



COMPLETING EUROPE'S ECONOMIC AND MONETARY UNION

The Commission's Contribution to the Leaders' Agenda

#FutureofEurope #EURoad2Sibiu

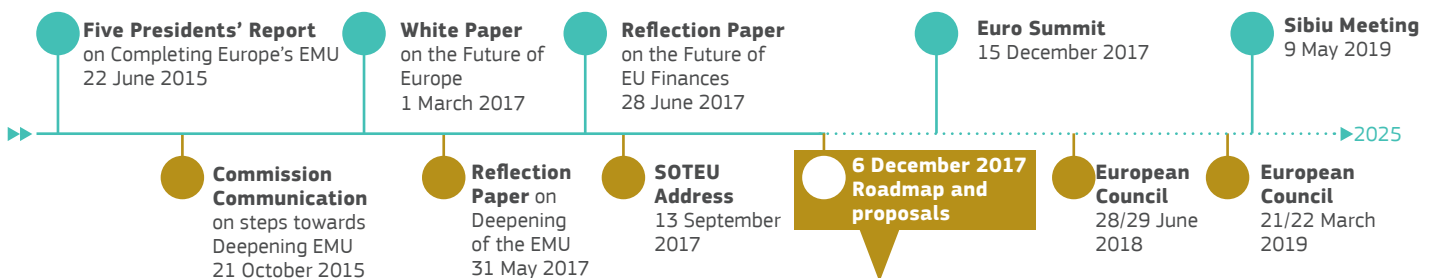
FURTHER STEPS TOWARDS COMPLETING EUROPE'S ECONOMIC AND MONETARY UNION



"We started to fix the European roof. But today and tomorrow we must patiently, floor by floor, moment by moment, inspiration by inspiration, continue to add new floors to the European House. We must complete the European House now that the sun is shining and whilst it still is. We now have a window of opportunity but it will not stay open forever. Let us make the most of the momentum, catch the wind in our sails."

European Commission President Jean-Claude Juncker, State of the Union Address, 13 September 2017

Building on the vision set out in the **Five Presidents' Report** of June 2015 and the Reflection Papers on the Deepening of the Economic and Monetary Union and on the Future of EU Finances of spring 2017, the European Commission sets out a **Roadmap** to further deepen Europe's Economic and Monetary Union, with concrete steps to be taken over the next 18 months.



What the Commission is aiming for:

Strengthen **unity**

Improve **efficiency**

Enhance **democratic accountability**

What the Commission's proposals include:

The Commission is presenting a Roadmap for deepening Europe's Economic and Monetary Union, together with:

A proposal to **establish a European Monetary Fund**

A proposal to **integrate the Treaty on Stability, Coordination and Governance into the EU legal framework**

A Communication on **new budgetary instruments for a stable euro area within the Union framework**

A proposal to **strengthen the Structural Reform Support Programme** and a proposal to **mobilise EU funds in support of national reforms**

