



 @EESC_ECO

Completing Europe's Economic and Monetary Union: The views of organised civil society

*Summary of relevant EESC opinions
Third edition - 2019*

ECO

Section for Economic and
Monetary Union and Economic
and Social Cohesion



European Economic
and Social Committee

Table of contents

<i>Preface</i>	<i>Page 3</i>
<i>The economic priorities of the new European Legislature</i>	
A new vision for completing the Economic and Monetary Union	Page 4
Towards a more resilient and sustainable EU economy	Page 5
<i>Financing growth</i>	
InvestEU	Page 6
Investment Plan for Europe: stock-taking and next steps	Page 7
<i>The economic pillar of EMU</i>	
Reform Support Programme	Page 8
European Investment Stabilisation Function	Page 9
National Competitiveness/Productivity Boards	Page 10
Economic governance review	Page 11
<i>The social pillar of EMU</i>	
The community method for a democratic and social EMU	Page 12
Wealth inequality in Europe	Page 13
<i>The political pillar of EMU</i>	
EMU package	Page 14
Completing EMU – the political pillar	Page 15
<i>The external dimension of EMU</i>	
Towards a stronger international role of the euro	Page 16
Euro area external representation	Page 17
<i>Appendix</i>	<i>Page 18</i>



Preface

Twenty years have passed since our single currency – the euro – was born as the final stage in the construction of Europe’s Economic and Monetary Union (EMU). During the first decade of its life, the euro quickly showed its potential, bringing a wide range of advantages to many European citizens and raising hopes for more economic progress within a common European framework.



However, the second decade following the creation of the euro was marked by turbulence and uncertainty. When the international economic and financial crisis struck, it exposed the structural limitations and contradictions within the EMU, making the euro look much less attractive and calling its very existence into question. The crisis proved that a single currency needs much more than a set of accountancy rules, such as the stability pact, because the underlying problems were not technical but economic and political. What we thought was the final stage of EMU, turned out to be just the beginning of a very long and sometimes painful journey. Progress has been made in the past few years, but many elements of a real EMU are still missing, notably a complete banking union underpinned by a deep capital markets union, a simpler and more anti-cyclical EU fiscal framework with a central stabilisation capacity for the euro area, a more symmetrical approach to addressing macroeconomic imbalances, minimum social standards in the different Member States, and a more inclusive and democratic decision-making process in the field of economic policy. These gaps in the EMU architecture contribute to the **persistent climate of uncertainty** in the EU and hinder the growth potential of the European economy.

The way forward

As the euro begins its third decade of life, **there is a clear need for a new European economic strategy**: a positive narrative for the future development of the EU economy in the wider world. This would help to increase the EU’s resilience to economic shocks and the sustainability – economic, social and environmental – of its economic model, thus bringing back confidence, stability and shared prosperity for all Europeans. Building on the progress achieved in recent years, this strategy could lay the groundwork for further economic, fiscal, financial, social and political integration that is necessary if the objectives of Europe’s Economic and Monetary Union are to be achieved. In its recent opinions on the EMU and during the general reflection process on the future of Europe, the EESC has reached a consensus on specific recommendations on all of these aspects. You will find a summary of these recommendations here. This brochure and the EESC opinions included in it are our direct contribution to the economic agenda of the new European Parliament and European Commission taking office in 2019.

We now call on the European institutions and the national governments to make use of our recommendations as a basis for **building a more integrated, more democratic and more socially-developed EMU**. This is the only way to prevent another crisis and reduce uncertainty in the short term, while ensuring stability and prosperity for the whole of the EU in the medium to long term. A more balanced and better functioning EMU will also reassure citizens, investors and institutional actors of the real value of the euro and of the irreversibility of our common European future.

Stefano Palmieri

President

Section for Economic and Monetary Union and Economic and Social Cohesion (ECO)

European Economic and Social Committee

2019

A new vision for completing the Economic and Monetary Union



We have to remember that solidarity and the willingness to compromise are the basis of a positive future for the EMU. There is an urgent need to reinforce its political, social, economic and financial pillars, while ensuring a sound balance between these four pillars. This is indispensable for developing resilience and ensuring that the EMU makes inclusive, democratic and sustainable progress.

