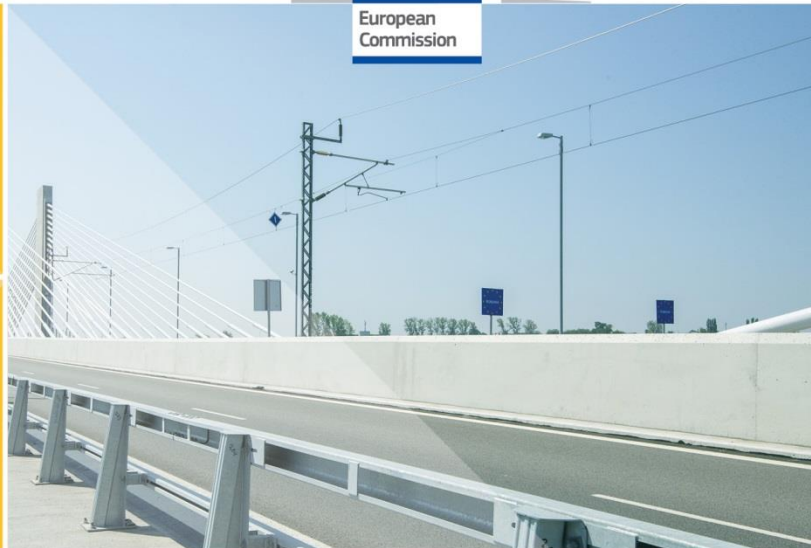




European  
Commission



# COMPLETING THE ECONOMIC AND MONETARY UNION

#DeepeningEMU

“

*Being European, for most of us, also means the euro. During the global financial crisis, the euro stayed strong and protected us from even worse instability. The euro is a leading world currency, and it brings huge, often invisible economic benefits.*

**Jean-Claude Juncker**, Speech on the State of the Union  
European Parliament, 14 September 2016

## THE EXPERIENCE AND BENEFITS OF THE EURO FOR EUROPE

The euro is the world's second currency: more than **337.5 million EU citizens in 19 countries** use it as their currency



The euro is a political and economic project – it protected us during the financial crisis

The legitimacy of the euro is paramount



An economic agenda based on reforms, investment and responsible public finances, with social fairness at its core

## FACING THE ECONOMIC CRISIS AND LEARNING ITS LESSONS THE NEED FOR FURTHER DEEPENING OF ECONOMIC AND MONETARY UNION

European Semester of  
economic policy coordination



Upgraded fiscal rules



Macroeconomic  
Imbalances Procedure



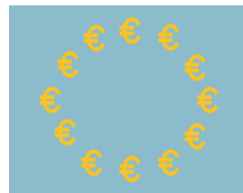
National advisory



European Stability  
Mechanism



Banking Union



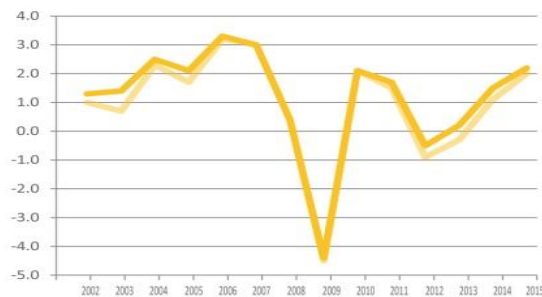
Unified representation  
of the Euro area



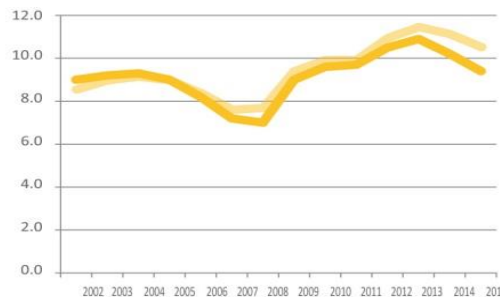
## KEY ECONOMIC INDICATORS

### THE EARLY HARVEST OF OUR CRISIS RESPONSE AND REFORMS

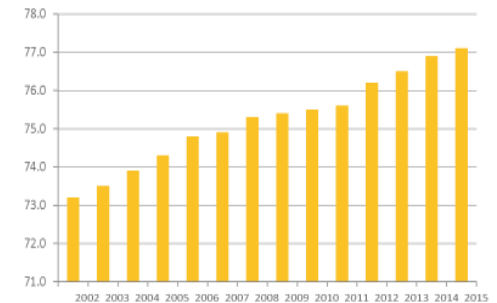
We are in our fourth consecutive year of **economic growth** (%)



