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P7_TA(2013)0174

Facility for providing financial assistance for Member States whose currency is not the euro

European Parliament resolution of 17 April 2013 on the proposal for a Council regulation establishing a facility for providing financial assistance for Member States whose currency is not the Euro (COM(2012)0336 — 2012/0164(APP))

(2016/C 045/04)

The European Parliament,

- having regard to the proposal for a Council regulation (COM(2012)0336) (the 'BoP proposal'),
 - having regard to the request for consent to be submitted by the Council in accordance with Article 352 of the Treaty on the Functioning of the European Union,
 - having regard to the Treaty on the functioning of the European Union (TFEU), in particular Articles 143 and 352 thereof,
 - having regard to the Commission proposal of 23 November 2011 for a Regulation by the European Parliament and by the Council on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area, the amendments thereto adopted by Parliament on 13 June 2012 and the provisional text of the final agreement with Council ⁽¹⁾,
 - having regard to the Commission proposal of 23 November 2011 for a Regulation by the European Parliament and by the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area, the amendments thereto adopted by Parliament on 13 June 2012 and the provisional text of the final agreement with Council ⁽²⁾,
 - having regard to Council Regulation (EC) No 332/2002 of 18 February 2002, establishing a facility providing medium-term financial assistance for Member States' balances of payments ⁽³⁾,
 - having regard to its resolution of 20 November 2012 with recommendations to the Commission on the report of the Presidents of the European Council, the Commission, the European Central Bank and the Eurogroup 'Towards a genuine Economic and Monetary Union' ⁽⁴⁾,
 - having regard to Rule 81(3) of its Rules of Procedure,
 - having regard to the interim report of the Committee on Economic and Monetary Affairs (A7-0129/2013),
- A. whereas, pursuant to Article 352 of the Treaty on the Functioning of the European Union (TFEU), the Council, acting in accordance with a special legislative procedure, will adopt a regulation on establishing a facility for providing financial assistance for Member States whose currency is not the euro, acting unanimously, after obtaining the consent of Parliament;
- B. whereas a balance of payments (BoP) facility was established in 2002 by Council Regulation (EC) No 332/2002, enabling financial assistance to Member States whose currency is not the euro;
- C. whereas the total amount available in that facility has been increased from the initial EUR 12 000 million to EUR 25 000 million in December 2008 and to EUR 50 000 million in May 2009, in response to the financial crisis; whereas out of the EUR 50 000 million, EUR 13 400 million have been disbursed to Romania, Latvia and Hungary, in addition to a precautionary reservation of EUR 1 400 million to Romania;

⁽¹⁾ Text adopted of 12.3.2013 (P7_TA-PROV(2013)0069 (the 'Gauzès file').

⁽²⁾ Text adopted of 12.3.2013 (P7_TA-PROV(2013)0070 (the 'Ferreira file').

⁽³⁾ OJ L 53, 23.2.2002, p. 1.

⁽⁴⁾ Texts adopted, P7_TA(2012)0430.

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- D. whereas Hungary, Romania and Latvia were the first Member States to request and benefit from Union financial assistance at the beginning of the financial and economic crisis by means of a BoP facility; whereas the economic and financial crisis has seriously hit several non-euro area Member States;
- E. whereas the global economic crisis has had a severe impact on all Member States, provoking a deterioration of their public deficit, balance of payment as well as the overall debt.
- F. whereas the European Stability Mechanism (ESM), which was established in October 2012, is the main support mechanism for euro area Member States, with a lending capacity of EUR 500 000 million, provided by subscribed capital; whereas the ESM will, in the future, under certain conditions, be able to fund banks in difficulties directly;
- G. whereas in its resolution of 20 November 2012, Parliament requested that the ESM evolve towards Community-method management, that it be made accountable to Parliament and that key decisions, such as the granting of financial assistance to a Member State and the conclusion of memorandums, should be subject to proper scrutiny by Parliament;
- H. whereas it is critical that the facility contains democratic accountability mechanisms as well as consideration of the functioning of national parliaments;
- I. whereas the BoP proposal does not provide for Member States whose currency is not the euro to benefit from financial instruments which are fully comparable to those within the ESM at their disposal;
- J. whereas updating Regulation (EC) No 332/2002 would help ensuring a level playing field between euro area and non-euro area Member States and would simplify the procedure for activating the balance of payments facility;
- K. whereas it is important to safeguard the role of the social partners and respect different national practice and institutions for wage formation when implementing Regulation (EC) No 332/2002 and the Regulation to be adopted on the basis of the BoP proposal, in particular when drafting and implementing macroeconomic adjustment programmes; whereas this is a horizontal issue for the whole of the Union and therefore consistency between euro area and non-euro area Members States is motivated in this regard.
1. Welcomes the BoP proposal as a first step towards achieving a level playing field between euro area and non-euro area Member States; acknowledges that the task is not simple given the features of the mechanisms recently created for the euro area;
 2. Believes that the BoP financial assistance can play an important role in helping Member States to improve their administrative capacity to absorb Union funds more effectively;
 3. Is of the opinion, however, that a number of amendments, outlined in this interim report, are needed in order to achieve an acceptable outcome; therefore requests in the interest of transparent decision-making that the Council and the Commission await the adoption of this interim report before adopting the regulation on the basis of the BoP proposal;
 4. Highlights that Article 352 TFEU is a suitable legal basis for the Regulation to be adopted on the basis of the BoP proposal and stresses that this basis allows the establishment of new types of Union financial assistance and of a framework for such assistance beyond the scope of the assistance provided under Article 143 TFEU;
 5. Regrets that the Commission did not conduct a wide consultation before the adoption of the BoP proposal, and that the Commission did not provide reasons to suggest that this was because of exceptional urgency, as required pursuant to Article 2 of Protocol No 2 on the application of the principles of subsidiarity and proportionality annexed to the TFEU and to the Treaty on European Union (TEU);
 6. Points out and regrets that no reference was made to the application of the principles of subsidiarity and proportionality as required by Article 5 of Protocol No 2 on the application of the principles of subsidiarity and proportionality annexed to the TFEU and to the TEU; asks the Commission and Council to make an explicit reference to the above mentioned principles before submission of the draft Regulation for consent of the European Parliament;

