

Establishment of the European Monetary Fund

2017/0333R(APP) - 26/02/2019 - Committee report tabled for plenary, single reading

The Committee on Budgets and the Committee on Economic and Monetary Affairs adopted the interim report jointly presented by Vladimír MAKA (S&D, SK) and Pedro SILVA PEREIRA (S&D, PT) on the proposal for a Council regulation on the establishment of the European Monetary Fund.

A fully-fledged European body

Members welcomed the Commission's [proposal](#) of 6 December 2017 to integrate the European Stability Mechanism (ESM) into the Union's legal order. They requested an assessment of the implications of the choice of the name of the reformed ESM and suggested that the ESM should retain its current name recognised in the capital market, to make it clear that the eurozone's monetary policy remains the competence of the ECB.

Oversight of national parliaments and the European Parliament

Recalling the role of national parliaments in budgetary and democratic control, Members believe that the scrutiny of the reformed ESM by national parliaments and the European Parliament should be improved. If in the future, budgetary resources of the Union are concerned, Parliament should have the political power to exercise all the budgetary control rights applicable to the ESM in the context of the discharge procedure.

Members propose the elaboration, with immediate effect, of an interim Memorandum of Cooperation (MoC) between the ESM and Parliament, in order to improve inter-institutional dialogue and increase the transparency and accountability of the ESM, specifying the European Parliament's rights with regard to matters put forward ESM, regular hearings, nomination rights and appropriate budgetary control rights.

The Managing Director of the reformed ESM should be elected by and report to the European Parliament, following a proposal by the Council. Gender balance be ensured in the composition of the reformed ESM governing bodies.

Missions and governance

Members believe that the reformed ESM should retain as its primary mission the task of providing transitional financial assistance to Member States in need, on the basis of specific conditions agreed in adjustment programmes, and that it should have sufficient capacity to do so. They therefore oppose any attempt to turn the reformed EMS into an instrument reserved for banks or to reduce its financial capacity to support Member States.

The report highlights the following points:

- the range of financial instruments available for the ESM should be available and improved for the reformed ESM, including the possibility of providing sufficient precautionary financial assistance, enabling Member States to access assistance before they face major difficulties in raising funds in the capital market;
- participation in an ESM should be possible for all EU Member States;

- the ESM should play a more prominent role in the management of financial assistance programmes, alongside the Commission and in close cooperation with the ECB, ensuring that the EU institutional framework has more autonomy whenever needed;
- the reformed ESM should have its own expertise to produce and assess the elements required by its statute;
- the current governance framework should be assessed with a view to defining an effective decision-making procedure for the reform of the ESM.

The report called for a swift ESM reform that also redefines its role, functions and financial tools, so that the reformed ESM can offer liquidity support in the case of resolution and serve as a fiscal backstop for the SRF. It also called for the common backstop to be made operational as soon as possible, by 2020, subject to the agreed conditions, and, in any case, before 2024.