

Tuesday 18 November 2008

23. Holds the view that a review of the indicators used as well as the relationship between the two Scoreboards should be carried out on a regular basis in order to adapt them to developments in the Internal Market;

*

* *

24. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

EMU@10: The first 10 years of Economic and Monetary Union and future challenges

P6_TA(2008)0543

European Parliament resolution of 18 November 2008 on the EMU@10: The first 10 years of Economic and Monetary Union and future challenges (2008/2156(INI))

(2010/C 16 E/03)

The European Parliament,

- having regard to the Commission Communication of 7 May 2008 on EMU@10: successes and challenges after 10 years of Economic and Monetary Union (COM(2008)0238) (Communication on EMU@10),
- having regard to the Commission Communication of 24 June 2008 on Public Finances in EMU 2008 (COM(2008)0387),
- having regard to the Commission Communication of 29 October 2008, entitled 'From financial crisis to recovery: A European framework for action' (COM(2008)0706),
- having regard to the Commission's economic forecast for autumn 2008, of 3 November 2008,
- having regard to the European Council meeting on 15 and 16 October 2008,
- having regard to its resolution of 22 October 2008 on the European Council meeting on 15 and 16 October 2008 ⁽¹⁾,
- having regard to the Eurogroup emergency summit of 12 October 2008 on government guarantees of interbank lending,
- having regard to the conclusions of the Council meeting of 4 November 2008,
- having regard to the outcome of the informal meeting of Heads of State or Government of 7 November 2008,
- having regard to its resolution of 14 November 2006 on the 2006 Annual Report on the euro area ⁽²⁾,
- having regard to its resolution of 12 July 2007 on the 2007 Annual Report on the eurozone ⁽³⁾,

⁽¹⁾ Texts Adopted, P6_TA(2008)0506.

⁽²⁾ OJ C 314 E, 21.12.2006, p. 125.

⁽³⁾ OJ C 175 E, 10.7.2008, p. 569.

Tuesday 18 November 2008

- having regard to its resolution of 20 February 2008 on the input for the 2008 Spring Council as regards the Lisbon Strategy ⁽¹⁾,
- having regard to its resolution of 15 November 2007 on the European interest: succeeding in the age of globalisation ⁽²⁾,
- having regard to its resolution of 15 February 2007 on the Situation of the European economy: preparatory report on the broad economic policy guidelines for 2007 ⁽³⁾,
- having regard to its resolution of 22 February 2005 on Public Finances in EMU — 2004 ⁽⁴⁾,
- having regard to its resolution of 26 April 2007 on Public Finances in the EMU 2006 ⁽⁵⁾,
- having regard to its resolution of 9 July 2008 on the ECB annual report for 2007 ⁽⁶⁾,
- having regard to its resolution of 1 June 2006 on the enlargement of the euro zone ⁽⁷⁾,
- having regard to its resolution of 20 June 2007 on improving the method for consulting Parliament in procedures relating to the enlargement of the euro area ⁽⁸⁾,
- having regard to its legislative resolution of 17 June 2008 on the proposal for a Council decision in accordance with Article 122(2) of the Treaty on the adoption by Slovakia of the single currency on 1 January 2009 ⁽⁹⁾,
- having regard to its resolution of 14 March 2006 on the strategic review of the International Monetary Fund ⁽¹⁰⁾,
- having regard to its resolution of 5 July 2005 on the implementation of an information and communication strategy on the euro and economic and monetary union ⁽¹¹⁾,
- having regard to its resolution of 23 September 2008 with recommendations to the Commission on hedge funds and private equity ⁽¹²⁾,
- having regard to the resolution of the European Council of 13 December 1997 on economic policy coordination in stage III of EMU and on Articles 109 and 109b of the EC Treaty ⁽¹³⁾,
- having regard to the contribution by the Council (Economic and Financial Affairs) of 12 February 2008 to the Spring European Council conclusions,
- having regard to the Council Conclusions of 7 October 2008 on a coordinated EU response to the economic slowdown,
- having regard to the Memorandum of Understanding of 1 June 2008 on Cooperation Between the Financial Supervisory Authorities, Central Banks and Finance Ministries of the European Union on Cross-Border Financial Stability,

⁽¹⁾ Texts Adopted, P6_TA(2008)0057.

⁽²⁾ OJ C 282 E, 6.11.2008, p. 422.

⁽³⁾ OJ C 287 E, 29.11.2007, p. 535.