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7. Asks the Council and the Commission to take account of the following requests before submission of the draft Regulation for consent of the European Parliament:

- (i) the Union budget is the ultimate collateral for all assistance measures under the BoP proposal; against this background, the Commission should present appropriate solutions beyond existing provisions as to how Parliament's budgetary oversight role of the Union budget could be more substantially taken into account in the BoP proposal and implemented so as to allow for true accountability;
- (ii) the Commission should clarify the relationship between any assistance that might be granted to a non-euro area Member State under Regulation (EU) No 407/2010 establishing the European Financial Stability Mechanism ⁽¹⁾ and the provisions and instruments established pursuant to the Regulation to be adopted on the basis of the BoP proposal after the discontinuation of the European Financial Stability Mechanism (EFSM);
- (iii) since the EFSM will soon be discontinued, as announced by EU leaders at the 2010 European Council, in light of the entry into force of the ESM Treaty, the outstanding funding capacity in the EFSM (approximately EUR 10 000 million) could be transferred to the BoP facility, which would increase its firepower from EUR 50 000 million to EUR 60 000 million; once Member States reimburse the loans taken out from the EFSM, the Union budget guarantee will no longer be needed for the reimbursed amount, thus freeing the budget for guaranteeing new loans. Upon the discontinuation of the EFSM, the remaining EFSM capacity will no longer be used in the EFSM framework and could be used from then onwards under the BoP facility;
- (iv) no effective link or material conditionality should be established between the BoP facility and the use of structural funds in the BoP proposal; conditions relating to the use of structural funds should, if needed, be addressed in the relevant Cohesion Policy legislative act;
- (v) Article 2(4) of the BoP proposal, on the consultation requirement with the Commission where financial assistance outside the Union is sought, should not apply to a Member State receiving financial assistance on a precautionary basis in the form of a credit line which is not conditioned to the adoption of new policy measures by the concerned Member State, as long as the credit line is not drawn;
- (vi) it is necessary to enhance the transparency and accountability within the enhanced surveillance process by adapting the economic dialogue in a way that allows the relevant national parliament as well as the European Parliament to invite the Commission, the Council, the European Central Bank (ECB) and the International Monetary Fund (IMF) for an exchange of views;
- (vii) the Commission should present its draft recommendation to grant a loan to a Member State together with the draft macroeconomic adjustment programme to the European Parliament;
- (viii) regarding the conditions and the procedures for granting loans, the European Central Bank (ECB) should have less involvement in the preparation of the adjustment programmes; in its opinion on the BoP proposal of 7 January 2013 (CON/2013/2), the ECB considers it inappropriate to assume such a role for a non-euro area Member State; therefore, as the ECB suggested it, Article 3(3) 'acting in liaison with the ECB' and Article 3(8) 'in liaison with the ECB' should be replaced by 'taking into account the view of the ECB, should the ECB decide to give advice in this respect';
- (ix) in general, more clarity and specifications are required for the elaboration and assessment of the macroeconomic adjustment programme, particularly regarding policy and procedural requirements aiming at re-establishing 'a sustainable balance of payments position and at restoring its capacity to finance itself fully on the financial markets';
- (x) with reference to Article 4(1), regarding conditions for granting a precautionary conditioned credit line (PCCL), the BoP proposal would benefit from more operational clarity on two concepts, namely 'sustainability of the external position' and the 'presence or absence of bank solvency problems that would pose systemic threats to the banking system stability'; with that purpose such concepts should be specified directly in Article 4 with explicit references to the appropriate indicators foreseen in relevant Union texts (CRD IV, ESRB, ESAs regulations, '6pack', fiscal sustainability reports) or at the very least by means of delegated acts. In the same rationale, Article 4 should make

⁽¹⁾ OJ L 118, 12.5.2010, p. 1.

