Resolution on establishing a permanent crisis mechanism to safeguard the financial stability of the euro area

2010/2987(RSP) - 16/12/2010 - Text adopted by Parliament, single reading

Following the debate which was held in plenary on 15 December 2010, the European Parliament adopted a resolution by 458 votes to 64, with 45 abstentions, on establishing a permanent crisis mechanism to safeguard the financial stability of the euro area.

At the extraordinary Ecofin of 9-10 May 2010 the Council and the Member States agreed on a temporary mechanism to preserve financial stability totalling EUR 750 billion, including a rapid reaction stabilisation fund (European Financial Stabilisation Mechanism - 'EFSM') with a total volume of up to EUR 60 billion and a European Financial Stability Facility with a total volume of up to EUR 440 billion, to be complemented by IMF funds of up to EUR 250 billion.

At the European Council of 28-29 October 2010, Heads of State or Government agreed on the need for Member States to establish a mechanism to safeguard the financial stability of the euro area as a whole (the European Stability Mechanism - the ESM).

It calls on the European Council to specify as soon as possible the Treaty changes required in order to establish a permanent ESM. Members underline that, from a rational, practical and democratic point of view, consideration of the economic governance legislative package cannot be dissociated from the decision taken by the European Council to create a permanent mechanism.

Parliament wishes, as a co-legislator, to stress the need to create a permanent crisis mechanism which is credible, robust, lasting and grounded in the essential technical realities, and which should be adopted under the ordinary legislative procedure and inspired by the Community method. It urges the European Council, therefore, to provide an adequate legal basis, in the framework of revision of the TFEU, for this purpose.

The resolution notes that, in any case, the ESM/EMF should be based on solidarity, subject to strict conditionality rules and financed, inter alia, by innovative financing tools and/or by the fines applied to Member States as the outcome of excessive deficit proceedings.

Members recognises that, while it is in the interest of all Member States that a workable crisis mechanism is established, not all Member States will be members or candidate members of the euro area by the time such a mechanism is set up. They note that their particular situations should be clarified. They note therefore that Member States outside the euro area should be involved in the creation of such a mechanism.

The resolution calls on the Commission to present a Communication, after consultation with the ECB, containing a comprehensive description of the ESM, clarifying the position of investors, savers and market participants and stating explicitly that the ESM will be fully consistent with IMF policy and IMF practices as regards private-sector involvement in order to dissipate market concerns. Parliament insists that rules should be adapted to provide for case-by-case participation of private-sector creditors, fully consistent with IMF policies.

It calls on the European Council to provide the necessary political signal for a Commission investigation into a future system of eurobonds, with a clear specification of the conditions under which such a system

would be beneficial to all participating Member States and to the eurozone as a whole. It stresses the need for a high degree of transparency in the information relating to national accounts, including all off-balance sheet activity.

Lastly, Parliament asks the Commission to prioritise the spending in the EU budget in each year of the existence of the EFSM to establish the order in which the budget will have to be cancelled in the event of having to return up to EUR 60 billion.