



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

*Summary of relevant EESC opinions*  
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ECO

Section for Economic and  
Monetary Union and Economic  
and Social Cohesion



*European Economic and Social Committee*

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# Preface

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When the international economic and financial crisis struck, it exposed the structural limitations and contradictions within the Economic and Monetary Union (EMU), making the euro look much less attractive. The crisis has proven that it takes much more than a set of “accountancy” rules such as the stability pact and so on, because the underlying problems are not technical but economic and political. Indeed, progress has been made in the past few years by putting in place new rules and mechanisms, not least parts of a Banking Union, but the construction work is far from finished. In our view, this contributes to the persistent **climate of uncertainty among citizens and business**, and hinders the growth potential of the European economy.



The recent economic and political developments in Europe were a wake-up call for our leaders to **take swifter action in order to strengthen the foundations** of our Union, including the fragile political and institutional architecture underpinning the euro, thus ensuring lasting stability and prosperity for the people of Europe. This can only happen if all Member States concerned, the European institutions and civil society stakeholders **cooperate actively and without delay in the process of deepening the EMU**, which was formally launched in 2015 with the Five Presidents’ Report and suitably followed up by a package of specific policy proposals presented in December 2017 by the European Commission. The European Economic and Social Committee (EESC) – the only institutional representative of organised civil society in Europe – has continuously called for this process to be **further accelerated in order to ensure more convergence** within and among the Member States and to make the EU as a whole more prosperous, competitive and resilient to external shocks, within a concept of shared sovereignty. The alternative, as we have witnessed during the crisis, is disintegration and a rise of tensions along Europe’s dividing lines. This will be no different in any subsequent economic breakdown.

## The way forward

Taking stock of past achievements at successive European Summits is not enough. A clear sense of ownership and direction is still needed. **Work should continue on building the missing blocks of a genuine EMU** – embracing economic, fiscal, financial, social and political aspects, and including, where appropriate, discussions on a possible Treaty change. In a series of opinions on the EMU and the general reflection process on the future of Europe, the EESC has reached a consensus on specific recommendations on all of these aspects, a summary of which you will find in this brochure.

We now call on the European political leaders to **approve a transparent and time-bound roadmap for completing the EMU**, based also on our recommendations, and to make a clear EU-wide commitment to its implementation. This is the only way to reduce uncertainty and ensure stability and prosperity. It will also reassure citizens and investors of the real value of the euro as well as of the need for effective economic governance for the sake of our common European future.

### **Joost van Iersel**

*President*

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

*European Economic and Social Committee*

2014

## Completing EMU – The next European legislature



EMU, which is substantially more than what is being discussed on the table now, is indispensable to re-create confidence in the European project. Only its completion and full implementation will encourage investments and boost growth and jobs.

*Joost van Iersel*



The existing EMU is an anachronistic legal and economic system, that has shown itself to be totally ineffective in the face of the crisis. So we are proposing that within the next five years, the missing pillars should be put in place... This is a real challenge for all of us as Europeans. Will politicians be capable of meeting it?

*Carmelo Cedrone*

### Key points:

Besides fiscal discipline, flanking economic and social policies for growth and jobs as key factors underpinning successful consolidation must be worked out simultaneously by the EU and the Member States. Common confidence building must replace mistrust and tensions. Therefore the EESC calls on the next European legislature to establish urgently a **roadmap** to tackle the pressing problems.

To this end, the EESC proposes:

- The **completion of EMU**, ensured by a robust governance and management structure of the euro area and based on:
  - I. a **monetary and financial pillar**, including the implementation of a fully-fledged EU-driven Banking Union to bring about a pan-European capital market, while also protecting taxpayers from excessive risk-taking and disorderly defaults;
  - II. an **economic pillar** to strengthen the decision-making process in economic policy, thus fostering growth, employment, competitiveness, convergence and European solidarity;
  - III. a **social pillar** to take properly into account, among other factors, the social effects of economic adjustments;
  - IV. a **political pillar**, including greater accountability and democratic legitimacy, to foster credibility and confidence.
- The launch, as a matter of urgency, of a real **European plan for growth and employment**, based on a substantial investment programme triggering a fiscal impulse. The rebalancing and **proper implementation of existing instruments** should be ensured;
- The establishment of a timeline and arrangements for the **launch of political Europe** as a whole, including through a reflection process on its institutional set-up in the context of a new European convention;
- The launch of a communication and simplification strategy on EMU, as a joint effort by the Commission, EP, Member States and civil society.

