Plenary sitting

25.1.2012 B7-0016/2012

MOTION FOR A RESOLUTION

further to Question for Oral Answer B7-0022/2012

pursuant to Rule 115(5) of the Rules of Procedure

on the feasibility of introducing stability bonds (2011/2959(RSP))

Sharon Bowles, Sylvie Goulard
on behalf of the Committee on Economic and Monetary Affairs

B7-0016/2012

European Parliament resolution on the feasibility of introducing stability bonds (2011/2959(RSP))

The European Parliament,

– having regard to Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance (part of the 'six pack'),

– having regard to the Commission Green Paper dated 23 November 2011 on the feasibility of introducing stability bonds,

– having regard to the presentation by Vice-President Rehn in the Committee on Economic and Monetary Affairs on 23 November 2011 and of the exchange of views with the German Council of Economic Experts on the European redemption fund on 29 November 2011,

– having regard to President Van Rompuy's Interim Report: Towards a Stronger Economic Union of 6 December 2011,

– having regard to Rules 115(5) and 110(2) of its Rules of Procedure,

A. whereas Parliament has requested that the Commission present a report on the possibility of introducing euro-securities, which is an integral part of the agreement between Parliament and the Council on the economic governance package ('six pack');

B. whereas the eurozone is in a unique situation, with the eurozone Member States sharing a single currency without a common fiscal policy and a single bond market;

C. whereas the issuance of bonds with joint and several liability would require a process of deeper integration;

1. Is deeply concerned at the continuous strains on the euro area sovereign bond markets reflected in widening spreads, high volatility and vulnerability to speculative attacks over the last two years;

2. Believes that the euro area, as the issuer of the world's second international currency, is co-responsible for the stability of the international monetary system;

3. Stresses that it is in the strategic long-term interest of the eurozone and of its Member States to draw all the possible benefits of issuing the euro, which has the potential to become a global reserve currency;

4. Notes in particular that the US Treasury market and the total euro area sovereign bond market are comparable in size but not in terms of liquidity, diversity, and pricing; points out that it could be in the interests of the eurozone to develop a common liquid and

diversified bond market, and that after a stability culture has been credibly established in the euro area, a stability bond market would offer a viable alternative to the US dollar bond market and establish the euro as a global ‘safe haven’;

5. Believes also that the euro area and its Member States are responsible for ensuring the long-term stability of the currency used by more than 330 million people and many companies and investors, which indirectly affects the rest of the world;

6. Points out that stability bonds would be different from bonds issued by federal states such as the USA and Germany and cannot therefore strictly be compared to US treasury bonds and Bundesanleihen;

7. Welcomes the presentation of the Green Paper, which meets a longstanding request of the European Parliament, and considers it a useful starting point for further reflection; is open and eager actively to discuss all issues – both strengths and weaknesses – relating to the feasibility of introducing stability bonds under different options; encourages the Commission to deepen further its analysis after a broad public debate, to which the European Parliament and the national parliaments should contribute, as well as the ECB, if it deems it appropriate; considers none of the three options presented by the Commission to be a response per se to the current sovereign debt crisis;

8. Takes note of the Commission’s assessment, which is part of the Commission Green Paper on the feasibility of introducing stability bonds, that stability bonds would facilitate the transmission of euro-area monetary policy and would promote efficiency in the bond market and in the broader euro-area financial system;

9. Reiterates its position that as a necessary precondition for a common issuance of bonds, a sustainable fiscal framework needs to be in place, aimed at both enhanced economic governance and economic growth in the euro area, and that sequencing is a key issue, involving a binding roadmap similar to the Maastricht criteria for introducing the single currency, and drawing on all the lessons thereof;

10. Takes the view that the objectives underlying the decisions taken at the European Council of 8-9 December 2011 to further enhance the sustainability of public finances also contribute to creating the necessary conditions for the possible introduction of stability bonds;

11. Believes that stability bonds could be an additional means of incentivising compliance with the stability and growth pact, provided that they address the moral hazard and joint liability issues; notes that further work needs to be undertaken as regards the options presented in the Green Paper on issues such as:

    – effective market incentives to reduce debt levels,
    – entry and exit criteria, conditionality agreements, maturity agreements, redistribution of funding benefits for the present AAA countries,
    – a system of differentiation of interest rates among Member States with divergent ratings,
    – budgetary discipline and an increase in competitiveness,

– pro-cyclical and debt-deflationary effects,

– sufficient attractiveness for market investors, while containing or avoiding over-collateralisation and redistribution of risks across countries,

– the seniority of stability bonds over national bonds in the event of a Member State defaulting on its debt,

– the criteria for allocation of the loans to Member States and the capacity to service the debt,

– measurable and enforceable programmes of debt,

– the modalities of a binding roadmap, similar to the Maastricht criteria for introducing the single currency,

– the interaction with the EFSF/ESM for Member States experiencing liquidity problems,

– appropriate legal requirements, including treaty and constitutional changes;

12. Believes that the prospect of stability bonds can foster stability in the euro area in the medium term; calls on the Commission, however, to come forward rapidly with proposals to address decisively the current sovereign debt crisis, such as the European redemption pact proposed by the German Council of Economic Experts and/or the finalisation and ratification of an ESM treaty and/or eurobills, as well as joint management of sovereign debt issuance;

13. Points out that this resolution constitutes a preliminary response to the Commission Green Paper, which will be followed by a more comprehensive resolution in the form of an INI report;

14. Instructs its President to forward this resolution to the Council, the Commission and the European Central Bank.