Judith Vorbach

The EESC

- calls on the European institutions and national governments to take much more ambitious action in the context of EMU reform in order to achieve a more integrated, more democratic and socially better developed Union;
- believes that, despite the considerable progress towards completing EMU, there is still a need to significantly reinforce all of its pillars, taking care to maintain the balance between them, as neglecting one or more of these pillars could result in dangerous disparities;
- considers resilience to crises as a necessary, but not sufficient, condition for completing EMU, which also requires a positive vision as set out in Article 3 of the EU Treaty;
- recommends prioritising the following aspects regarding the specific pillars of EMU:
 1. a stable monetary and financial pillar as a basis for macroeconomic development through: consolidating ECB's stabilising role and safeguarding its independence; decisive steps to complete the Banking and Capital Markets Unions; strengthening the international role of the euro on the basis of a stable, economically strong and socially balanced EMU;
 2. a strong economic pillar as a basis for prosperity and social progress through: promoting growth, productivity and competitiveness; balancing supply- and demand-side measures, which currently entails boosting the demand side; creating a euro area fiscal capacity funded from a common debt instrument; measures to stem unfair tax competition and to prevent tax evasion and avoidance;
 3. expanding the social pillar as a basis for societal progress through: minimum social standards in the Member States; finding a fair balance between sound economic basis and strong social dimension; broadening the debate concerning an EU finance minister to an equivalent position for social and labour affairs;
 4. a political pillar as a basis for democracy, solidarity and unity through: enhancing the involvement of the European Parliament, the social partners and other civil society organisations in key social and economic policy decisions; solidarity and unity as a basis for prosperity and peace within the EU and in a global context; rapid accession to the euro area by those EU countries that have not yet joined it.

Rapporteur: Judith Vorbach



Towards a more resilient and sustainable European economy

2019

- The absence of economic and social convergence among Member States and regions is a threat to the political sustainability of the European project and all the benefits it has brought to European citizens.
- Developing economic and labour market resilience with economic, social, environmental and institutional sustainability should be the principle guiding policies.
- This will foster upwards convergence and fairness in the transition towards a climate-neutral economy while managing the challenges posed by digitalisation and demographic change. To enable economic policies that increase economic, labour market and social resilience, the drive towards strengthening the institutional architecture of EMU should be kept up and reinforced.
- The establishment of a fiscal capacity at eurozone level, the reform of current fiscal rules in order to preserve public investment during downturns, the establishment of a common safe asset and the completion of the Banking and Capital Markets Unions should be carried forward.
- Measures to avoid unfair tax competition among Member States should be promoted.
- Measures must be adopted to reverse the current trend towards growing inequality both in terms of opportunities and outcomes.
- The concept of a just transition must be developed and applied when striving to reach the objective of a carbon-neutral EU economy by 2050. This includes ensuring that the effects of climate policies are shared out equally and managing labour market transitions in a forward-looking way with the full participation of the social partners.
- The Member States should take initiatives to implement the European Pillar of Social Rights.
- Strengthening the competitiveness of the European economy that is its capacity to increase its productivity and living standards in a sustainable manner, should go hand in hand with these initiatives.
- Given the interconnection between the different facets of a resilient and sustainable economy, the participation of representative organisations of the social partners and civil society in policy-making and in the implementation cycles should be placed on a formal footing and reinforced wherever necessary at national and European levels.

Rapporteur: Javier Doz Orrit



Developing economic and labour market resilience, coupled with economic, social, environmental and institutional sustainability, should be the principle guiding policy. This will foster upwards convergence between states and equality between people in the transition towards a climate-neutral economy, while managing the challenges posed by digitalisation and demographic change. Furthermore, measures to fight against tax fraud, tax avoidance, money laundering and tax havens, as well as to avoid unfair tax competition among Member States, should be promoted and applied effectively.

Javier Doz Orrit



2018

InvestEU



We welcome that the package of regulations on the future MFF includes a proposal to strengthen investment activities in the EU, especially if those are of high public interest. The creation of an umbrella financial instrument featuring unified management, enhanced transparency and the potential for synergies provides a great opportunity to reach and, eventually, exceed pre-crisis investment levels. We stress the importance of thorough market tests to select suitable projects. This is the only way that we can expect InvestEU to have a positive impact on the development of financial markets in the Member States.

Petr Zahradnik

The EESC

- welcomes the fact that the package of regulations on the future Multiannual Financial Framework (MFF) includes the InvestEU proposal to strengthen investment activity in the EU, including long-term investment projects that are of high public interest, while also respecting the sustainable development criteria;
- appreciates the European Commission's efforts to create an umbrella financial instrument that will result in unified management, enhanced transparency and potential for synergies;
- stresses the need to carry out a thorough market test of projects with a view to ensuring the adequacy of specific projects that lend themselves to the use of financial instruments;
- appreciates the fact that, in addition to promoting sustainable infrastructure, SMEs and innovation, the InvestEU programme also focuses on social investment and skills;
- points out that there should be no underestimation or neglect of social investment, which must be as important as investment aimed primarily at development and entrepreneurship, welcomes the possibility of a specific, user-friendly manual aimed at identifying the appropriate project typology, finding examples of their synergy with the other chapters of the multiannual financial framework and ensuring adequate implementation in Member States;
- appreciates the expected positive impact of the InvestEU programme on the development of financial markets in the Member States;
- stresses the considerable need for an appropriate structure for the implementing partners, especially at national level.