⁽⁴⁾ OJ C 304 E, 1.12.2005, p. 132.

⁽⁵⁾ OJ C 74 E, 20.3.2008, p. 780.

⁽⁶⁾ Texts Adopted, P6_TA(2008)0357.

⁽⁷⁾ OJ C 298 E, 8.12.2006, p. 249.

⁽⁸⁾ OJ C 146 E, 12.6.2008, p. 251.

⁽⁹⁾ Texts Adopted, P6_TA(2008)0287.

⁽¹⁰⁾ OJ C 291 E, 30.11.2006, p. 118.

⁽¹¹⁾ OJ C 157 E, 6.7.2006, p. 73.

⁽¹²⁾ Texts Adopted, P6_TA(2008)0425.

⁽¹³⁾ OJ C 35, 2.2.1998, p. 1.

Tuesday 18 November 2008

- having regard to Rule 45 of its Rules of Procedure,

- having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on International Trade (A6-0420/2008),

- A. whereas on 1 January 1999, 11 Member States — Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland — adopted the European Union's single currency,

- B. whereas four other Member States have joined the euro area since its inception: Greece in 2001, Slovenia in 2007, and Cyprus and Malta in 2008,

- C. whereas the euro area is set to expand further as most Member States currently outside the euro area are preparing to join at some point in the future and whereas Slovakia will join the euro area on 1 January 2009,

- D. whereas the economic and monetary union (EMU) has been a success in many ways, with the single currency enhancing economic stability in the Member States, in particular with the view to the current financial crisis,

- E. whereas euro area membership implies a high degree of economic interdependence between the Member States involved and therefore requires closer coordination of economic policies and the playing of an effective role in global economic and financial governance in order to reap the full benefit of the single currency and to face future challenges, such as increased competition for natural resources, global economic imbalances, the growing economic importance of emerging markets, climate change and population ageing in Europe,

- F. whereas the average inflation during the first 10 years of the euro area was broadly in line with the European Central Bank (ECB) objective of price stability of close to, but below, 2 %; whereas inflation has recently risen well above that level due to global structural changes, in particular regarding the increases in energy and food prices, loosening of monetary policy in the United States, as well as the lack of vigilance by a number of third-country central banks,

- G. whereas the rapidly growing demand for scarce energy and other commodities by emerging economies has progressively pushed supply up to capacity limits; and whereas the upward pressure on price has been exacerbated by the fact that commodities are increasingly considered to be financial assets, to the extent that they can be used as a store of value,

- H. whereas the openness of the euro area is welcome and the current rising value of the euro is considered to have possible negative effects, namely as regards affecting exports and encouraging imports into the internal market, as well as positive effects in helping the EU economy face the dramatic oil price rise and current financial crisis,

- I. whereas the global economic environment has been favourable to job creation during the first 10 years of the euro, leading to the creation of nearly 16 million jobs — disregarding the quality of the jobs created — and a fall of the rate of unemployment from 9 % in 1999 to an estimated 7,3 % in 2008,

Tuesday 18 November 2008

- J. whereas the European Union is entering an economic downturn with growth rates declining from 3,1 % in 2006 to a revised forecast from 2 to 1,4 % in 2008 and 0,2 % in 2009, while unemployment and social exclusion will grow even more,
- K. whereas economic and productivity growth have been disappointing, with growth in output per worker halving from 1,5 % during the period 1989 to 1998 to an estimated 0,75 % during the period 1999 to 2008,
- L. whereas the euro has rapidly emerged as the second most important international currency alongside the US dollar and whereas the euro plays an important role as a reference currency for many countries worldwide; whereas, however, the potential of the euro is insufficiently exploited at a global level because the euro area has neither a properly defined international strategy nor effective international representation,