**Unemployment rate (%)**



**Activity rate in the EU – share of economically active population (%)**



**Government deficit to GDP ratio (%)**

2013	2014	2015	2016 Q2
3.3	3.0	2.4	1.8
3.0	2.6	2.1	1.5

**Government sovereign debt (%)**

2013	2014	2015	2016 Q2
85.5	86.8	87.5	84.3
91.1	92.0	92.1	91.2

— EU28  
— Euro area

“

*Yes, we Europeans suffered under a historic financial and debt crisis. But the truth is that while public deficits stood at 6.3% on average in the euro area in 2009, today they are below 2%.*

**Jean-Claude Juncker**, Speech on the State of the Union,  
European Parliament, 14 September 2016

## REFORMS ACHIEVED IN THE FIRST TWO YEARS



### Flexibility within the rules of the Stability and Growth Pact

- Take better account of economic cycles and incentivise structural reforms and investment



### Streamlining and reinforcement of the European Semester

- A new timetable for stakeholder involvement
- Euro Area Recommendation
- Macroeconomic imbalance procedure – streamlining and indicators
- National Productivity Boards
- European Fiscal Board
- Benchmarking of policies and performances



### Deeper and fairer EMU

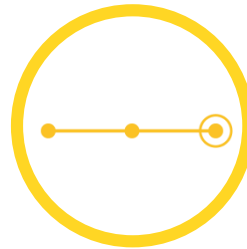
- Banking Union
- Capital Markets Union
- Relaunch of the Social Dialogue

## GREECE – ONE YEAR ON



**New Stability Support Programme** launched in August 2015 including social impact assessment

Up to **€86 billion** committed for disbursements until August 2018



**Memorandum of Understanding** focusing on

- restoring fiscal sustainability
- safeguarding financial stability
- growth, competitiveness and investment
- a modern State and public administration



**€31.7 billion** disbursed to date since August 2015

## THE EUROPEAN SEMESTER: A NEW APPROACH TO COUNTRY SPECIFIC RECOMMENDATIONS

	November	December	January	February	March	April	May	June	July	August	September	October
European Commission	▶ Autumn Economic Forecasts Annual Growth Survey and related documents Recommendations for the euro area Opinion on draft budgetary plans		Fact-finding missions to Member States	▶ Winter Economic Forecasts Country Report per Member State (reform agenda and imbalances)		Bilateral meeting with Member States	▶ Spring Economic Forecasts Commission proposes country-specific recommendations for budgetary, economic and social policies					
European Council / Council	€ Council discusses opinions on draft budgetary plans	Council adopts euro area recommendations and conclusions on AGS + AMR			European Council adopts economic priorities based on AGS			Council discusses the CSRs on AGS	European Council endorses final CSRs			
Member States		€ Member States adopt budgets			Member States present their National Reform Programmes (economic policies) and Stability or Convergence Programmes (on budgetary policies)						€ Member States present draft budgetary plans	
European Parliament		Dialogue on the Annual Growth Survey						Dialogue on the proposals for CSRs			Debate / resolution on the European Semester and the CSRs	Dialogue on the Annual Growth Survey

Glossary: AGS: Annual Growth Survey - AMR: Alert Mechanism Report - CSR: Country-Specific Recommendations - EDP: Excessive Deficit Procedure - € = Euro Area

## COMPLETING THE BANKING UNION

### ADDITIONAL STEPS TO IDENTIFY AND ADDRESS SYSTEMIC RISKS

#### 1<sup>st</sup> PILLAR

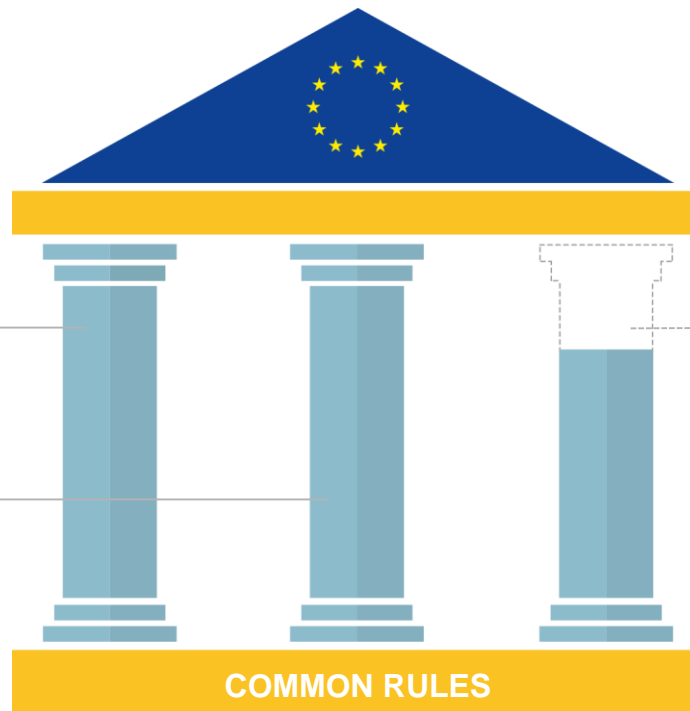
**Single Supervisory Mechanism (SSM)** — together with the National Competent Authorities (NCAs)

