



COMPLETING THE ECONOMIC AND MONETARY UNION



“I want to continue with the reform of our EMU to preserve the stability of our single currency and to enhance the convergence of economic, fiscal and labour market policies between the Member States that share the single currency.”

Jean-Claude Juncker, Political Guidelines, 15 July 2014



European
Commission

THE EURO IS MORE THAN JUST A CURRENCY A POLITICAL AND ECONOMIC PROJECT

Euro area

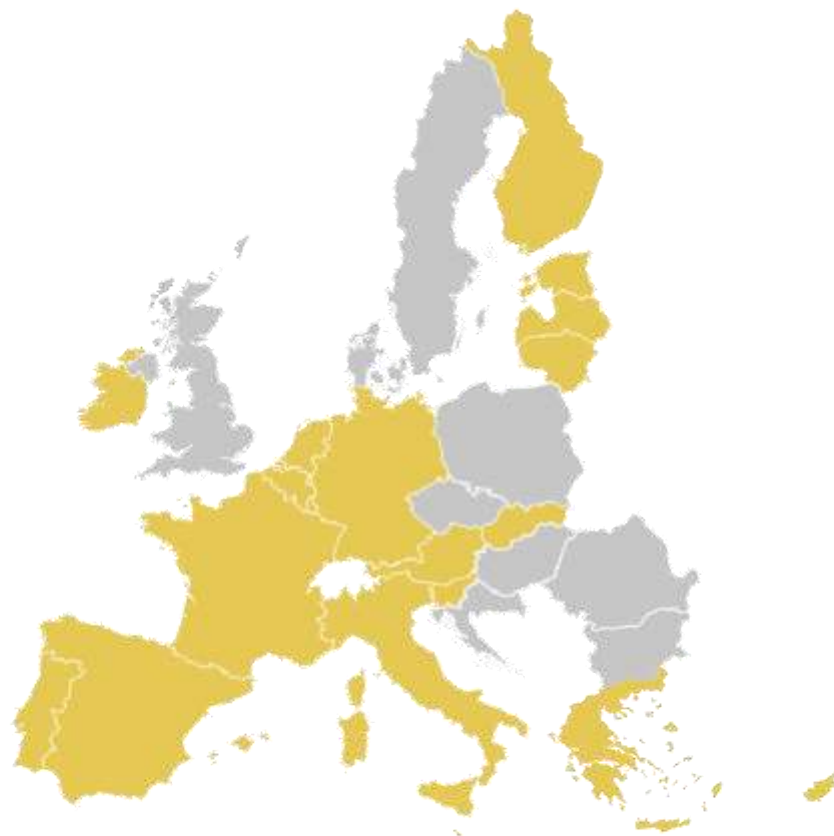
19 EU Member States

330+ million citizens

The second most important
currency in the world



1/4 of global foreign
exchange reserves



WHY DO WE NEED A DEEPER AND FAIRER EMU

- € The financial and economic crisis revealed weaknesses in the Economic and Monetary Union framework
 - ↪ emergency measures have been taken since 2010 to strengthen the resilience of EMU
- € A lasting, fair and democratically legitimate basis for the future
 - ↪ matching our Monetary Union with a stronger Economic Union

THE EMU IS STILL TO BE COMPLETED



Divergence among the economies of the euro area (economic and fiscal policies, labour market, GDP growth) creates fragility for the whole Union

Better policy coordination

High quality governance
at European and national level

Sustainable fiscal and
economic policies

Fair and efficient public
administrations

Better shocks mitigation

Handle better the challenges
of the euro area as a whole

Provide effective crises
prevention and response

Share impact through
risk-sharing (in the short
and the medium-term)



The success of monetary union anywhere depends on its success everywhere

SPEAKING WITH ONE VOICE



- Countries part of the Euro Area (EA)
- Countries part of the European Union
- Others countries

IMF Executive Board at the moment
EU and EA Member States spread over several multi-country constituencies and 3 single chairs (FR, DE, UK)

Medium-term
Move towards several EA only constituencies



Steady state
A single Executive Director votes on behalf of the EA only constituency(ies) so that **we speak with a single voice**

- Countries part of the Euro Area
- Countries part of the European Union
- Others countries

“I promised when taking office that I would work to consolidate and complement the unprecedented measures we took during the crisis and make them more socially fair and democratically legitimate. Today we, five Presidents, are setting out our common vision.”