Rapporteur: *Petr Zahradnik*



Investment Plan for Europe: stock-taking and next steps

2019

The EESC

- welcomes the Investment Plan for Europe for its contribution to the promotion of investment in the EU and more effective utilisation of limited financial resources for the purpose of strategic pan-European investments as a new type of EU financial redistribution;
- recommends setting an investment target in the EU as one of the criteria for a long-term and sustainable investment policy;
- considers that further guidance would be necessary to achieve greater geographical and sectoral balance in achieving the strategic goals of the Investment Plan for Europe as well as the InvestEU programme;
- calls for regulatory simplification is needed when combining several programmes or projects;
- calls for more effort be made to get the Member States on board to supporting large- scale European projects such as SESAR, ERTMS or the EU smart grid, as this is one of the most important added-values of the InvestEU Programme;
- very much supports the Commission's effort to identify the primary obstacles to more intensive investment activities in the areas of the Single Market environment, integrating infrastructure, education and skills requirements, and the alignment of state-aid rules;
- calls on the EU authorities to strengthen InvestEU's financial capacity within the Multiannual Financial Framework 2021-2027;
- proposes to enhance the scope of the InvestEU programme in order to provide European companies with the necessary guarantees that enable them to invest outside the EU area and promote EU trade;
- strongly recommends that the Commission step up its efforts to raise awareness among European businesses and citizens about the benefits obtained from the Investment Plan for Europe, especially with regards to SMEs, thus making them aware of the EU contribution.

Rapporteur: Petr Zahradnik

Co-rapporteur: Javier Doz Orrit



Investment volumes are still below pre-crisis levels and the Investment Plan for Europe is a great tool to help European businesses utilise financial resources more effectively. However, we need more efforts to raise awareness among European businesses and citizens about the benefits obtained from the plan, so that they can make the best use of them.

Petr Zahradnik



Overcoming the EU's investment deficit, one of the most serious risks to the future of the European economy, requires a greater financial effort from the EU, the Member States and the private sector. InvestEU resources in the MFF for the period 2021-2027 must be increased above those proposed by the Commission, with projects structured so as to avoid duplication and overlaps with the other investment programmes and to channel investment flows towards sustainable activities.

Javier Doz Orrit



2018

Reform Support Programme



We welcome and endorse the rationale behind the establishment of the Reform Support Programme, which is intended to encourage the EU Member States to implement major structural reforms. We are in favour of a strong link between the programme and the European Semester; we think that this could be even greater and more direct than in the Commission's proposal. The programme represents a new element in the EU's Multiannual Financial Framework. We therefore call for synergies with cohesion policy, as well as with cross-border projects.

Petr Zahradník

The EESC

- welcomes and endorses the rationale behind the establishment of the Reform Support Programme;
- proposes that, when carrying out structural reforms with the support of the programme, the social impact and consequences also be monitored at Member State level;
- believes that the linkage between the Reform Support Programme and the European Semester could be even greater and more direct than provided for in the proposal;
- believes that, in order to launch the Reform Support Programme successfully and obtain the expected benefits, better responses are needed to a number of still open questions;
- would welcome the development of a practical manual that would make it easier for beneficiaries to discover possible combinations of different chapters of the future Multiannual Financial Framework;
- recommends that the procedures for evaluating the success of reforms (and therefore also the conditions for disbursement of funds under the programme) be further clarified and defined;
- believes that organised civil society can play an active role in obtaining agreement between the European Commission and the Member States on the content of reforms;
- thinks it highly desirable to create a platform for cooperation between Member States on matters relating to the form and nature of structural reforms;
- recommends that the programme be extended to cover also structural projects of pan-European importance;
- is not entirely convinced that the retrospective payment of funds provides sufficient motivation for a Member State to carry out a structural reform.

Rapporteur: Petr Zahradník



European Investment Stabilisation Function

2018

The EESC

- notes that the proposed EISF aims to make national fiscal policies more stabilising with respect to asymmetric shocks;
- considers this as a step towards closer euro area integration and possibly an attempt to encourage non-euro Member States to join the single currency;
- has concerns about the size of the fund in the event that asymmetric shocks affect two or more Member States;
- notes that having unemployment as the sole criterion to activate support may lead to some deficiencies with regard to the timeliness of the stabilisation function;
- therefore suggests other complementary indicators which normally precede unemployment in terms of predicting an impending large shock, in a way that an initial level of support can be triggered before the “large” shock is fully transmitted to the unemployment indicator;
- advocates that a balance be struck between the Commission’s oversight on one side and, on the other hand, the concerned Member State’s discretion in determining the type of investment required;
- is of the view that a well-crafted union-wide insurance scheme that acts as an automatic stabiliser amidst macroeconomic shocks would be more effective than the proposed EISF;
- urges the Commission to investigate how such an insurance mechanism could operate across the EU;
- advocates a coordinated approach to deploy all relevant financial instruments, including the EISF, in case another financial and economic crisis hit the EU.