A Communication on a **European Minister of Economy and Finance**

Roadmap for deepening Europe's Economic and Monetary Union

In 2018	
FINANCIAL UNION	ECONOMIC AND FISCAL UNION
<p>BANKING AND CAPITAL MARKETS UNION</p> <ul style="list-style-type: none"> ✓ Adoption of all the remaining proposals on Banking Union, including on risk reduction, the European Deposit Insurance Scheme and a common backstop for the Single Resolution Fund ✓ Commission proposal for an enabling framework for European Sovereign Bond-backed Securities for the euro area, following the work of the European Systemic Risk Board 	<p>EU MULTIANNUAL FINANCIAL FRAMEWORK</p> <ul style="list-style-type: none"> ✓ Adoption of the proposal to reinforce the Structural Reform Support Programme ✓ Adoption of the targeted changes to the Common Provisions Regulation ✓ Commission proposals for the post-2020 Multiannual Financial Framework
DEMOCRATIC ACCOUNTABILITY AND EFFECTIVE GOVERNANCE	
<p>EUROPEAN MONETARY FUND</p> <ul style="list-style-type: none"> ✓ Discussion on the legislative proposal <p>EUROPEAN MINISTER OF ECONOMY AND FINANCE</p> <ul style="list-style-type: none"> ✓ Discussion at political level <p>EXTERNAL REPRESENTATION OF THE EURO AREA</p> <ul style="list-style-type: none"> ✓ Discussion on the legislative proposal 	<p>INCORPORATION OF FISCAL COMPACT INTO EU LAW</p> <ul style="list-style-type: none"> ✓ Discussion on the legislative proposal <p>DIALOGUE BETWEEN EU INSTITUTIONS</p> <ul style="list-style-type: none"> ✓ Formalisation of practices between the European Parliament and the Commission
By mid-2019	
FINANCIAL UNION	ECONOMIC AND FISCAL UNION
<p>BANKING AND CAPITAL MARKETS UNION</p> <ul style="list-style-type: none"> ✓ Fully functional backstop to the Single Resolution Fund ✓ Implementation of the European Deposit Insurance Scheme ✓ Finalising all pending legislative initiatives for Capital Markets Union 	<p>EU MULTIANNUAL FINANCIAL FRAMEWORK</p> <ul style="list-style-type: none"> ✓ Adoption of the post-2020 proposals for structural reform support ✓ Adoption of the post-2020 proposal on a dedicated convergence facility for non-euro Member States ✓ Adoption of the post-2020 proposal for a stabilisation function
DEMOCRATIC ACCOUNTABILITY AND EFFECTIVE GOVERNANCE	
<p>EUROPEAN MONETARY FUND</p> <ul style="list-style-type: none"> ✓ Adoption of the legislative proposal <p>EUROPEAN MINISTER OF ECONOMY AND FINANCE</p> <ul style="list-style-type: none"> ✓ Common understanding 	<p>EXTERNAL REPRESENTATION OF THE EURO AREA</p> <ul style="list-style-type: none"> ✓ Adoption of the legislative proposal <p>INCORPORATION OF FISCAL COMPACT INTO EU LAW</p> <ul style="list-style-type: none"> ✓ Adoption of the legislative proposal
Possible further steps: end 2019-2025*	
FINANCIAL UNION	ECONOMIC AND FISCAL UNION
<ul style="list-style-type: none"> ✓ Continuous implementation of Capital Markets Union initiatives ✓ Move towards the issuance of a European safe asset ✓ Changes to the regulatory treatment of sovereign exposures 	<ul style="list-style-type: none"> ✓ Implementation of the new Multiannual Financial Framework ✓ Fully functional stabilisation function ✓ Simplification of the rules of the Stability and Growth Pact
DEMOCRATIC ACCOUNTABILITY AND EFFECTIVE GOVERNANCE	
<ul style="list-style-type: none"> ✓ Fully-fledged function of European Minister of Economy and Finance as chair of the Eurogroup and Vice-President of the Commission 	<ul style="list-style-type: none"> ✓ Fully operational European Monetary Fund ✓ Setting-up of a euro area Treasury

* For more details, see the Reflection Paper on the deepening of the Economic and Monetary Union of 31 May 2017

Europe's Economic and Monetary Union today

The euro is the currency of the European Union. Since its introduction in 2002, 19 Member States have joined the euro area. **All EU Member States are legally committed to joining the euro at some stage**, with the exception of Denmark (opt-out), and the United Kingdom (which has decided to leave the EU). With the United Kingdom's departure, euro area economies will represent about 85% of the EU's Gross Domestic Product.

Members of the European Union

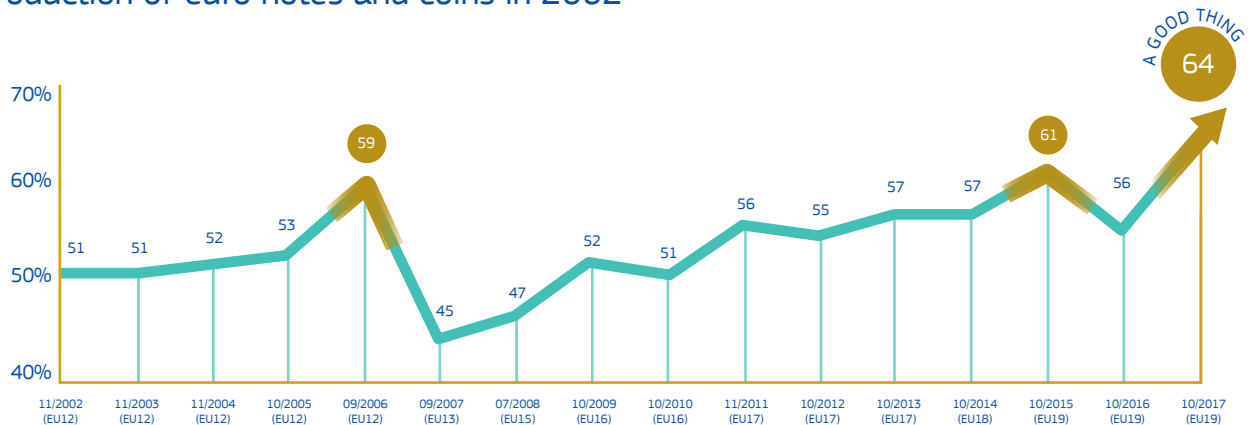
- BE, DE, EE, IE, CZ, HR, BG
- EL, ES, FR, IT, HU, PL, DK
- CY, LV, LT, LU, RO, SE
- MT, NL, AT, PT
- SI, SK, FI, UK