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explicit that the global assessment foreseen should be carried out by the Commission and should be made public, as appropriate. A reference to the assessments foreseen in the framework of the macroeconomic imbalances procedure as established by Regulation (EU) No 1176/2011 should also be added to eligibility criteria;

- (xi) more clarity and more precise guidelines are needed with regard to Article 4(2) referring to conditions for granting an enhanced conditions credit line (ECCL), of the BoP proposal as to the thresholds and criteria of the assessment at which a Member State is no longer eligible for a PCCL, but still eligible for an ECCL as well as clarity on the procedures leading to the assessment referred to in such paragraph;
- (xii) more clarity is needed with regard to Article 6(5) of the BoP proposal on the transition process from an ECCL to a loan in the event of a deterioration of the economic situation, especially as regards the timing and the determining factors of that transition;
- (xiii) an indirect bank recapitalisation instrument for non-euro Member States should be established, particularly in light of the potential participation of these Member States in the upcoming single supervisory mechanism and of the need to provide them with a fiscal backstop.

An indirect bank recapitalisation instrument is proposed instead of a direct one, because putting the latter in place under the BoP framework would directly expose the Union budget to the risk presented by the financial institution being recapitalised.

That indirect instrument would take the form of a loan for bank recapitalisation, alongside the three existing instruments for financial assistance under the BoP (PCCLs, ECCLs and loans). There are no legal challenges standing in the way of a loan for bank recapitalisation, which would be disbursed to the government of the Member State concerned for the purpose of recapitalising its financial institutions, under strict conditionality;

- (xiv) other than the indirect bank recapitalisation instrument above, the possibility of changing the ESM treaty and of allowing non-euro Member States, participating in the single supervisory mechanism, to benefit from the bank recapitalisation tool of the ESM could be considered provided that participation in the single supervisory mechanism and the ESM is permanent and provides for the same rights and obligations as for euro Member States. In that case, the Member States would make a capital contribution specifically to the bank recapitalisation instrument of the ESM.

The idea of setting up an ESM subsidiary to be used for direct recapitalisation, which would limit the negative impact that buying bank equity could have on the ESM's credit rating and lending capacity, should be explored and developed further, with a view to also encompassing those non-euro Member States participating in the single supervisory mechanism;

- (xv) it should be kept in mind that any future single bank resolution fund, as part of the banking union framework, should also be inclusive towards non-euro Member States;
- (xvi) the final agreement of the Parliament and the Council negotiating teams on the substance of the Gauzès file is welcome but it is important that the Regulation to be adopted on the basis of the BoP proposal reflect the current state of play, in particular as regards:

- transparency of Commission decisions (Articles 2(3) and 2(5) of the Gauzès file);
- specifications concerning the reinforcement of the efficiency and the effectiveness of revenue collection capacity and the fight against tax fraud and evasion, with a view to safeguarding tax revenues (Article 9 of the Gauzès file);
- parameters to take into account when subjecting a Member State to enhanced surveillance (Article 2(1)) and specifications for the conduct of Member States under enhanced surveillance, including the mention of an adapted role for the ECB (Article 3(1)) as referred to in point (viii) of this paragraph;