Rapporteur: Philip von Brockdorff

Co-rapporteur: Michael Smyth



The proposed European Investment Stabilisation Function is a step in the right direction, but given the size of the EISF budget and with unemployment being the only criterion to trigger support, it does not go far enough in order to fully address the effects of asymmetric shocks. Other complementary criteria, such as the change in the export of goods and services or the change in the level of inventories, could allow us to trigger support at an initial stage before large shocks happen.

Philip von Brockdorff



It is important to develop this instrument further and look into how a union-wide insurance mechanism that acts as an automatic stabiliser amidst macroeconomic shocks could operate. Such a tool would be more effective than the proposed EISF, which represents something of an interim solution.

Michael Smyth



2016

National Competitiveness/ Productivity Boards



The one-sided strategy, which aimed at improving competitiveness in EMU countries by reducing costs so as to increase exports, exacerbated the impact of the crisis and encouraged a race to the bottom. What is needed instead is a high road strategy based on innovation and quality to boost domestic demand in order to yield an increase in citizens' standard of living.

Thomas Delapina



Productivity is a key element in a country's competitive position and the National Productivity Boards will bring a national focus and ownership to raising productivity levels and hence growth potential and living standards. The boards' policy analysis will reverse economic divergence and contribute to the smooth functioning of the Single Market.

David Croughan

- Competitiveness is not an end in itself. It is only a sensible objective if it improves people's well-being in practice.
- The Committee therefore recommends that an updated definition of competitiveness ("competitiveness 2.0") be used in future, taking into account "the ability of a country (region, location) to deliver the beyond-GDP goals for its citizens" including social cohesion and sustainability.
- The EESC urges that future discussions refer not to "competitiveness boards" but to "boards for competitiveness, social cohesion and sustainability".
- The EESC agrees with the Commission approach which allows Member States to design their national boards either by setting up new institutions or adapting the mandate of existing bodies, provided they are independent and their aim is not to interfere with the wage setting process.
- In view of the need to avoid duplicating existing work and bodies, the EESC asks the Commission to carry out a full mapping exercise.
- The EESC asks the Commission to present concrete proposals on how the following necessary requirements can be safeguarded if these boards are established:
 - accountability, legitimacy and transparency;
 - representation of balanced unbiased expertise;
 - non-binding character of proposals of the board;
 - inclusion of the dual role of wages, both as a cost factor and as the main determinant of domestic demand.
- The EESC already put forward specific proposals for deepening EMU before the latest Commission package – proposals which should be implemented. The Committee also shares the Commission's view that closer coordination of national economic policies is essential in order to remove existing imbalances and make it less likely that imbalances will occur in future.
- Competing national strategies are not needed, but rather a common European strategy. It is of crucial importance here to expand macroeconomic dialogue and introduce it for the euro area.
- Also at national level, the role of the social partners must be strengthened and systems of macroeconomic dialogue developed or consolidated.

Rapporteur: Thomas Delapina

Co-rapporteur: David Croughan



Economic governance review

2015

- The European economic governance rules, conceived in crisis, played an important role in fiscal consolidation, economic policy coordination and the furtherance of fiscal integration. However, the EESC is concerned that the cost has been high in terms of growth and employment, largely due to the incomplete nature of economic governance in an economic and monetary union.
- The quantitative easing measures now being embarked upon by the European Central Bank need to be matched by greater political initiatives by the Member States going beyond the Investment Plan for Europe.
- Concrete mechanisms and instruments for well-designed economic policy coordination leading to convergence and solidarity should be established urgently. This process should not involve Treaty change in the first instance, but the EESC is of the opinion that in the long term Treaty changes will be required.
- In the review of the Multiannual Financial Framework in 2016, there is a need to back urgent structural reforms with a common EU interest, including macroeconomic rebalancing, with some form of fiscal capacity such as the Convergence and Competitiveness Instrument.
- The EESC is concerned that the structural balance, a non-observable variable based on theoretical and disputed calculations and prone to serious revisions, plays such a key role in the Excessive Deficit Procedure.
- More focus should be placed on measures to increase GDP growth in order to reduce high debt/GDP ratios than the budgetary measures to reduce the annual deficit. The Commission should monitor not only the implementation of country-specific recommendations (CSRs) but also carry out an ex-post analysis of its recommendations in achieving an increase in output, growth and high-quality jobs.
- The Committee welcomes the emphasis placed on the use of flexibility within the rules of the Stability and Growth Pact, but considers it a limited and partial measure.
- A lack of implementation of CSRs could be countered by real involvement of civil society and the social partners in drawing up CSRs.
- The Semester process should provide for a stronger role of the European Parliament and be more widely publicised by Member States and the Commission to ensure a better understanding by citizens.

