot, Stanisław Ożóg, Sirpa Pietikäinen, Pirkko Ruohonen-Lerner, Molly Scott Cato, Peter Simon, Paul Tang, Ramon Tremosa i Balcells, Marco Valli, Tom Vandenkendelaere, Miguel Viegas, Jakob von Weizsäcker, Pablo Zalba Bidegain, Marco Zanni, Sotirios Zarianopoulos
Substitutes present for the final vote	Enrique Calvet Chambon, Mady Delvaux, Bas Eickhout, Marian Harkin, Ramón Jáuregui Atondo, Rina Ronja Kari, Thomas Mann, Eva Paunova, Michel Reimon, Antonio Tajani, Beatrix von Storch
Substitutes under Rule 200(2) present for the final vote	Lucy Anderson, Andrey Kovatchev, Adam Szejnfeld