

Luxembourg, 4 September 2015

*Informal meeting of economic and financial affairs ministers
11-12 September, Luxembourg*

Presidency Issues note
Deepening of the EMU

The **report on 'Completing the Economic and Monetary Union (EMU)'** was published on 22nd June 2015 under the responsibility of the five Presidents¹. The European Council of 24-25th June 2015 asked the Council to rapidly examine the document. In this context, **euro area Member States**, at the informal Ministerial meeting on 27th June 2015, stated **their readiness to take decisive steps to strengthen the EMU**².

A first exchange of views on the *Five Presidents' Report* ("the Report") has taken place in the Eurogroup and ECOFIN meetings of 13-14th July 2015. The Report was also part on the agendas of the informal EPSCO meeting of 16-17th July 2015 and the informal GAC meeting of 24th July 2015.

The Presidency sees the **informal ECOFIN meeting as an opportunity to discuss key elements of the Report**, thereby **mainly focusing on short-term measures** aimed at making the EMU more resilient ("stage 1"³). The discussion will inter alia provide input that the Commission might want to take into consideration in its proposals scheduled for autumn⁴.

Since the outbreak of the crisis, **much progress has been made towards making the EMU more robust**. There is consensus that **further efforts are necessary** to ensure that the EMU continues to be instrumental to growth, jobs, financial sustainability and social cohesion.

¹ Presidents of the European Commission, the European Council, the Eurogroup, the ECB, and the European Parliament.

² "We commit to take all necessary measures to further improve the resilience of our economies. We stand ready to take decisive steps to strengthen the Economic and Monetary Union".

³ 1 July 2015 - 30 June 2017.

⁴ notably on the revamped European Semester, a targeted and stability-oriented review of the six-pack and two-pack legislation and on the external representation of the Euro in line with the roadmap for immediate action it announced on 1st of July 2015 (see also: http://europa.eu/rapid/press-release_IP-15-5294_en.htm)



A credible and realistic strategy towards deeper integration of the EMU taking into account the political dimension could contribute to restoring public confidence and to gathering public support across Member States for the European idea.

The strategy could be based on the following principles: i) **implementation and enforcement of existing commitments**; ii) **review of existing instruments** to ensure better policy outcomes by enhanced efficiency and legitimacy; iii) **identification of additional priorities** in the short term; iv) a process for dealing with the **medium to long term issues**.

In this context the Presidency sees added value for the informal ECOFIN Council **to broaden the discussion** beyond stage 1 of the Report with a view of the ***Commission's White Paper*** announced for spring 2017.

Taking into account preparatory discussions at committee level, the Presidency hereby suggests **a list of questions for discussion on selected issues**. The Presidency invites Ministers to focus their interventions on those questions which they consider as priorities for building a credible and realistic strategy.

A. Improvement of the EMU governance framework

1. With regard to the announced **stability-oriented review of the six-and two pack**, do Ministers consider that there is scope for reducing the complexity while increasing the efficiency of the rules-based framework? On which points in particular? Are sufficient safeguards in place for ensuring an equal treatment of all Member States?
2. The Report proposes a **more integrated European Semester** with the aim to increase accountability of Member States while focusing on the biggest challenges. The Report also suggests a structure based on two successive stages – European and national. Do Ministers agree with this approach? What would Ministers recommend to further improve and streamline the European Semester in order to enhance implementation of policies and foster effective economic policy coordination? In particular, what role do Ministers see in the **Macroeconomic Imbalance Procedure** (MIP)? How could the transparency of the MIP and the predictability in triggering its Excessive Imbalances Procedure be improved?
3. The report includes proposals for the creation of new entities during the first stage, i.e. an **advisory European fiscal board** and a **Euro Area system of Competitiveness Authorities**. What are the main underlying challenges these proposals are supposed to address? Do Ministers think that the creation of new bodies is an appropriate answer? If so, what could be their respective mandate?



B. Financial Union⁵

4. How can swift progress be ensured in the **transposition of the BRRD and in the SRF-IGA ratification**?
5. What are the conditions to be met to ensure an efficient Banking Union? Are the objectives of the Banking Union sufficiently achieved in the absence of a **backstop for the SRF and a European Deposit Insurance Scheme (EDIS)**? If no, how could the SRF backstop and the EDIS be (gradually) established, and which concrete steps could be taken in the short term?

C. Democratic accountability, legitimacy and institutional strengthening

6. The Report proposes measures to strengthen the **involvement of European and national Parliaments and social partners in the economic governance**. Do Ministers consider progress in this field a priority in the first stage? What do Ministers see as main areas for improvements in the short run?
7. Do Ministers consider the strengthening of the **external representation of the EMU** a priority in the short run?

D. Process to develop a credible and realistic vision

8. Do Ministers consider it important to develop a **comprehensive approach towards a credible and realistic vision on the EMU by setting now the stage for the medium and long term**? What could be the process to develop such a vision (e.g. launch of a specific working group)? How could the relations between euro area Member States and non-euro area Member States be taken into account in the process? Should the process be started without delay?

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⁵ The Issue Note does not cover the Capital Market Union: though part of the Report, this issue will be dealt with separately with the presentation of COM's Action Plan in Ecofin meeting of 6th of October 2015.