Rapporteur: David Croughan

Co-rapporteur: Carmelo Cedrone



The Union's recovery from crisis has been impeded by the prolongation of fiscal governance rules, as they relate to investment. The appliance of country-specific recommendations is at variance with a need for a more expansionary fiscal stance in the euro area. An enhanced fiscal capacity (2-3% of GDP) is needed.

David Croughan



We need a genuine economic and monetary pillar of EMU in order to move on from mere coordination.

Carmelo Cedrone



2015

The community method for a democratic and social EMU



Without better democratic and social governance, EMU will not be sustainable. On the contrary, growing inequality puts Europe's prosperity and integration at risk. Furthermore, to eliminate the divergences for example between wages, EMU needs greater involvement by social partners, especially via reinforced macro-economic dialogue within the euro area.

Gabriele Bischoff

The EESC

- is convinced that a genuine stabilisation of the economic and monetary union (EMU) can only succeed if faults in the EMU's construction are rectified and major reforms are undertaken to accomplish this. This requires a change to the treaties as part of a convention;
- calls for measures to be taken to enhance the democratic and social dimension of the EMU within the framework of the existing treaties and to ensure that the self-imposed rules are followed;
- asserts that the longer the current savings-oriented policy continues without an effective investment plan to generate revenue through growth, social cohesion and solidarity, it will become increasingly clear that Europe's economic integration and prosperity is at risk from growing social inequalities;
- feels that social, political and economic cohesion must be strengthened to avert a break-up of the euro area. Balanced structural reforms must be introduced to reflect the requirements of a monetary union and in accordance with national requirements;
- calls for greater "parliamentarisation" of the euro area, with a grand EP committee comprising all members of parliament from the euro area and from those countries wishing to join (26 Member States), combined with stronger coordination of members of parliament from the euro area on EMU issues (COSAC +);
- points out that some of the economic policy goals of economic governance of recent years must be brought more into line with the EU's social policy objectives under Article 4(2) TFEU and possible conflicts between economic and social objectives should be resolved;
- demands that all measures under the European Semester – in accordance with the horizontal social clause – be subject to a social impact assessment;
- declares that the removal of divergences in the functioning of labour markets, wage-setting systems and welfare systems also plays an important role in a democratic and social EMU;
- is convinced that macroeconomic dialogue in the euro area (MED-EURO) can make a key contribution to the democratic and social development of EMU.

Rapporteur: Gabriele Bischoff



Wealth inequality in Europe

The EESC

- believes that income and wealth inequalities in the EU have become economic and social challenges that should be addressed with appropriate measures at national level and with the support of EU-level action;
- thinks that a well-functioning system of social transfers and social assistance is needed. Fiscal redistribution should complement the gaps in the market system. Public assets should be developed as a means of addressing inequalities. Fiscal income should be shifted from labour-based taxation towards a more wealth-based one;
- believes that intensive economic growth is key to reducing poverty and wealth inequalities. This should be promoted through better use of the Structural and Cohesion Funds, encouraging entrepreneurship, protecting competition, programmes to support SMEs and the implementation of policies to prevent discrimination of women and people in disadvantaged situations;
- recommends framing policies at European level to promote more inclusive growth using an integrated approach. The European Pillar of Social Rights should be tied much more closely in with the European Semester and the Europe 2020 strategy;
- points to the need for targeted labour-market measures focussed on promotion of employment and labour force protection. It is very important to have minimum social standards that guarantee decent pay and working conditions. The accent should be placed on facilitating transitions in working life and guaranteeing common labour and social rights;
- recommends that a transparent mechanism be put in place to systematically monitor and consolidate data on all income and wealth. The establishment of a register of corporate shareholders at European level would have an important role to play here.

Rapporteur: *Plamen Dimitrov*



Growing inequality is a destabilising factor for both the economy and society. It is causing a divide between different social groups and has contributed to the rise of extreme movements and parties. Tackling inequality must be better integrated into policy-making through a set of specific indicators within the European Semester. Europe and its Member States also need to forge closer cooperation by converging taxes and aligning fiscal policies over time. This should be accompanied by the creation of a financial registry for big fortunes, as well as ensuring benchmarking and the safeguarding of collective bargaining rights across the Member States.