Jean-Claude Juncker,
Presentation of the Five Presidents' Report,
22 June 2015



European
Commission

TURNING THE VISION FOR THE FUTURE OF EMU INTO REALITY

STAGE 1

"DEEPENING BY DOING"

(1 July 2015 - 30 June 2017)

using existing instruments and Treaties

- A new boost to convergence, jobs and growth
- Complete the Financial Union
- Responsible fiscal policies
- Enhanced democratic accountability (European Parliament and national Parliaments)

STAGE 2

"COMPLETING EMU ARCHITECTURE"

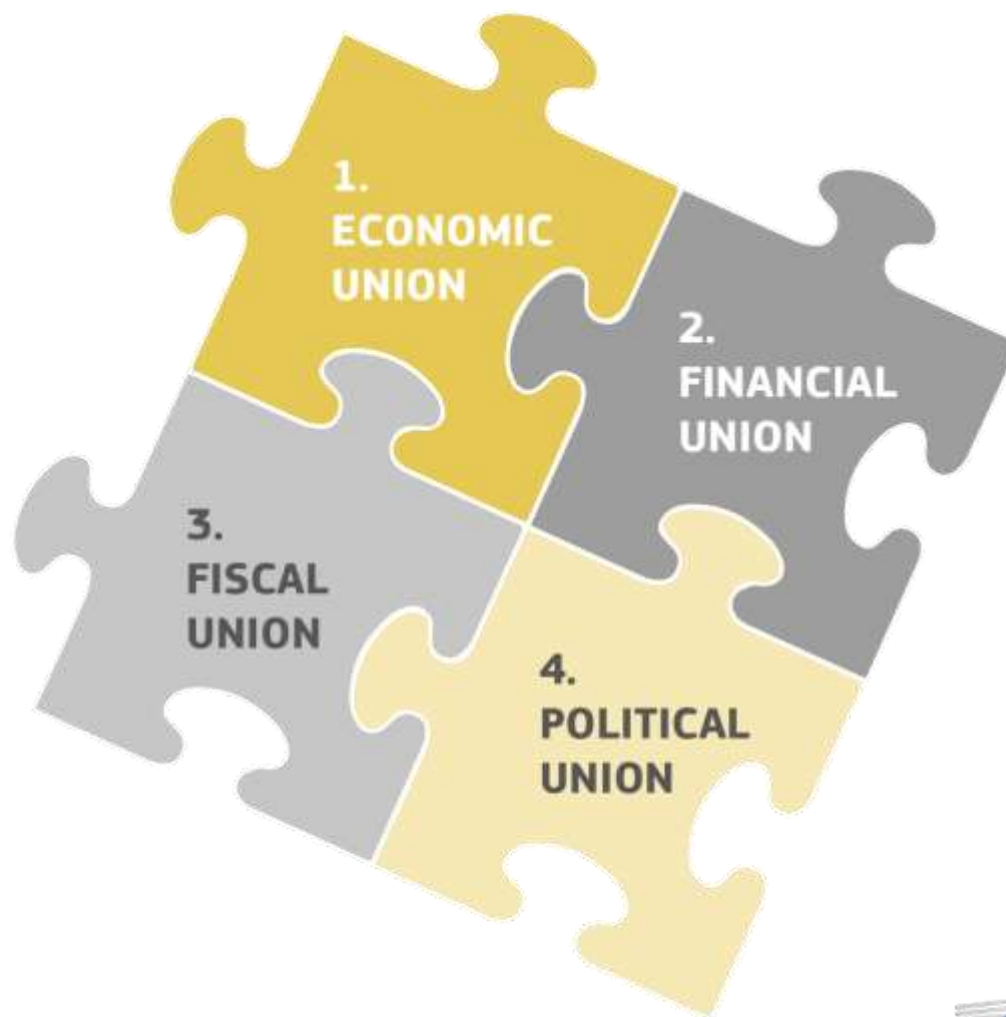
(Spring 2017: Commission White Paper)