**Rapporteurs:** *Joost van Iersel and Carmelo Cedrone*

# Completing EMU – Taxation

2014

## Key points:

The EESC proposes to:

### Short-term (6 to 18 months):

- Reduce and standardise the range of different taxes, extend tax bases, align tax rates more closely, and strengthen cooperation and information exchange mechanisms in order to combat fraud and evasion.
- Create a “Common Consolidated Corporate Tax Base” with a fair setting of parameters.
- Respond to global developments at OECD and G20 level on base erosion and profit shifting (BEPS). Tax should be captured where the economic substance is located.
- Urgently eliminate practices used in the Member States to grant selected corporations special tax privileges.
- Seek effective agreements in the euro area to extend the planned financial transaction tax beyond the eleven Member States which support it.
- Involve citizens in combating the black economy, tax evasion and tax fraud by encouraging instruments such as service vouchers and forms of electronic payment that leave a trace.
- Strengthen the Eurofisc platform as an embryonic EU agency acting as a VAT clearing house and tackling tax fraud, thus putting an end to “carousel fraud”.
- Strengthen the 2011 Mutual Assistance Directive.
- Blacklist jurisdictions that act as tax havens, in disregard of good governance in tax matters and calls for common criteria to be established at EU level for identifying such jurisdictions.
- The use and location of businesses in these territories should moreover be specifically mentioned in the Corporate Social Responsibility reports of companies quoted on stock exchanges.
- Fully investigate any unfair tax agreements reached by MS and individual companies.
- Set up a European body for tax simplification.

### Medium-term (18 months to 5 years):

- In the spirit of the “monetary snake” of the 1980s create a “tax snake” in the euro area consisting of effective minimum and maximum rates for corporate taxation, so as to progressively harmonise them.
- Achieve specific fiscal capacity in the euro area.
- Amend the current taxation decision-making model in the euro area, bringing in a qualified majority system.

**Rapporteur:** Carlos Trias Pintó

**Co-rapporteur:** Petru Sorin Dandea



In order to facilitate the convergence of Eurozone economic policies, it is necessary to achieve a specific fiscal capacity in the euro area, through income based on a temporary levy on balance of payments surpluses of more than 6% of GDP, consumption of non-renewable energies, emission of joint bonds and a share of seigniorage income from issuing currency.

*Carlos Trias Pintó*



The single currency remains one of the EU’s most remarkable achievements in recent decades. However, it has not reached its full potential partly due to the European tax system fragmentation. Therefore, in the spirit of the “monetary snake” of the 1980s, we should create a “tax snake” in the euro area, consisting of effective minimum and maximum rates for corporate taxation. In this context, addressing the problem of the current decision-making model in taxation must be a priority.

*Petru Sorin Dandea*

2015

## Completing EMU – The political pillar



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*

### Key points:

- 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:
  - 1<sup>st</sup> step:**
    - Stable Eurogroup president;
    - Making the Interparliamentary Conference operational;
    - Euro area (EP Grand Committee).
  - 2<sup>nd</sup> 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.
  - 3<sup>rd</sup> 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 community method for a democratic and social EMU

2015

## Key points:

### The Committee

- 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



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*

2015

## Economic governance review



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*

### Key points:

- 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*

# Steps towards completing EMU

2016

## Key points:

- The Commission communication on *Steps towards completing EMU* can provide a great opportunity to launch a debate at political level and with civil society to draw up conclusive proposals which go further than the current ones.
- **Semester:** it would be more useful to draw up a proposal for the Semester as part of a comprehensive agreement on economic governance that goes beyond the status quo, changing macroconditionality and strengthening the Interparliamentary Conference.
- **Economic governance:** comprehensive economic governance for the euro area must go much further than the Commission has proposed. In particular, the Commission and the National Competitiveness Boards should also take into account the new factors and parameters that underpin competitiveness. The advisory European Fiscal Board should adopt more transparent and democratic procedures for nominating its members and for the use of its advice.
- **External representation of the euro area:** the proposal is both fair and necessary, but in addition to overly lengthy timeframes, there is the problem of democratic supervision.
- **Financial union:** this is the most important decision to be made in order to fully and rapidly implement European systems of common rules. It would be helpful here to have a Commission proposal on the issue of sovereign and private debt to reduce risk and speculation.
- **Democratic legitimacy:** the issue is not tackled seriously by any of the Commission's operational proposals. The tripartite social dialogue could contribute to this matter, provided that it is structured and implementation of the agreements between the parties is made mandatory.
- **Stage two – Completing EMU:** on the basis of its own roadmap, the EESC is committed to putting forward, possibly with the Commission, a plan on stage two to discuss these issues in the Member States, beginning with the euro area countries.
- **The proposals:** in a number of opinions drawn up since the crisis began, the EESC has drawn up specific proposals covering issues such as the political, economic, financial and monetary governance of EMU. Therefore, it refers the reader to earlier and ongoing opinions on the Commission's specific proposals.