Plamen Dimitrov



2018

Economic and Monetary Union Package



Further steps on deepening EMU must be based on a firm common position shared by all Member States. EMU must address citizens' needs and provide real added value. Social rights must enjoy the same level of importance as economic freedoms, so as to enforce the "social market economy" concept found in the Treaty.

Mihai Ivaşcu



EMU requires a strong political commitment, efficient governance and better use of the available finances, in order to cope with both risk reduction and risk sharing among Member States. New financial instruments for crisis prevention and countering pro-cyclical measures need to be developed.

Stefano Palmieri

The EESC

- appreciates the proposed roadmap for completing EMU, but its support is not full and enthusiastic since a number of social, political and economic issues, highlighted in our previous opinions, were not taken into consideration;
- underlines that the principles of responsibility and solidarity at EU level should go hand in hand;
- is disappointed that the EESC and the CoR are omitted from the communication and that the role of the European Parliament remains rather limited;
- highlights the need to develop new financial instruments for crisis prevention and countering pro-cyclical measures;
- highlights that the completion of the Banking Union and of the Capital Markets Union, as well as addressing the problem of non-performing loans, should remain top priority on the agenda;
- fully supports the proposed task of the new European Monetary Fund (EMF) to provide a common backstop for the Single Resolution Fund, but highlights that this measure should not act like a golden parachute, encouraging banks to take unnecessary risks;
- believes that the EMF should have a more active role in the EU context, like the International Monetary Fund internationally: supporting economic development and absorbing shocks, not just preventing bank crises;
- believes that the Treaty on Stability, Coordination and Governance (TSCG) should be incorporated into EU law together with the transformation of the ESM into the EMF, without cherry-picking opportunities for the Member States;
- considers that the flexible interpretation given to the Stability and Growth Pact (SGP) is not enough and recommends that discussions be opened at EU level on excluding value-adding strategic public investment from the scope of application of the SGP;
- fully supports the proposal to introduce a dedicated convergence facility for the Member States on their way to joining the euro;
- considers that to reduce the existing divergence among EU economies, the macroeconomic stabilisation function is particularly important as Member States are less and less able to act independently due to EMU constraints;
- supports the creation of a Minister of Economy and Finance for EMU as a first step to enhancing the coherence of policies that are currently fragmented, but calls for further reflection and enhancement of the democratic accountability of the proposed minister.

Rapporteur: Mihai Ivaşcu

Co-rapporteur: Stefano Palmieri



Completing EMU – The political pillar

2015

- The EESC is of the opinion that persisting imbalances as well as the creation of trust and confidence across Europe require more effective and democratic economic governance, notably in the Eurozone.
- The EESC realises that decisive steps cannot be taken overnight, but at the same time Europe cannot afford to put decisions off for years. To that end concrete steps can be undertaken within the framework of the current Treaty and rules. In the medium-long term a revision of the Treaty should bring the institutional provisions in line with the indispensable requirements of a real economic and political Union.
- It has become clear that the current system of rules underpinning the EU, and particularly the euro area, has created confusion on the legal, institutional and democratic fronts. A new approach is therefore needed. The Committee deems it essential to deepen the process of integrating the euro area.
- With this in mind, the Committee would like to present a roadmap comprising the following steps:
 - 1st step:**
 - Stable Eurogroup president;
 - Making the Interparliamentary Conference operational;
 - Euro area (EP Grand Committee).
 - 2nd step:**
 - EMU Legislative Affairs Council;
 - Voting by euro area parliamentarians on matters of EMU competence;
 - An EMU executive ;
 - Strengthening the powers and remit of the Interparliamentary Conference.
 - 3rd step:**
 - Strengthening the powers of the EP with regard to EMU and the creation of real European political parties;
 - Chamber of the States;
 - Separation between legislative and executive powers;
 - Abolition of unanimous voting.
- The following initiatives should be taken to prepare for and implement the steps set out above:
 - Civil society conference;
 - Interparliamentary conference;
 - EP proposals for action without Treaty change and for a revision of the Lisbon Treaty;
 - Constitutional convention;
 - Potential evaluation of option of pan-European referendum.

Rapporteurs: Carmelo Cedrone and Joost van Iersel



The Union is currently unable to solve the problems regarding workers and the economy. We need to create a 'core of countries' willing to switch from an economic to a political approach.

Carmelo Cedrone



The completion of the EMU architecture must be tackled without delay. In the view of European entrepreneurs and a large majority of leading economists, this should help to put the conditions in place for achieving the threefold objective of fiscal discipline, structural reforms and growth initiatives.