- More binding convergence process
- Stabilisation function for the euro area
- Framework integrated into EU law
- Euro area treasury

FINAL STAGE (BY 2025)

- A deep and genuine EMU

FOUR INTERRELATED DIMENSIONS



TOWARDS ECONOMIC UNION CONVERGENCE, PROSPERITY AND SOCIAL COHESION

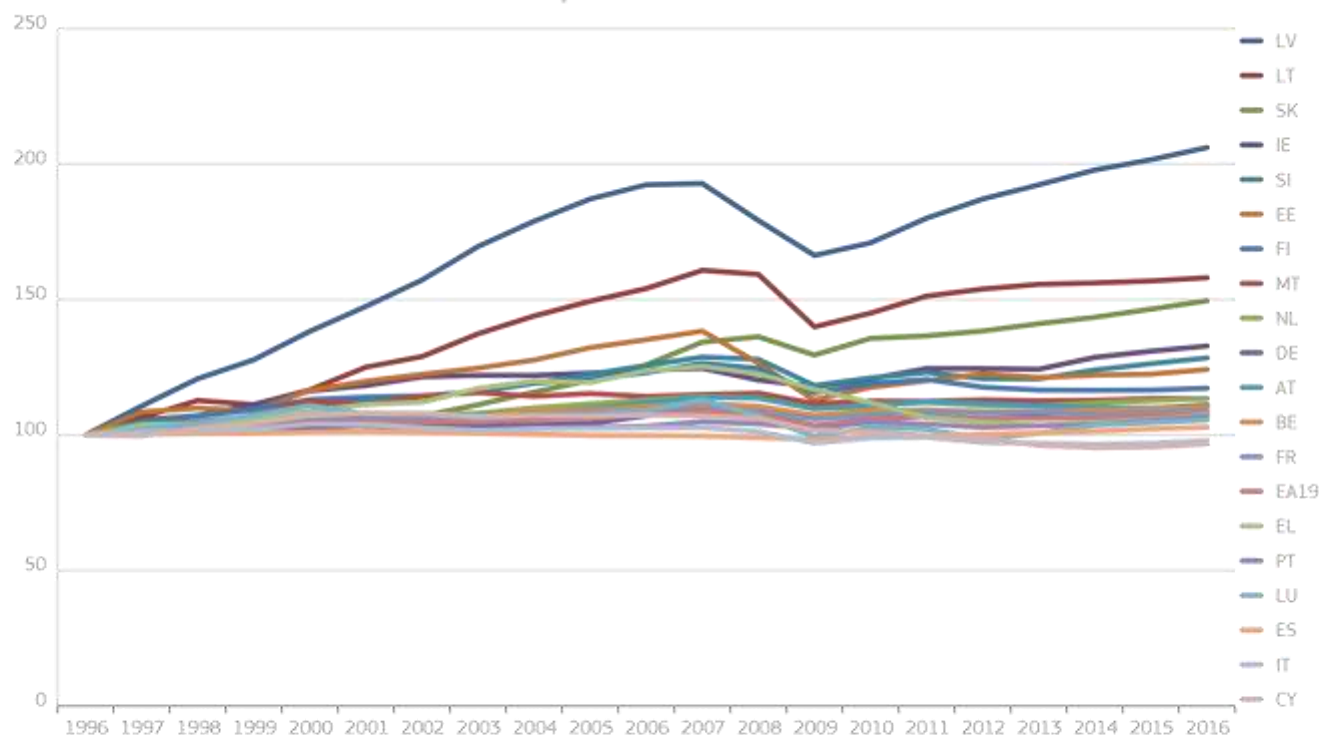


- Euro area system of competitiveness authorities
- Strengthen implementation of the Macroeconomic Imbalance Procedure
- Greater focus on employment and social performance
- A stronger coordination of economic policies
- Formalising the convergence process

- Deepening by doing (stage 1)
- Completing EMU (stage 2)

WHY IS COMPETITIVENESS IMPORTANT?