#### 2<sup>nd</sup> PILLAR

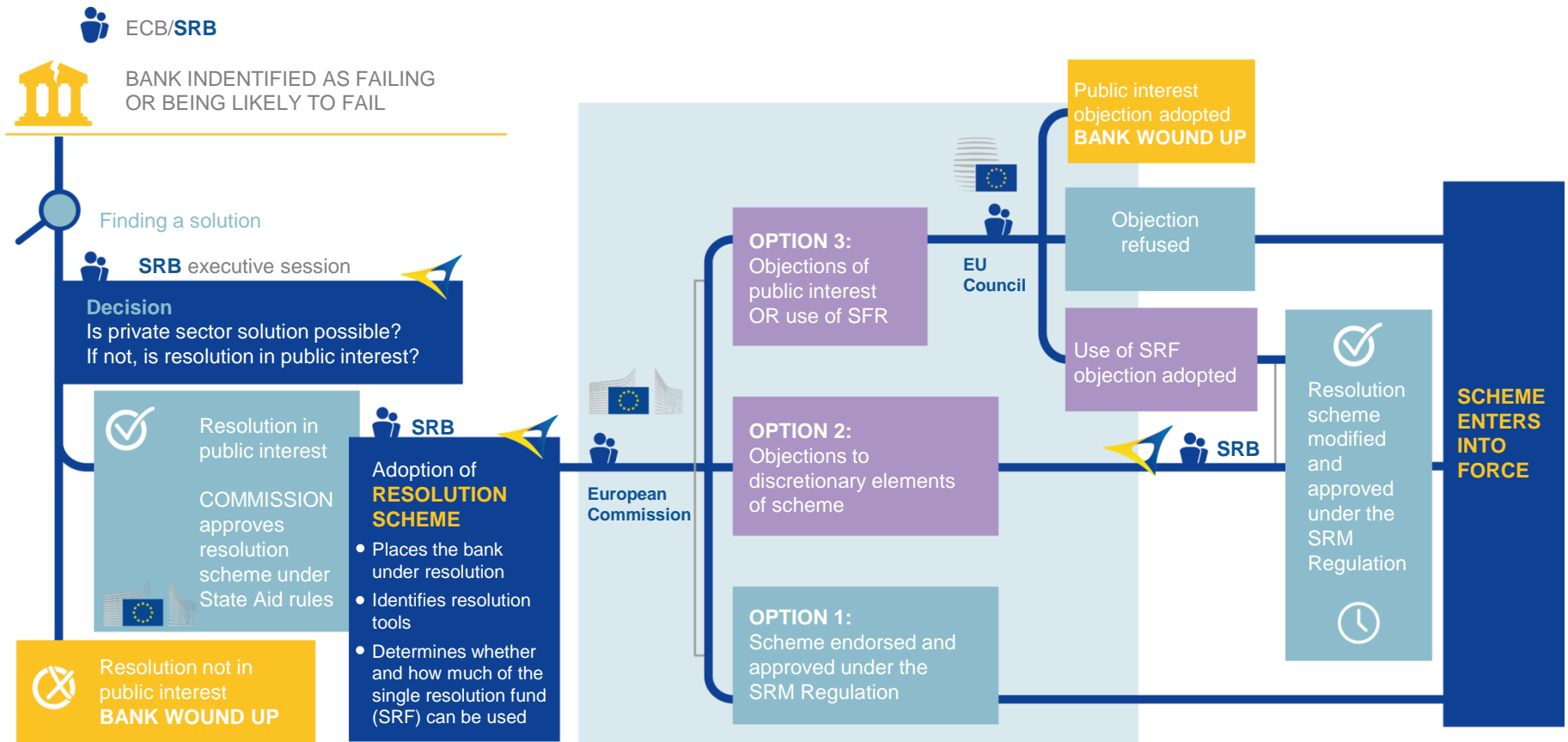
**Single Resolution Mechanism (SRM)** together with the National Resolution Authorities (NRAs)

