

Treaty on the Functioning of the EU (TFEU): stability mechanism for Member States whose currency is the euro (amend. Article 136 TFEU)

2010/0821(NLE) - 23/03/2011 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 494 votes to 100 with 9 abstentions a resolution on the draft European Council decision amending Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro.

Parliament considers that the draft European Council decision, if adopted, might lead to the constitution of a mechanism completely outside the Union's sphere, without any role being assigned to the Union institutions as such. It feels that all possibilities should be explored with a view to **bringing the European stability mechanism fully into the institutional framework** of the Union and providing for the involvement in it of those Member States whose currency is not the euro.

In this regard, Members consider that the Commission must be a member of the board of this mechanism, and not simply an observer. Moreover the Commission should be entitled to take the appropriate initiatives in order to achieve, with the consent of the Member States concerned, the objectives of the European stability mechanism.

The resolution stresses that the establishment and functioning of the permanent stability mechanism must fully respect the core principles of democratic decision-making such as transparency, parliamentary scrutiny and democratic accountability. It emphasises that the European stability mechanism should closely involve the Union institutions and bodies responsible for monetary issues – the European Commission, the European Central Bank (ECB) and the European Investment Bank.

Members acknowledge the **positive signals** perceived in the letters from the Presidents of the European Council and of the Euro Group and the Commissioner responsible for monetary policy. They take note that:

- the policy conditionality established under an enhanced surveillance or a macroeconomic adjustment programme will be defined by a regulation to be proposed by the Commission;
- access to financial assistance under the European stability mechanism will be provided on the basis of a rigorous analysis of public-debt sustainability conducted by the Commission together with the IMF in liaison with the ECB;
- on the basis of the assessment provided by the Commission together with the IMF and in liaison with the ECB of the financial needs of the beneficiary Member State, the Board of Governors of the European stability mechanism will mandate the Commission to negotiate a macro-economic adjustment programme with the Member State concerned, together with the IMF and in liaison with the ECB;
- the Commission will propose to the Council a decision endorsing the macro-economic programme and, once that decision is adopted, will sign a Memorandum of Understanding on behalf of the Member States whose currency is the euro;
- financial assistance will be activated on request by a Member State, after an assessment by the Commission, in liaison with the ECB, of the existence of a risk to the financial stability of the euro area as a whole;

- the Commission, together with the IMF and in liaison with the ECB, will be responsible for monitoring compliance with the policy conditionality and will report to the Council and to the Board of Directors;
- after discussion in the Board of Governors, the Council decision to implement post-programme surveillance will be taken on a proposal put forward by the Commission;
- Parliament will be regularly informed by the Council and the Commission about the establishment and the operations of the European stability mechanism and will thus be in a position to properly scrutinise its activities.

Parliament endorses the draft European Council decision, notwithstanding its reservation that it would have been preferable to place the mechanism within a Union framework. It calls on the European Council to ensure that:

- the regulation **addressing the policy conditionality is adopted in accordance with the ordinary legislative procedure** of the Union;
- every Member State whose currency is the euro and which has contributed to the permanent stability mechanism will have access to it independently of its size.

Lastly, Members call on the Commission to look for **other mechanisms** to ensure the financial stability and sustainable and adequate economic growth of the euro area, and to make the necessary legislative proposals. They underline the need for the European stability mechanism to include measures used to reduce risks to financial, economic and social stability, including (i) effective regulation of financial markets; (ii) revision of the SGP and better economic coordination; (iii) the introduction of instruments for the reduction of macroeconomic imbalances inside the euro area and (iv) measures directed at ecological reconstruction.