**Rapporteur:** Carmelo Cedrone



We must give democratic legitimacy to the euro area and the capacity to act at international level, in order to reinforce inter alia the action of the ECB.

Carmelo Cedrone

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*

### Key points:

- 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*

# Euro area external representation

2016

## Key points:

- 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*

2016

## European Deposit Insurance Scheme



The realisation of a fully-fledged banking union forms one of the cornerstones for the completion of the Economic and Monetary Union. The first and second pillars having been dealt with in the past few years, the focus should now be on creating the appropriate conditions for the implementation of the third pillar of the banking union, i.e. the European Deposit Insurance Scheme.

*Daniel Mareels*

### Key points:

Stable, secure and well protected deposits are in everyone's interest, and first and foremost the interest of savers and depositors.

For the EESC

- it is apparent that the introduction of further risk sharing (EDIS proposal) is to be accompanied by further risk reduction in the Banking Union. As both have a number of fundamental and important objectives in common relating to the strengthening and completion of the Banking Union and necessary for offering a balanced solution, they have to be dealt with in parallel and without delay and actually put into effect;
- it is essential to use the EDIS to further strengthen the Banking Union (of which it forms the third pillar), to increase its resilience against potential financial crises and to boost economic and financial stability;
- an EDIS will have a positive impact on the situation of individual Member States and banks by being more able to cushion local shocks. This may discourage speculation against specific countries or banks, thus reducing the risk of bank runs. At the same time it will further weaken the link between the banks and their national governments;
- the measures announced to reduce risk in the Banking Union are essential. They help to strengthen the Banking Union by ensuring a more level playing field between banks and weakening their links with their national sovereign;
- it is imperative that the existing legislative framework of the Banking Union (BRRD and DGS Directive) is fully implemented by all Member States. Strenuous efforts must be made to prevent potential risks of moral hazard with respect to banks, government and savers when further developing this pillar of the Banking Union;
- the proviso that a Member State can make use of the EDIS only if it fulfils all the conditions is appropriate;
- it is important that the Commission carry out a comprehensive in-depth impact study in order to further strengthen the legitimacy of the proposal;
- it is important that sufficient attention be paid to the effects of the measures on the granting of credit - in particular, lending to SMEs, SMIs, start-ups and other young companies;
- it is welcome news that the new deposit insurance scheme is to be cost-neutral for the banking sector, but at the same time the EESC believes that it would be preferable for the proposed risk-based contribution arrangements to be directly incorporated into the EDIS proposal, rather than dealing with this issue in delegated acts.

**Rapporteur:** *Daniel Mareels*

# Euro area economic policy

2017

## Key points:

### The EESC

- considers it essential to have a balanced mix of euro area economic policies, with their monetary, fiscal and structural components properly interlinked;
- disagrees with the European Council's rejection of a positive fiscal stance and calls on it to reconsider this conclusion in light of the anticipated move away from quantitative easing;
- notes the improving economic situation in the euro area and recommends that, in order to maintain and bolster this, crucial steps be taken to stimulate investment and carry out reforms;
- takes the view that the euro is the currency of the whole EU and is in favour of enlarging the euro area, with an anticipated positive impact on both the euro area and its new members;
- notes that, because of Brexit and the poor predictability of the current US administration, due attention needs to be given to political and economic developments worldwide;
- emphasises, in the context of the upcoming 2018 economic policy recommendations, the need to launch a debate on:
  - creating a fiscal union;
  - strengthening Member States' ownership of obligations vis-à-vis the euro area;
  - the need for structural reforms within the European Semester platform;
  - further strengthening of economic coordination and governance;
  - reinforcing real long-term investment, in line with the Sustainable Development Goals by using the EIB, EIF and EFSI 2.0;
  - the euro area exerting a greater influence in the world;
- is aware of the need for increased investment to be reflected in wage trends and falling unemployment, while also addressing imbalances as an obstacle to long-term growth;
- considers that to secure the vital support of citizens for the reconstruction of the euro area and the achievement of structural reforms, the social and democratic dimensions of euro area governance need to be strengthened.

**Rapporteurs:** Petr Zahradnik and Javier Doz Orrit



Structural reforms should be implemented more robustly within the European Semester, which would benefit not just the individual Member States but the euro area and the EU as a whole. We strongly back closer coordination of economic and fiscal policy and improved financial intermediation, thus completing financial union and ensuring greater influence for the euro area in the global economy. We also take the view that the euro is the currency of the whole of the EU and, given the improving economic situation in the EU, are in favour of enlarging the euro area.