#### 3<sup>rd</sup> PILLAR

**European Deposit Insurance Scheme (EDIS)** (under construction)



## SINGLE RESOLUTION MECHANISM: HOW IT WORKS

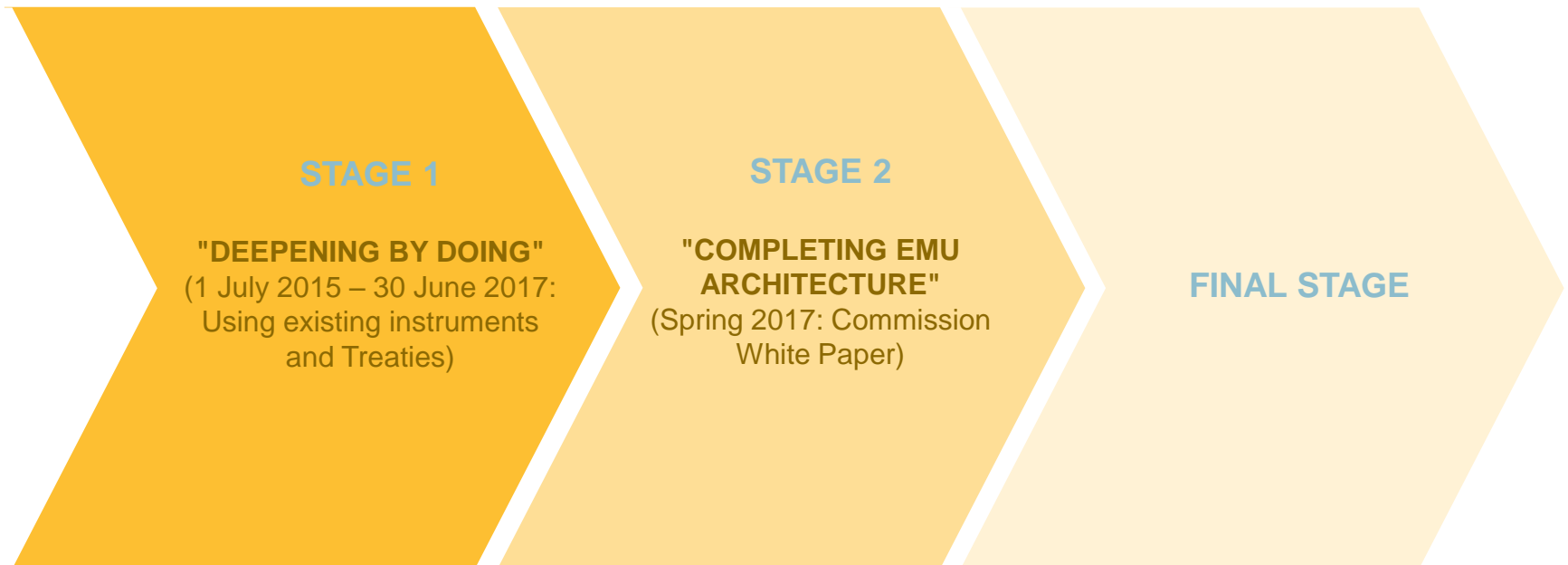


*“The crisis has only been paused. We must make use of this pause to consolidate and complement the unprecedented measures we have taken during the crisis, simplify them and make them more socially legitimate.*

*The stability of our single currency and the solidity of public finances are as important to me as social fairness in implementing necessary structural reforms.*

Jean-Claude Juncker, Political Guidelines, 15 July 2014

## THE ROADMAP OF THE FIVE PRESIDENTS' REPORT



## THE PATH AHEAD: COMPLETING EUROPE'S ECONOMIC AND MONETARY UNION



March 2017:  
White paper on the  
**Future of Europe**

- A stability oriented review of the **Stability and Growth Pact**
- Incorporation of the substance of the Treaty on Stability, Coordination and Governance into the legal framework of the European Union and Community method



**Important ongoing work**

- Swift adoption of the **European Deposit Insurance Scheme**, continued work on risk reduction
- Swift adoption **of the first wave of measures** proposed as part of the Capital Markets Union, and accelerate the delivery of the next set of actions
- Ongoing work on the **European Pillar of Social Rights**
- **Promoting a positive fiscal stance** for the Euro area



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