The first 10 years of the euro

1. Shares the view that the single currency has become a symbol of Europe and has shown that Europe is capable of taking far-reaching decisions for a common and prosperous future;
2. Welcomes the fact that the euro has brought stability and fostered economic integration in the euro area; welcomes the stabilising effects of the euro on the world currency markets especially in times of crisis; notes that internal economic divergences have not yet diminished as expected and productivity has not developed satisfactorily in all parts of the euro area;
3. Notes with satisfaction that the creation of other monetary unions are being considered in other parts of the world;
4. Points to the vital link between monetary policy and trade policy at global level, which is demonstrated in countless studies, and stresses, in this connection, the positive role played by exchange rate stability in ensuring the sustainable growth of international trade;
5. Points out that the increasing use of the euro as an international trading currency is benefiting the Member States in the euro area in particular, since it reduces the exchange rate risks for their undertakings and hence the cost of international trade;
6. Recalls that during the first 10 years of the EMU, Parliament has played an active role, in both economic and monetary areas, and has done as much as possible to ensure more transparency and democratic accountability;
7. Underlines that more needs to be done to reap the full benefits of the EMU, such as enabling Member States and regions with below-average GDP to catch up, and strengthening citizens' understanding of and commitment to the single currency;
8. Proposes the following elements and concrete measures for a desirable EMU roadmap:

Economic divergence, structural reforms and public finances

9. Believes that streamlined and more coherent, multi-supportive economic reforms coordinated in a timely fashion on the basis of the integrated guidelines for growth and jobs (Integrated Guidelines) and a policy-mix approach of the Lisbon Strategy could decrease economic divergences and be a great help towards economic recovery from the current financial crisis; stresses the need to improve and simplify the procedures and methodologies for revision and assessment of the implementation of those guidelines at the end of each year;

Tuesday 18 November 2008

10. Recognises that in the case of modernising efforts and economic performance, the countries that are most successful are those that combine forward-looking and well-balanced structural reforms with higher-than-average investment in research, development and innovation, education, lifelong learning and child-care, and the renewal of reliable social networks; notes that, for the most part, the same Member States have a highly efficient and transparent administration, with budget surpluses, lower-than-average debt rates, and high-quality, effective and targeted public spending, while showing signs of a contribution by technical progress to the national growth result that is almost twice the size of the EU average; notes, furthermore, that those 'benchmark' Member States are, as a result of their high employment rates, including the employment of women and older workers, and their particularly high birth rates, those that are best prepared for an ageing society and for guaranteeing a high level of competitiveness;

11. Stresses the need for mutual reinforcement of stability and growth-oriented macroeconomic policies by making balanced policy and investment a matter of common concern; stresses the need to follow closely public balances through the efficient management of tax policy and expenditure and their impact on the demand side and, in parallel, agree on creating a favourable environment for cross-border operations by undertakings;

12. Notes that the revised Stability and Growth Pact (SGP) has proven its value and that a strong consolidation of budgets has to be adhered to, as demographic change and possible decline in economic growth could lead to budgetary problems Member States in the euro area, which could have negative effects on the stability of the euro area as a whole; criticises, in this context, the lack of discipline in combating budgetary deficits in times of economic growth and stresses that Member States must more effectively work towards an anti-cyclical fiscal policy, in particular in order to be better prepared for external shocks; underlines, therefore, the need for a short-term strategy to reduce national debts and a sustainable and sound growth strategy, which will allow for a reduction of national debt to a maximum of 60 % in the long term;

13. Notes that the main elements of the SGP must also be consistently adhered to in the future, because the thresholds of 3 % government deficit and 60 % government debt to gross domestic product were specified on the basis of the economic conditions of the 1990s; is of the opinion that the SGP must be adhered to strictly by the Member States and supervised by the Commission; is of the opinion that both debt targets should be treated as ceilings to be avoided; notes that an effective coordination of economic and financial policy is a precondition for the economic success of the EMU, although such coordination should respect the principle of subsidiarity; calls on the Commission to examine all possible ways in which the preventive arm of the SGP could be strengthened; stresses that existing supervisory instruments must be used better by the Commission and that the medium-term examination of national budgets by the Eurogroup must be strengthened;

14. Supports the Commission's view that the revised SGP provides an important policy framework in times of highly stressed economic circumstances, and stresses that the implementation of the SGP should ensure that any deterioration of public finances is accompanied by measures adequate to tackle the situation, while ensuring that sustainable positions are being restored; believes, moreover, that budgetary policies should draw fully on the degree of flexibility permitted by the revised SGP and asks the Commission to give clear guidance to Member States on how to implement that flexibility;

15. Considers that a sustainable and stable macroeconomic environment requires improving the quality of public finances including further budgetary consolidation, high efficiency of public spending and enhanced investment in education, human capital, research and development and infrastructure that is conducive to growth and could stimulate employment and which address major society concerns, such as climate change, in line with the objectives of the climate change and energy package and economic recovery from the current financial crisis;