Coordinate policies and follow common economic and fiscal rules (European Semester, Stability and Growth Pact, Macroeconomic Imbalances Procedure)
 Follow common financial sector rules (Single Rulebook)
 Signatories to the Treaty on Stability, Coordination and Governance
 Except: CZ, HR, UK
 Prospective euro area members

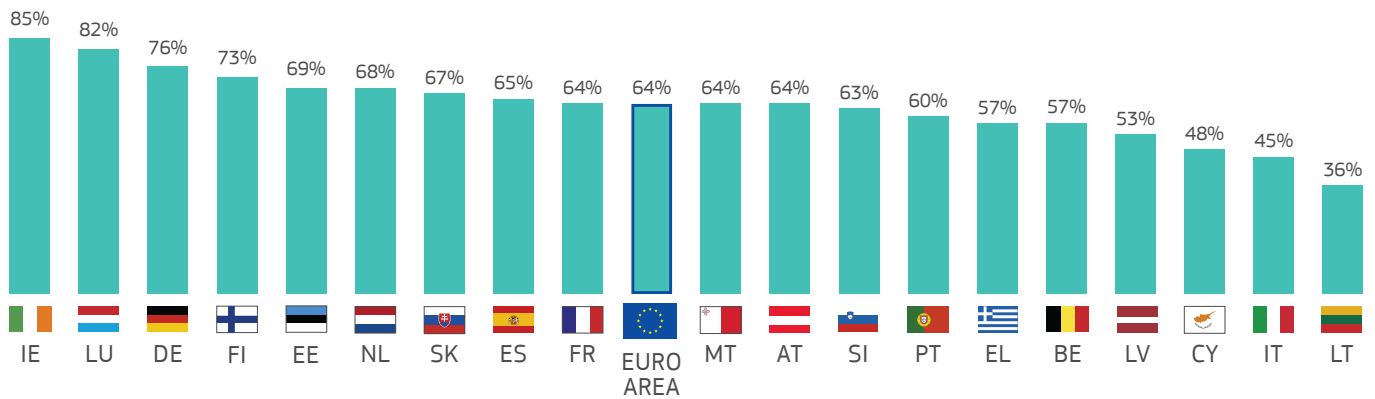
- The euro area (EU countries whose official currency is the euro)
 - Members of the European Stability Mechanism, a financial firewall for the euro area
 - Bank supervision led by the European Central Bank (Single Supervisory Mechanism)
- National currencies linked to the euro

€ The euro is shared by 340 million Europeans. It has become the second most used currency in the world. Sixty countries and territories, representing another 175 million people, have pegged their own currencies to the euro either directly or indirectly.

64% of citizens in the euro area say the euro is a good thing – the highest level since the introduction of euro notes and coins in 2002



Percentage of citizens in the euro area who believe the euro is a good thing by euro area Member State



SOURCE: EUROBAROMETER, DECEMBER 2017

Following up on the Five Presidents' Report, the Juncker Commission has already taken steps to strengthen the Economic and Monetary Union

- ✓ **European Semester** of economic policy coordination **revamped**, with dedicated recommendations for the euro area as a whole.
- ✓ **Intensified dialogue** with the European Parliament, the Member States, national Parliaments, social partners and stakeholders at all levels.
- ✓ **Flexibility** within the existing rules of the Stability and Growth Pact used **in support of reforms and investment**.
- ✓ **European Pillar of Social Rights** proclaimed on 17 November 2017 in Gothenburg and already reflected in the 2018 European Semester.
- ✓ **Social impact assessment** carried out for the new Stability Support Programme for Greece.
- ✓ **National Productivity Boards** set up in euro area Member States, as proposed by the Commission and recommended by the Council, to provide independent analysis of developments affecting productivity and competitiveness and to reinforce policy dialogue at the national level.
- ✓ Pending package to further **reduce risks** and **strengthen resilience of EU banking sector**.
- ✓ Ongoing work to **address non-performing loans**.
- ✓ **European Deposit Insurance Scheme** to increase depositor protection proposed by the Commission alongside other measures to complete the Banking Union.
- ✓ **European Fiscal Board** set up by the Commission to provide independent advice to the Commission.
- ✓ The **Capital Markets Union** channels private finance to facilitate access to finance for European businesses.
- ✓ The Commission proposed to improve the **external representation of the euro area** in international financial organisations such as the International Monetary Fund with gradual implementation by 2025.
- ✓ **Structural Reform Support Service** set up by the Commission to pool expertise and provide technical support for all interested Member States.