Joost van Iersel

2019

Towards a stronger international role of the euro



While efforts to strengthen the international role of the euro are strategically significant and from a trade perspective vital for the future of the EU, it is equally important for economic and social convergence to gather pace and for the banking and capital markets unions to be completed.

Philip von Brockdorff



The strengthening of the euro's international role requires the adoption of policies that ensure social cohesion and upward economic convergence, an integrated and well-functioning European financial sector and the promotion of business competitiveness and innovation.

Dimitris Dimitriadis

The EESC

- notes that the international role of the euro has not yet recovered to the pre-financial crisis level;
- considers that social cohesion, economic upward convergence and the promotion of competitiveness and innovation should be the basis on which the euro area's economy gathers pace and supports a stronger international role for the euro;
- believes that this requires inter alia the completion of the Economic and Monetary Union and the Banking Union;
- reiterates in this connection the relevance of supporting SMEs and further increasing productivity as a means to enhance the euro area's competitiveness in international markets;
- believes that the fragmentation of the euro area's sovereign bond market should be addressed by investigating options for creating more liquid and safer euro assets;
- considers that the ECB may facilitate a stronger international role of the euro by fulfilling its mandate of maintaining price stability and by supporting deeper Economic and Monetary Union and Capital Markets Union;
- believes that additional measures are required to deepen the European financial sector, including a stronger European financial market infrastructure and solid interest rate benchmarks;
- considers that the promotion of a wider use of the euro in strategic sectors is also crucial in contributing towards an increased international role of the euro;
- urges Member States to take a more unified approach in international diplomacy and a more pro-active stance to promote the EU's interests, which could result in enhanced trade opportunities.

Rapporteur: *Philip von Brockdorff*

Co-rapporteur: *Dimitris Dimitriadis*



Euro area external representation

2016

- The euro area needs to step up its external representation. This will strengthen its relative weight in international financial institutions and give it a more prominent position in international financial markets.
- The EESC endorses the rationale behind the two Commission documents and also agrees with making strengthening the euro area's external representation in the International Monetary Fund (IMF) the priority.
- At the same time, however, the EESC proposes that the European Commission also draft scenarios for making stronger and more effective the links with other relevant international bodies, taking particular account of their remits.
- The EESC broadly agrees with the ultimate goal of a single chair at the IMF by 2025. On this point the EESC also recommends clearly and explicitly defining the roles of euro area external representation and their dovetailing with those of the EU as a whole, with a view to preserving the integrity of the single market.
- The EESC agrees with the main elements of the three-phase scenario to gain a single chair at the IMF. However, the corresponding political pressure must be marshalled to secure the timely fulfilment of obligations and commitments stemming from this for the Member States.
- The EESC anticipates that the proposed procedure will result in better and deeper coordination between Member States in the area of economic policy and its external dimensions and expects a corresponding coordination on this between the relevant EU institutions and bodies, also ensuring the utmost transparency.
- The EESC recommends including an economic analysis and a brief statement on the expected benefits and impact following its implementation.

Rapporteur: Petr Zahradník



The euro area must have a single voice in the international financial institutions and markets. This should be done in full respect of the overall EU framework in order to preserve the integrity of the single market, while also contributing to the ultimate goal of achieving a deep and genuine EMU.

Petr Zahradník



Appendix



Page 4

Opinion of the EESC on *A new vision for completing the Economic and Monetary Union*

Own-initiative opinion

[OJ C 353 of 18.10.2019, p. 32](#)

Rapporteur: Judith Vorbach

Adopted at the Plenary Session of 17 and 18 July 2019



Page 5

Opinion of the EESC on *Towards a more resilient and sustainable European economy*

Own-initiative opinion

[OJ C 353 of 18.10.2019, p. 23](#)

Rapporteur: Javier Doz Orrit

Adopted at the Plenary Session of 17 and 18 July 2019



Page 6

Opinion of the EESC on the *Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme*

COM(2018) 439 final – 2018/0229 (COD)

[OJ C 62 of 15.02.2019, p. 131](#)

Rapporteur: Petr Zahradnik

Adopted at the Plenary Session of 17 and 18 October 2018



Page 7

Opinion of the EESC on the *Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank Investment Plan for Europe: stock-taking and next steps*

COM(2018) 771 final

[OJ C 282 of 20.08.2019 p. 20](#)

Rapporteur: Petr Zahradnik

Co-rapporteur: Javier Doz Orrit

Adopted at the Plenary Session of 19 and 20 June 2019



Page 8

Opinion of the EESC on the *Proposal for a Regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme*

COM(2018) 391 final – 2018/0213 (COD)

[OJ C 62 of 15.02.2019, p. 121](#)

Rapporteur: Petr Zahradnik

Adopted at the Plenary Session of 17 and 18 October 2018

Page 9

Opinion of the EESC on the *Proposal for a Regulation of the European Parliament and of the Council on the establishment of a European Investment Stabilisation Function*