Tuesday 18 November 2008

16. Takes the view that structural reforms should focus on increasing productivity through a better combination of economic and social policy, while ensuring a good level of social dialogue as defined in the Lisbon Strategy;
17. Notes that competition policy should be complementary to structural policies and advocates support for the restructuring of the economy;
18. Warns against focusing essentially on wage moderation as a way to achieve price stability; recalls, in this context, that increased competition resulting from globalisation has already led to downward pressure on wages, while the imported inflation triggered by the increase of the price of oil and other commodities has already caused a loss of consumer purchasing power; reiterates its conviction, once again, that this issue should, in particular, be addressed by means of a fairer distribution of wealth;
19. Considers wage and tax policy to be efficient tools both for economic stabilisation and growth; is of the view that real wage increases in line with productivity levels should be ensured and that coordination of tax policy should be selectively used to achieve economic goals; considers that the fight against tax fraud, as regards both direct and indirect taxes, is particularly important and that that fight should be stepped up; underlines the need urgently to strengthen a culture of encouragement and involvement as part of the concepts of corporate governance and corporate social responsibility;
20. Stresses the need for fair rules for the internal market; considers, therefore, that the race to the lowest corporate tax rates is counter-productive;
21. Requests that Member States in the euro area strengthen the effective coordination of economic and financial policy, in particular by developing a coherent common strategy within the Eurogroup; supports the proposal of the Commission to demand medium-term framework programmes from Member States for their economic and financial policies and to control their implementation; underlines that every Member State must take responsibility for tackling structural reforms and improving its competitiveness in a cooperative manner so that trust in and acceptance of the euro is maintained;
22. Notes that different patterns on structural reforms and degrees of openness have contributed to the diverging performances of euro area Member States; supports the Commission's conclusions in its Communication on EMU@10 as regards the insufficient catching up by several euro area economies and the increasing divergences between Member States in the euro area; calls for regular exchanges of views and cooperation within the Eurogroup with a view to achieving the common goal of accelerating the convergence process;
23. Requests that the Commission handle, in a uniform manner, the common criteria in assessing economic and fiscal data; refers to the responsibility of the Commission and the Member States regarding the reliability of the statistical data, and demands that future decisions be taken only if there is no doubt regarding the validity and accuracy of the available data; requests also the option of launching investigations if there is a discrepancy over a number of years between the projected data of the stability and convergence programmes and the data which can realistically be expected;

Monetary policy

24. Recalls its strong commitment to the independence of the ECB;
25. Notes that the regular reports of the ECB to Parliament, in particular to its Committee on Economic and Monetary Affairs, contribute to the transparency of monetary policy and welcomes the possibility for Members of the European Parliament to put written questions to the ECB on monetary policy, thus improving the accountability of the ECB towards the citizens of the Union; supports the demand for a stronger public debate on the future common monetary and currency policies in the euro area;

Tuesday 18 November 2008

26. Considers that the monetary policy dialogue between Parliament and the ECB has been a success, and one which should be built on further; expects an improvement of the monetary dialogue on several points, such as coordinating the dates for the regular hearings of the ECB President with the ECB's calendar for monetary policy decisions so as to improve the analysis of the decisions, whilst retaining the possibility to invite the President of the ECB to discuss topical issues when necessary;

27. Notes that the primary objective of the ECB's monetary policy is to maintain price stability, and that the ECB aims at inflation rates of below, but close to, 2 % over the medium term; points out that the objective of price stability can be achieved effectively only if the root causes of inflation are properly addressed; recalls that Article 105 of the EC Treaty also assigns to the ECB the task of supporting the general economic policies of the Community;

28. Is of the opinion that the ECB should move towards a direct inflation targeting regime where a point inflation target is supplemented by a range of permitted fluctuations around the target rate; invites the ECB to publish its inflation forecasts; such a move toward a direct inflation targeting regime should not preclude focusing on the dynamics of monetary aggregates in order to avoid new asset bubbles;

29. Considers that inflation is a global reality and that in an open economy it cannot be combated by EU monetary policy alone;

30. Stresses its willingness to explore possible improvements in the procedure for appointing the members of the ECB's executive board before 2010; regards it as important that academic and/or professional experience and a variety of backgrounds in the economic, monetary and financial sector be represented among executive board members; draws attention to its calls for an ECB executive board of nine members with exclusive responsibility for setting interest rates, thus replacing the system existing now and avoiding the even more complex solution decided upon for the future; urges that a corresponding change to the Treaty be adopted;