*Petr Zahradnik*



To strengthen economic growth and job creation, we must use all macroeconomic policies: monetary policy; budgetary policy, with a positive fiscal stance; tax policy (progressive, sufficient and harmonised in Europe); and structural reforms to promote investment, create good quality jobs and strengthen collective bargaining and social dialogue.

*Javier Doz Orrit*

2017

## Capital Markets Union: Mid-Term Review



The Capital Markets Union (CMU), together with the Banking Union, is key for further integration between Member States and deepening the EMU. The EESC is ambitious regarding the implementation of the CMU. Therefore, we need to establish a monitoring system to regularly assess progress and implementation in this field. The results of such an assessment should be public.

Daniel Mareels

### Key points:

The EESC

- is strongly in favour of the CMU and is ambitious regarding its implementation. The CMU, together with the banking union, should ensure a financial union, and its implementation should therefore contribute to ensuring the establishment of the EMU;
- finds it absolutely necessary that the CMU becomes a reality in all EU Member States;
- calls for the political will at European level and in the Member States to make all necessary efforts and to establish all of the relevant conditions required;
- is strongly in favour of establishing a system to regularly assess the progress with and implementation of the CMU in the Member States, using both qualitative and quantitative measures, with the results of this to be made publicly available;
- welcomes the current rapid mid-term review and recommends that such exercises should in future take place on a regular basis;
- believes that further steps in building the CMU should focus on action and measures that achieve the greatest convergence;
- believes it is important to ensure that the foundations of an irrevocable and irreversible CMU are laid down as quickly as possible;
- calls for attention to be given to the financing of SMEs, for which bank financing remains an extremely important issue;
- welcomes the focus on the strengthening of sustainable investments;
- is pleased that supervision will be a key part of efforts to develop the CMU.

**Rapporteur:** Daniel Mareels

# Deepening EMU by 2025

2017

## Key points:

- The common currency and its institutions provided a stabilising element in the global financial crisis. However, the EMU is incomplete, which hampers its ability to support monetary policy and national economic policies.
- In a much more uncertain world it is important that Europeans commit to a common sense of purpose through further integration. The Committee urges the Commission and the European Council to take bold decisions before the end of this mandate to advance EU-wide governance.
- Among the most important elements for stability is the upward convergence of the heterogeneous economies. This will require national politicians and social partners to accommodate a European dimension into their deliberations about economic and fiscal policies.
- The process of the European Semester should involve the European Parliament, national parliaments, the social partners and civil society. The social dimension must be included on a par with the economic dimension.
- The EESC recognises the failings in the governance of the financial sector and fully supports the steps to complete the Financial Union, including the Banking Union and the Capital Markets Union. Immediate solutions are required to tackle non-performing loans.
- The Committee supports the creation of a framework by 2018 for the introduction of sovereign-bond backed securities. In the medium-long run a European safe asset would be necessary to reduce financial market volatility and ensure the stability of the Member States' economies.
- An own resource budget greater than 1% of GDP is called for to resource Member States in crisis and to maintain essential investment levels in the euro area. Access to such funds should be linked to progress on economic and social standards.
- There is a need for fiscal policy capable of stimulating the euro area economy in times of downturn. The MIP should be at the forefront of macroeconomic imbalance prevention, with more emphasis on the adverse euro area impact of chronic balance of payments surpluses.
- The Committee advocates the exploration of tools to improve economic governance in the EMU, for instance by creating a permanent Euro Finance Minister, while ensuring full democratic accountability. Bundling competences would enhance coherence of EMU policies.

**Rapporteur:** David Croughan



The action-oriented programme announced for the period from 2018 to mid-2019 to translate many of the reflection paper's ideas into practical steps and instruments for completing the EMU by 2019 is welcome, as is the aim to gain sufficient agreement to include a minister for economy and finance as part of the formation of the next Commission. This requires a willing recognition by political leaders and social partners that the high degree of interdependence of our economies demands a more complete form of governance. Amendments to remove the damaging pro-cyclical elements from the intergovernmental treaty concerning fiscal imbalances are needed before integrating it into the Union legal framework.

*David Croughan*

2017

## EU finances by 2025



The EU must first identify political priorities with high European added value and only then determine the resources needed to achieve them and reform the EU budget accordingly. The future budget should consist predominantly of autonomous, transparent and fair own resources.