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- transparency and accountability to European Parliament and where relevant to the national parliaments, including obligations to disclose macroeconomic adjustment programmes and the expected distribution of the adjustment effort (Articles 2, 3, 7 and 18 of the Gauzès file);
 - the consideration of the practice and institutions of wage formation and the observance of Articles 151 and 152 TFEU and of Article 28 of the Charter of Fundamental Rights of the European Union in the context of the Union strategy for growth and jobs as well as specifications regarding the obligation to involve social partners and civil society in accordance with national law and practice;
 - specifications regarding the evaluation on the government debt sustainability analysis, including disclosure requirements (Article 6 of the Gauzès file);
 - additional specifications regarding the mandate of technical assistance provided to Member States under programme (Article 7(8) of the Gauzès file);
 - the need for realistic, updated and disclosed forecasts (Articles 6 and 7(5) of the Gauzès file);
 - the recognition and role of spill-over effects (Article 1(1), Article 3(6) and 7(5) of the Gauzès file);
 - comprehensive audit of a Member State's public finances within the macroeconomic adjustment programme (Article 7(9) of the Gauzès file);
 - assessment of whether deviations from the programme are within or beyond Member State control, assessment of the consequences resulting from the macroeconomic adjustment programme and the explicit protection of health care and education sectors (Articles 7(5) and 7(7) of the Gauzès file);
 - the Member State under assistance shall consider, in close cooperation with the Commission, whether to take all necessary measures to invite private investors to maintain their overall exposure on a voluntary basis (Article 7(6) of the Gauzès file);
 - economic dialogue with the Commission, the ECB and the IMF (Article 3(9) of the Gauzès file);
 - regular communication of the review mission assessment in post-programme surveillance to the competent committee of the European Parliament and to the parliament of the Member State concerned, including the possibility to conduct an economic dialogue (Articles 14(3) and 14(5) of the Gauzès file);
 - reverse qualified majority voting in the Council regarding corrective measures under post-programme surveillance (Article 14(4) of the Gauzès file);
 - report on a review of the Regulation to be adopted on the basis of the BoP proposal (in line with Article 19 of the Gauzès file);
- (xvii) Article 6(2) of the BoP proposal on enhanced surveillance integrates a certain number of elements which reflect the substance of the Ferreira file. Therefore, the BoP proposal should be updated with the aim of ensuring a level playing field so as to reflect the agreement of the Parliament and the Council negotiating teams on the relevant parts of the Ferreira file, namely:
- on standards and procedures regarding specifications for reporting requirements, including delegated acts for these reporting requirements (Article 10 of the Ferreira File);
 - monitoring requirements on the quality of public finances including provisions regarding the impact of foreseen budgetary measures on the targets set by the Union's Strategy for growth and jobs (EU2020 targets) and the adaptations that an assistance programme entails on the National Reform Programmes as well as a description and quantification of budgetary measures, including foreseen tax policy reforms and potential spill-over effects of foreseen measures for other Member States (Article 6 of the Ferreira File);

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- indications on the expected economic returns on non-defence public investment projects having a significant budgetary impact (Article 4(1) of the Ferreira File);

8. Instructs its President to forward this resolution to the European Council, the Council, the Commission, the European Central Bank, the European Stability Mechanism and the International Monetary Fund.

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European Central Bank annual report (2011)

European Parliament resolution of 17 April 2013 on 2011 Annual Report of the European Central Bank (2012/2304(INI))

(2016/C 045/05)

The European Parliament,

- having regard to the 2011 Annual Report of the European Central Bank,
 - having regard to Article 284 of the Treaty on the Functioning of the European Union (TFEU),
 - having regard to Article 15 of the Statute of the European System of Central Banks and of the European Central Bank,
 - having regard to its resolution of 2 April 1998 on democratic accountability in the third phase of the EMU ⁽¹⁾,
 - having regard to its resolution of 1 December 2011 on the European Central Bank (ECB) Annual Report for 2010 ⁽²⁾,
 - having regard to Rule 119(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A7-0031/2013),
- A. whereas real GDP growth in the eurozone was 1,5 % in 2011, which represents a slowdown from 1,9 % in 2010; whereas several Member States experienced a severe economic downturn over the same period;
- B. whereas unemployment in the eurozone increased from 10 % at the end of 2010 to 10,7 % at the end of 2011; whereas youth unemployment increased significantly over the same period;
- C. whereas about 14,4 million new jobs have been created in the eurozone since 1999, compared with approximately 10,7 million in the United States;
- D. whereas, in 2011, the ECB increased interest rates twice, in April and July (25 basis points each time) and reduced them twice at the end of the year, in November and December (again 25 basis points each time);
- E. whereas the average inflation rate in the eurozone was 2,7 % in 2011, up from 1,6 % in 2010 and M3 growth was 1,5 % in 2011, down from 1,7 % in 2010;
- F. whereas the consolidated financial statement of the Eurosystem reached EUR 2 735 billion at the end of 2011, representing an increase of around 36 % over the course of 2011;
- G. whereas the ECB launched its first three-year Long Term Refinancing Operation (LTRO) on 21 December 2011, which allotted EUR 489,2 billion in three-year maturity loans;
- H. whereas the growth of credit to the private sector slowed down significantly from 1,6 % in 2010 to 0,4 % in 2011, and loans to the private sector from 2,4 % in 2010 to 1,2 % in 2011;

⁽¹⁾ OJ C 138, 4.5.1998, p. 177.

⁽²⁾ Texts adopted, P7_TA(2011)0530.