Integration and supervision of financial markets

31. Believes that financial integration should mean more economic growth and competitiveness in addition to more stability and liquidity in the internal market;

32. Notes that the main financial centre in the European Union is outside the euro area; nevertheless recalls that EC legislation covers all Member States and market players active in the internal market; believes that the European Union urgently needs to enhance its supervisory structure taking into account the specific role of the ECB;

33. Is of the view that much remains to be done in the area of the clearing and settlement of cross-border securities transactions, where no real integration exists to date;

34. Underlines that, with regard to retail services, more integration is needed, without such integration being to the detriment of consumer protection; believes that customer mobility, financial literacy, access to basic services, and comparability of products need to be improved;

35. Considers a Europeanisation of the financial supervision structure, financial market transparency, effective competition rules and appropriate regulation to be necessary in the medium term, in order to improve crisis management and cooperation between the European System of Central Banks (ESCB), supervisory authorities, governments and market participants; takes the view that an integrated, comprehensive (covering all financial sectors), consistent and coherent supervisory framework starting with a balanced approach in

Tuesday 18 November 2008

regulating the cross-border spread of financial risk on the basis of harmonised legislation would decrease compliance costs in the case of multi-jurisdiction activities; notes that 'gold plating' (regulating beyond the minimum requirements of EC legislation) as well as regulatory arbitrage should be avoided; calls on the Commission to put forward proposals for revising the existing supervisory architecture along those principles; is of the opinion that any supervisory role of the ECB should be extended beyond the borders of the euro area, via the ESCB;

36. Welcomes the Memorandum of Understanding on Cooperation between the Financial Supervisory Authorities, Central Banks and Finance Ministries of the European Union on Cross-Border Financial Stability agreed in spring 2008; underlines, however, that that Memorandum of Understanding is soft law only and relies upon Member States' willingness to cooperate with each other; is of the opinion that even if rules on burden sharing are very difficult to define *ex ante*, the work relating to crisis management needs to continue;

37. Highlights that the European Union, as the world's largest economic area with the largest financial markets, should play a leading role at international level in terms of reforming the regulatory system for financial services for the benefit of all countries involved and overall stability; considers that financial stability should become a fundamental goal of policy making in a world of increasingly integrated financial markets and financial innovation, which may sometimes have destabilising effects on the real economy and bear systemic risks; is convinced that any ambitious decisions adopted at EU level will encourage other countries to follow, and, in this respect, highlights the responsibility for also tackling global or 'off-shore' problems; takes the view that the political accountability of the international regulatory bodies needs to be addressed in parallel with such regulatory work;

38. Requests that the Commission examine the creation of European bonds and develop a long-term strategy which enables the issuing of such bonds within the euro area, in addition to Member States' national bonds; refers to the need for an appraisal of its consequences for both international financial markets and the EMU;

Enlargement of the euro area

39. Requests that all Member States outside the euro area observe the Maastricht criteria and the reformed and generally flexible SGP; considers that a strict interpretation of the SGP and the use of the exclusion criteria before any possible accession must be ensured by the Commission; considers that equal treatment of the Member States within the euro area and those wishing to join must be ensured; notes, in this context, that the long-term stability of the euro area must be regarded as an aim of common interest and that enlargement and stability must go hand in hand; deems it essential that Member States in the euro area and those with a special status strictly fulfil their obligations and leave no doubt about the common aims of price stability, independence of the ECB, budget discipline or their fostering of growth, employment and competitiveness;

40. Considers that the Member States outside the euro area that fulfil the Maastricht criteria and have no derogation in the Treaty should adopt the common currency at the earliest possible opportunity;

41. Stresses that membership of the euro area requires full adherence to the Maastricht criteria, as specified in the Treaty and the Protocol to Article 121 of the Treaty, namely: a high degree of measured price stability, as well as the sustainability of such price stability, public finances without excessive deficit, membership of ERM II for at least two years, observation of the normal fluctuation margins, adjustment of long-term interest rates, compatibility of the legal rules with the provisions of the Maastricht Treaty relating to the EMU, and an independent central bank;

42. Is of the opinion that one of the most challenging aspects of joining the euro area is to ensure the sustainability of the Maastricht criteria; underlines, however, that, at the same time, the Maastricht criteria are also a first step on the way to keeping reform processes on track, including further commitments and efforts regarding structural reforms, investment and economic coordination;