*Stefano Palmieri*



The reform of the EU budget must rationalise its structure and bring more efficiency and effectiveness as regards expenditure and own resources. The EU finances should primarily aim at achieving better outcomes than would be possible for uncoordinated national budgets acting individually.

*Petr Zahradník*

### Key points:

#### The EESC

- would argue that Europeans need more (and better) Europe, in order to overcome the political crisis in the EU. There is a growing gap between the concerns and expectations of Europeans, and the limited powers and financial resources currently allocated to the EU;
- endorses the approach whereby the basic principle of the EU budget must be to deliver European added value, achieving better outcomes than would be possible for uncoordinated national budgets acting individually;
- finds that the EU must first identify political priorities with high European added value and only then determine the resources needed to achieve them;
- considers that it is not credible for the EU budget to continue to be less than 1% of EU-GNI;
- is of the opinion that the reform of the EU budget must of necessity aim to improve it, overhauling its structure as regards areas of expenditure and own resources, taking account of suitable rationalisation, efficiency and effectiveness criteria and maintaining direct, transparent channels of communication with the public;
- considers the following to be programmes with a high level of European added value: medium- to long-term investments in economic, social and environmental development, employment, innovation and competitiveness; protecting the most disadvantaged regions and most vulnerable social groups; and responding flexibly and promptly to asymmetric shocks and unexpected crises, including by means of an independent budget for the Eurozone;
- considers that the macroeconomic stabilisation function in the eurozone is particularly important;
- finds that as regards revenue a new budget must be achieved which consists predominantly of autonomous, transparent and fair own resources, in line with the recommendations of the High-Level Group on Own Resources;
- considers that while the impact of Brexit on the post-2020 multiannual financial framework (MFF) may be a threat for the European venture, it can also be an important opportunity.

**Rapporteur:** *Stefano Palmieri*

**Co-rapporteur:** *Petr Zahradník*

## Appendix

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Opinion of the EESC on *Completing EMU – The proposals of the European Economic and Social Committee for the next European legislature*

Own-initiative opinion

**OJ C 451 of 16.12.2014, p.10**

**Rapporteurs:** Joost van Iersel and Carmelo Cedrone

Adopted at the Plenary Session of 9-10 July 2014

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Opinion of the EESC on *Completing EMU – The role of taxation policy*

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**OJ C 230 of 14.7.2015, p. 24**

**Rapporteur:** Carlos Trias Pintó

**Co-rapporteur:** Petru Sorin Dandea

Adopted at the Plenary Session of 10 and 11 December 2014

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**OJ C 332 of 8.10.2015 p. 8**

**Rapporteurs:** Carmelo Cedrone and Joost van Iersel

Adopted at Plenary Session of 27-28 May 2015

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**Rapporteur:** Gabriele Bischoff

Adopted at the Plenary Session of 16 and 17 September 2015

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COM(2014) 905 final

**OJ C 268 of 14.8.2015, p. 33**

**Rapporteur:** David Croughan

**Co-rapporteur:** Carmelo Cedrone

Adopted at the Plenary Session of 18 and 19 March 2015

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COM(2015) 600 final – C(2015) 8000 final

**OJ C 177 of 18.05.2016, p. 28**

**Rapporteur:** Carmelo Cedrone

Adopted at the Plenary Session of 16-17 March 2016

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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 16-17 March 2016

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COM(2015) 602 final and COM(2015) 603 final

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**Rapporteur:** Petr Zahradník

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COM(2015) 586 final

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**Rapporteur:** Daniel Mareels

Adopted at the Plenary Session of 16-17 March 2016

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COM(2016) 726 final and COM(2016) 727 final

[OJ C 173, 31.5.2017, p. 33](#)

**Rapporteur:** Javier Doz Orrit

**Co-rapporteur:** Petr Zahradník

Adopted at the Plenary Session of 22-23 February 2017

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[OJ C 81, 2.3.2018, p. 216](#)

**Rapporteur:** Petr Zahradník

**Co-rapporteur:** Javier Doz Orrit

Adopted at the Plenary Session of 18-19 October 2017

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**Rapporteur:** Daniel Mareels

Adopted at the Plenary Session of 18-19 October 2017

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COM(2017) 291 final

[OJ C 81, 2.3.2018, p. 124](#)

**Rapporteur:** David Croughan

Adopted at the Plenary Session of 18-19 October 2017

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COM(2017) 358 final

[OJ C 81, 2.3.2018, p. 131](#)

**Rapporteur:** Stefano Palmieri

**Co-rapporteur:** Petr Zahradník

Adopted at the Plenary Session of 18-19 October 2017



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