It is important that every Member State in the euro area works to stay competitive. For example, in the decade leading up to the crisis, the price competitiveness of the euro area's Member States evolved very differently, contributing to the build-up of economic imbalances.



Comparing trends in unit labour costs, a measurement for the divergence between wages and productivity

(1996=100)



TOWARDS FINANCIAL UNION INTEGRATED FINANCE FOR AN INTEGRATED ECONOMY



Complete the Banking Union

- A bridge financing mechanism for the Single Resolution Fund (SRF)
- A common backstop to the SRF
- A Common Deposit Insurance Scheme
- An effective instrument for direct bank recapitalisation



Reinforce the European Systemic Risk Board



Implement the Capital Markets Union



Deepening by doing (stage 1)



COMPLETING THE BANKING UNION



SINGLE RULEBOOK

New rules to make banks better capitalised and risks better controlled

SINGLE SUPERVISION

European Central Bank supervises +/-130 important banks, National supervisors work closely together within an integrated system

SINGLE RESOLUTION

If all else fails, as a last resort, the Single Resolution Board can decide to resolve a failing bank, backed by a fund that banks themselves pay in to (no longer the taxpayers)

EUROPEAN DEPOSIT INSURANCE SCHEME



New rules to guarantee savings from citizens in banks

TOWARDS FISCAL UNION

AN INTEGRATED FRAMEWORK FOR SOUND AND INTEGRATED FISCAL POLICIES

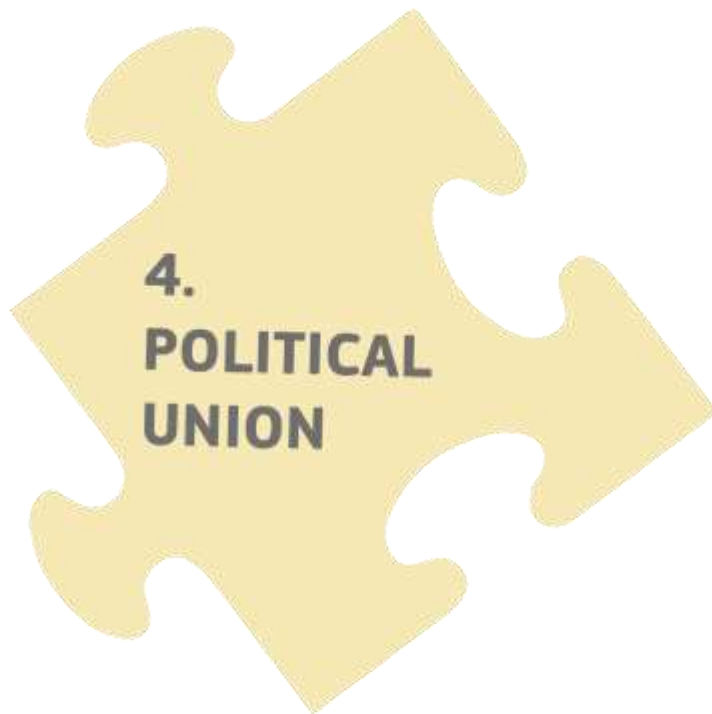


-  Responsible budgetary policies as the EMU cornerstone
-  A new advisory European Fiscal Board
-  A fiscal stabilisation function for the euro area



-  Deepening by doing (stage 1)
-  Completing EMU (stage 2)

TOWARDS POLITICAL UNION

DEMOCRATIC ACCOUNTABILITY, LEGITIMACY AND INSTITUTIONAL STRENGTHENING



-  Revamp the European Semester
-  Ensure key role for the European Parliament and national Parliaments
-  Consolidate the external representation of the euro
-  Integrate intergovernmental solutions within the EU legal framework
-   Integrate the European Stability Mechanism into the EU legal framework
-  A Euro area treasury

-  Deepening by doing (stage 1)
-  Completing EMU (stage 2)

A REVAMPED EUROPEAN SEMESTER

The Juncker Commission has already streamlined the European Semester: it created more space for dialogue with Member States and provided more focus by concentrating the recommendations on key areas for action

MORE FOCUS ON THE EURO AREA

- Discussions and recommendations about the euro area up front
- Country-specific discussions