Tuesday 18 November 2008

43. Welcomes the stronger and efficient supervision of Member States participating in ERM II and wishing to join the euro area, as well as their economic development; notes that successful participation in the ERM II must remain a real precondition and not only a secondary requirement for membership of the euro area; the same accession requirements must be applied to all Member States joining euro area;

44. Regards an enduring and successful expansion of the euro area as a major challenge for the coming years and that both the ECB's institutional standards and its decision-making process have to be adapted to this change and the rotation model has to take into account the economic weight of individual Member States;

45. Stresses, in connection with enlargement of the euro area, the desirability of a high level of convergence in the real economy in order to limit the strain involved, both for the euro area and the Member States wishing to join; considers, in this context, that facilities in favour of those Member States participating in the euro area, where the single monetary policy may have a particularly contractive effect, should be established;

46. Stresses the importance, in the interests of future enlargements, to establish targeted interventions to support Member States outside the euro area that have been particularly hit by the current financial crisis;

Communication

47. Emphasises that while in the euro area to date a high degree of price stability has been maintained, 'perceived inflation' has substantially diverged from the lower actual inflation rates in the Member States during the last 10 years; demands, therefore, better information and clarification of facts for the population about the need for and operation of the EMU, in particular with regard to price stability, international financial markets, and the advantages of stability within the euro area in international financial crises;

48. Considers that the single currency remains a communication priority for the European Union; believes that the benefits of the euro and of the EMU — price stability, low interest rates on mortgages, easier travel, protection against exchange-rate fluctuations and external shocks — must continue to be presented and explained to the public in detail; believes that particular emphasis should be placed on keeping citizens of the Union, consumers and small and medium-sized enterprises (SMEs), who do not have sufficient capacity to adjust immediately to new developments and challenges for the euro, informed and updating them on developments;

49. Calls on the ECB, in its annual report or in a special report, to undertake an annual quantitative analysis of the benefits that the euro has brought to ordinary citizens, with concrete examples of the manner in which the use of the euro has had positive effects on people's daily lives;

50. Considers that communication is of utmost importance in preparing the introduction of the euro in the Member States planning to join the euro area; notes that communication on the enlargement of the euro area is also important for all Member States in the euro area;

51. Considers that the Commission must concentrate its efforts on helping the new Member States to prepare their citizens for the adoption of the euro by undertaking an intensive information campaign, supervising its implementation where such a campaign is already underway and reporting regularly on best practises on the implementation of the National Action Plans for the adoption of the euro; considers also that best practises and know-how acquired from the previous changeovers is likely to be useful for the changeover of the new Member States and for the forthcoming enlargement and preparation of the new applicant countries;

International role of the euro and external representation

52. Welcomes the quick development of the euro as the second most important reserve and transaction currency after the US dollar, with a share of 25 % of global foreign exchange reserves; notes that particularly in the countries neighbouring the euro area, the euro plays an important role as a financing currency and that those countries' respective exchange rates are aligned to the euro; approves expressly the ECB's opinion that the introduction of the euro is the last step towards a structured convergence process within the European Union, and that thus the introduction of the euro is possible only under the EC Treaty;

53. Takes the view that the EMU policy agenda for the next decade will be marked, inter alia, by the challenges presented by emerging Asian economies and the current global financial crisis; regrets that in spite of the growing global role of the euro, attempts to improve the external representation of the euro area on financial and monetary matters have not made much progress; stresses that the euro area must build an international strategy commensurate with the international status of its currency;

54. Recalls that the most effective way for the euro area to align its influence with its economic weight is by developing common positions and consolidating its representation, ultimately obtaining a single seat in the relevant international financial institutions and forums; urges the euro area Member States, inter alia to speak with a single voice on exchange rate policies;

55. Stresses that the euro is being used as a national currency outside the euro area; considers that the implications of such use need to be analysed;

56. Points out that the important role of the euro in international financial markets brings with it obligations, and that the effects of monetary as well as growth policy in the euro area have a global impact; emphasises the increased importance of the euro for international trade and services as a stabiliser in the global environment, as an engine for financial market integration and as a basis for increasing direct investments and cross-border company mergers, as transaction costs could be substantially reduced; calls for a study on global imbalances and the role of the euro and possible adjustment scenarios to prepare the European Union better for tackling major external shocks;