COM(2018) 387 final – 2018/0212 (COD)

OJ C 62 of 15.02.2019, p. 126

Rapporteur: Philip von Brockdorff

Co-rapporteur: Michael Smyth

Adopted at the Plenary Session of 17 and 18 October 2018



Page 10

Opinion of the EESC on the *Recommendation for a Council Recommendation on the establishment of National Competitiveness Boards within the Euro Area*

COM(2015) 601 final

OJ C 177 of 18.05.2016, p. 35

Rapporteur: Thomas Delapina

Co-rapporteur: David Croughan

Adopted at the Plenary Session of 16 and 17 March 2016



Page 11

Opinion of the EESC on the *Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions - Economic governance review - Report on the application of Regulations (EU) No 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013*

COM(2014) 905 final

OJ C 268 du 14.8.2015, p. 33

Rapporteur: David Croughan

Co-rapporteur: Carmelo Cedrone

Adopted at the Plenary Session of 18 and 19 March 2015



Page 12

Opinion of the EESC on *The Community Method for a Democratic and Social EMU*

Own-initiative opinion

OJ C 13 of 15.01.2016, p. 33

Rapporteur: Gabriele Bischoff

Adopted at the Plenary Session of 16 and 17 September 2015





Page 13

Opinion of the EESC on *Wealth inequality in Europe: the profit-labour split between Member States*

Own-initiative opinion

OJ C 129 of 11.04.2018, p. 1

Rapporteur: Plamen Dimitrov

Adopted at the Plenary Session of 6 and 7 December 2017



Page 14

Opinion of the EESC on the *Communication from the Commission to the European parliament, the European council, the Council and the European central bank - Further steps towards completing Europe's economic and monetary union: a Roadmap*

COM(2017) 821 final

on the *Communication from the Commission to the European parliament, the European council, the Council and the European central bank - New budgetary instruments for a stable euro area within the union framework*

COM(2017) 822 final

on the *Communication from the Commission to the European parliament, the European council, the Council and the European Central Bank - a European minister of economy and finance*

COM(2017) 823 final

on the *Proposal for a Council directive laying down provisions for strengthening fiscal responsibility and the medium-term budgetary orientation in the Member States*

COM(2017) 824 final – 2017/0335 (CNS)

and on the *Proposal for a Council Regulation on the establishment of the European Monetary Fund*

COM(2017) 827 final – 2017/0333 (APP)

OJ C 262 of 25.07.2018, p. 28

Rapporteur: Mihai Ivascu

Co-rapporteur: Stefano Palmieri

Adopted at the Plenary Session of 18 and 19 April 2018



Page 15

Opinion of the EESC on *Completing EMU: The political pillar*

Own-initiative opinion

OJ C 332 of 8.10.2015 p. 8

Rapporteurs: Carmelo Cedrone and Joost van Iersel

Adopted at the Plenary Session of 27 and 28 May 2015

Page 16

Opinion of the EESC on the *Communication from the Commission to the European Parliament, the European Council (Euro Summit), the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions. Towards a stronger international role of the euro*
COM(2018) 796 final

[OJ C 282 of 20.08.2019, p. 27](#)

Rapporteur: Philip von Brockdorff

Co-rapporteur: Dimitris Dimitriadis

Adopted at the Plenary Session of 19 and 20 June 2019



Page 17

Opinion of the EESC on the *Communication from the Commission to the European Parliament, the Council and the European Central Bank: A roadmap for moving towards a more consistent external representation of the euro area in international fora*
COM(2015) 602 final

and on the *Proposal for a Council Decision laying down measures in view of progressively establishing unified representation of the euro area in the International Monetary Fund*
COM(2015) 603 final – 2015/0250(NLE)

[OJ C 177 of 18.05.2016, p.16](#)

Rapporteur: Petr Zahradník

Adopted at the Plenary Session of 16 and 17 March 2016



Notes





European Economic and Social Committee

Rue Belliard/Belliardstraat 99
1040 Bruxelles/Brussel
BELGIQUE/BELGIË

Published by: "Visits and Publications" Unit
EESC-2019-93-EN

www.eesc.europa.eu

© European Union, 2019

Reproduction is authorised provided the source is acknowledged.
For any use or reproduction of the photos, permission must be sought directly
from the copyright holders.

Cover photo: © Shutterstock, Bartkowski
p. 2: © Shutterstock, Matej Kotula



Print
QE-02-19-927-EN-C
ISBN 978-92-830-4624-0
doi:10.2864/74070

Web
QE-02-19-927-EN-N
ISBN 978-92-830-4623-3
doi:10.2864/89940

EN