STRENGTHEN THE SOCIAL DIMENSION

Increased emphasis is put on employment and social performance in the Macroeconomic Imbalances Procedure

MORE FOCUS ON ECONOMIC CONVERGENCE

The Commission will progressively suggest benchmarks and cross-examination exercises across policy or thematic areas



INCREASE DEMOCRATIC OWNERSHIP

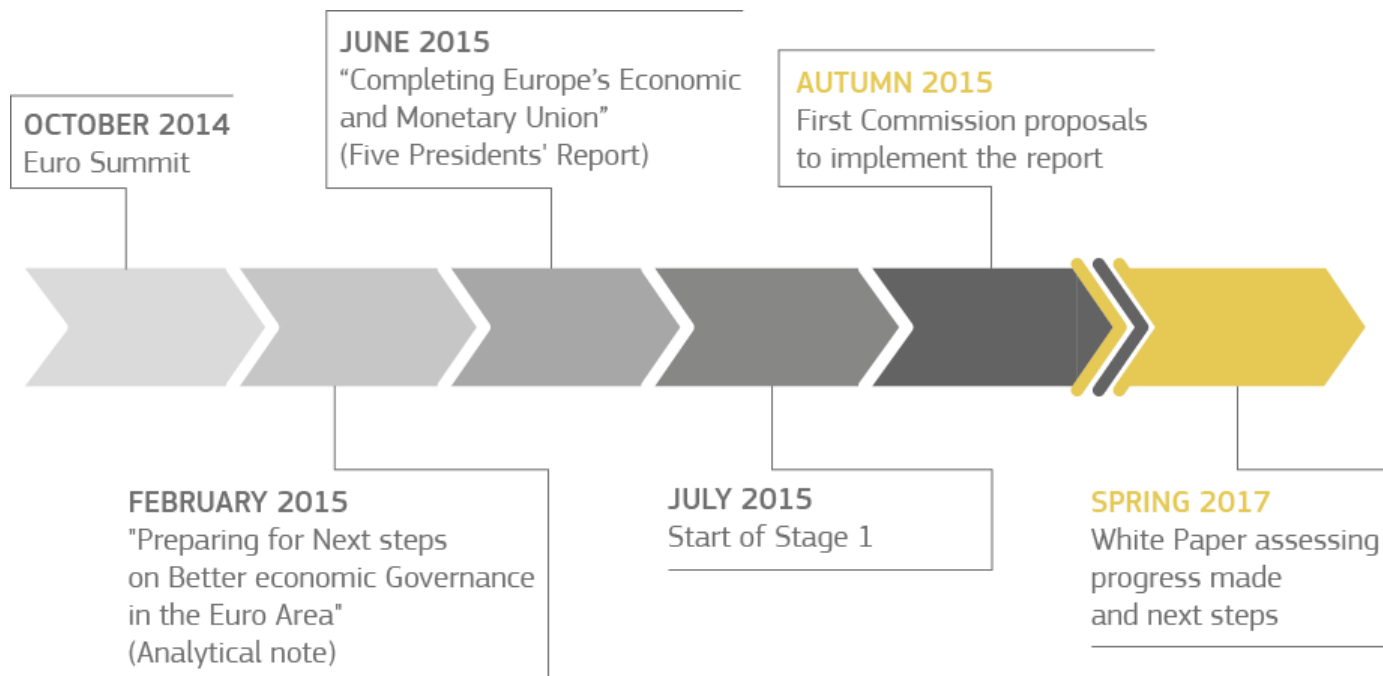
Member States are encouraged to involve national Parliaments and social partners more closely

COMPLETING THE ECONOMIC AND MONETARY UNION

FIRST ACTIONS IN AUTUMN 2015

- Complete the Banking Union, including the European Deposit Insurance Scheme
- Reinforce Europe's economic governance framework
- Consolidate the external representation of the euro
- Revamp the European Semester

COMPLETING THE ECONOMIC AND MONETARY UNION



THE PROJECT TEAM FOR COMPLETING THE ECONOMIC AND MONETARY UNION



European
Commission