57. Suggests stronger forward-looking cooperation and an enhanced international dialogue between the responsible authorities of the most important currency blocks, to improve the management of international crises and help to tackle the consequences of currency movements on the real economy; recalls the common successful crisis management at the beginning of the recent US 'sub-prime credit crisis' as well as the crisis in the immediate aftermath of the events of 11 September 2001, which helped to prevent an instant meltdown of the US dollar;

58. Supports the intention of the Commission to strengthen the influence of the EMU in international financial institutions with a common EU position represented by selected representatives, such as the president of the Eurogroup, the Commission and the president of the ECB; notes that, in practice, the president of the Eurogroup, the Commission and the president of the ECB are already permitted to participate as observers in the most important international financial institutions; demands, however, a better coordination of European positions so that common European monetary policy will be represented by its legitimate representatives in future; expects that a euro area position on the exchange rate policies of its main partners will be expressed; calls on the president of the Eurogroup to represent the euro area at the Financial Stability Forum (FSF); suggests that the statutes of the International Monetary Fund (IMF) be amended to allow the representation of economic blocks and organisations;

59. Stresses that a common EU approach is needed regarding the reform of international financial institutions, which should take into account the challenges of a global economy including the emergence of new economic powers;

Tuesday 18 November 2008

60. Regrets that in its Communication on EMU@10 the Commission has not conducted a more detailed and precise analysis of the euro's international role; calls on the Commission to produce a detailed report on the external dimension of the common monetary policy and on its repercussions for the euro area's economic and trading performance;

61. Stresses that the monetary policies pursued by some of the European Union's partners are designed to under-value their currency, something which has an unfair impact on trade and could be seen as a non-tariff barrier to international trade;

EMU economic instruments and governance

62. Considers that all relevant parties — Parliament, the Council, the Commission, the Eurogroup, and the social partners at EU and national level — should work together to strengthen future working of the EMU as regards economic governance on the basis of the following suggestions:

- (a) as an essential component of the Lisbon Strategy and the central economic instrument, the Integrated Guidelines should, with the aim of a balanced 'policy-mix approach', pursue mutually inspiring reforms in the areas of employment, the environment and social security;
- (b) the Integrated Guidelines should establish a broad framework for closer economic policy coordination in order to align National Reform Programmes (NRPs), taking into account, however, economic diversity and differing national traditions; a consultation of national parliaments regarding the stability and convergence programmes and the NRPs should be established;
- (c) a stronger link between the Integrated Guidelines, in particularly the Broad Economic Policy Guidelines (BEPG), and the stability and convergence programmes, should be established; the stability and convergence programmes and the NRPs could be presented at the same time (annually at the beginning of autumn) after a debate in the national parliament; the BEPGs could include common budgetary objectives in line with the preventive arm of the SGP;
- (d) Member States' governments should, when deciding on their national budgets, take into account the Integrated Guidelines and the country-specific recommendations as well as the overall budgetary situation in the euro area; the different national fiscal calendars and the main assumptions used in the underlying forecasts should be harmonised in order to avoid disparities caused by the use of different macroeconomic forecasts (global growth, EU growth, price of oil barrel, interest rates) and other parameters; calls on the Commission, Eurostat and the Member States to work towards the definition of tools to enhance the comparability of national budgets as regards spending in different categories;
- (e) more formal recommendations for the euro area Member States, such as setting targets regarding medium-term expenditure, specific structural reforms, investments, quality of public finance, should be used whenever possible; a more standardised reporting structure in the context of the NRPs should also be pursued, without hampering national reform priorities; all commitments, targets and benchmarks should be fully incorporated in the Integrated Guidelines and the NRPs in order to improve the coherence and efficiency of economic governance;
- (f) a long-term strategy, in good times, to reduce national debt to below a maximum of 60 % of GDP should be included in the framework for economic governance as it would reduce the cost of debt servicing and the cost of capital for private investments;

Tuesday 18 November 2008

- (g) a binding framework within which euro area Member States consult each other and the Commission before taking major economic policy decisions, such as in the case of measures to tackle higher food and energy prices, should be established;
- (h) economic coordination should take the form of an integrated 'European Economic and Employment Strategy' on the basis of the existing economic policy instruments — in particular the Lisbon Strategy, the Integrated Guidelines, the Sustainable Development Strategy, and the convergence and stability programmes; calls upon Member States' governments, under the leadership of the president of the Eurogroup, to support economic activity in a coherent manner, at the same moment and in the same direction;
- (i) the European Economic and Employment Strategy referred to in point (h) should recognise the potential of new and green technology as a cornerstone of economic growth coupled with a macroeconomic policy mix;
- (j) the financing of innovative enterprises, in particular SMEs, should be facilitated, inter alia by the establishment of a 'European Smart Growth Fund' by the European Investment Bank;
- (k) the Annual Report on the euro area should deliver a more practical range of instruments and evaluations to make it possible to hold a more detailed dialogue between the various EU bodies that are involved in economic governance;
- (l) a code of conduct between Parliament, the Council and the Commission, which would guarantee proper cooperation and the full involvement of those three EU institutions concerned in the appropriate further handling of the Integrated Guidelines, as key economic instruments needs to be established;
- (m) the institutional set-up for economic policy coordination should be strengthened as follows:
- Eurogroup formations should also be established in the field of competitiveness/industry, environment, employment and education;
 - the Eurogroup should be provided with a stronger institutional setting and more human resources;
 - the mandate of the president of the Eurogroup should be in line with the economic cycles of the Integrated Guidelines;
 - the Economic Policy Committee should be absorbed into the Economic and Financial Committee so as to constitute a single and coherent preparatory body for the Economic and Financial Affairs Council and the Eurogroup;
 - a Parliament representative should be given observer status within the Eurogroup and at informal Council meetings;
 - meetings between the Troika, Parliament and the Commission should be organised four times a year, and, when necessary, with the Eurogroup;
- (n) a more regular and structured dialogue on macroeconomic issues between Parliament, Commission and the Eurogroup, similar to the monetary dialogue between the Parliament and the ECB, should be established to take place at least quarterly, in order to deepen the existing frameworks and debate challenges facing the economy of the euro area; and
- (o) an active dialogue needs to be established between Parliament, the Eurogroup, the ECB and the European Economic and Social Committee for the purpose of conducting discussions about the appropriate policy mix;

Tuesday 18 November 2008

63. Takes the view that the EMU policy agenda for the next decade will be marked, in particular, by the challenges presented by the recent financial market turmoil and its implications for the real economy; notices positively, in this context, that Member States within the euro area are better equipped to face major shocks than in the past thanks to a common monetary policy and reforms carried out in recent years; with a view to largely combating the economic slowdown and high inflation, however, calls for:

- (a) a coordinated response at the EU level, based on a common understanding of the problems and common follow-up measures while accepting some national specificities; including coordination of NRPs;
- (b) ambitious and adjusted NRPs and a commitment to their implementation, including a review of national budgets to react to the latest economic forecasts, counteract economic recession and foster growth, while establishing a strong dialogue with social partners;
- (c) measures supporting SMEs, in particular, to complement recent European Investment Bank action and to ensure sustained credit lines to SMEs by the banking system;
- (d) a definition of targeted measures to protect vulnerable groups from the effects of the current financial crisis;
- (e) fully and timely implementation of the Financial Services roadmap, including follow-up actions and increased effectiveness of supervision in regards to the ongoing financial turmoil;
- (f) the enhancement of crisis-resolution arrangements by improving the EU rules on winding-up and by setting up clearly defined and unanimously acceptable arrangements of burden-sharing among the relevant Member States in cases of insolvency within cross-border financial groups;
- (g) completion of the tools used for designing monetary policy by the thorough analysis of factors that influence the stability and functioning of the financial system, inter alia as regards the transfer of monetary policy, the development of credit and financial assets, the characteristics of new products, and the concentration of risks and liquidity;
- (h) a proactive European reaction within international forums, notably the FSF and the IMF and for the increase of common political decision-making processes; and
- (i) the formulation of a European Union voice within the G8 and the reflection of the European Union's role as a more efficient world-wide economic decision-making body while adjusting such a role to the consequences of globalisation and more dominant global financial markets;
- (j) better and more efficient coordination between the World Trade Organisation and the Bretton Woods institutions (the IMF and the World Bank Group) in order to combat speculation and meet the challenges posed by the serious crisis;
- (k) in view of the serious current monetary turbulence, a world monetary conference to be organised under the auspices of the IMF in order to hold global consultations on monetary questions; also consideration to be given to the feasibility of setting up a monetary disputes settlement mechanism within the framework of the IMF;

*

* *

64. Instructs its President to forward this resolution to the Council, the Commission, the European Central Bank, the European Economic and Social Committee, the president of the Eurogroup, and the governments and parliaments of the Member States.
