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Basic information		
APP - Consent procedure	2017/0333R(APP)	Procedure completed
Establishment of the European Monetary Fund		
Accompanying procedure 2017/0333(APP)		
Subject		
5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU)		
5.20.02 Single currency, euro, euro area		

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	BUDG Budgets		05/07/2018
		 MAŇKA Vladimír	05/07/2018
		 SILVA PEREIRA Pedro	
		Shadow rapporteur	
		 MUREŞAN Siegfried	
		 VANDENKENDELAERE Tom	
		 KÖLMEL Bernd	
		 PACKET Ralph	
		 ARTHUIS Jean	
		 KLINZ Wolf	
		 GIEGOLD Sven	
		 MEUTHEN Jörg	
		 VALLI Marco	
		 KAPPEL Barbara	
	 ZANNI Marco		
ECON Economic and Monetary Affairs	Committee for opinion	Rapporteur for opinion	Appointed
AFCO Constitutional Affairs			24/09/2018

Key events

05/07/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
26/02/2019	Committee report tabled for plenary	A8-0087/2019	Summary
13/03/2019	Debate in Parliament		
14/03/2019	Results of vote in Parliament		
14/03/2019	Decision by Parliament	T8-0218/2019	Summary
14/03/2019	End of procedure in Parliament		

Technical information

Procedure reference	2017/0333R(APP)
Procedure type	APP - Consent procedure
Procedure subtype	Interim report under consent procedure
Legal basis	Rules of Procedure EP 105-p5
Stage reached in procedure	Procedure completed
Committee dossier	CJ16/8/13903

Documentation gateway

Committee draft report		PE630.626	22/11/2018	EP	
Committee opinion	CONT	PE625.495	17/01/2019	EP	
Committee opinion	AFCO	PE631.802	23/01/2019	EP	
Committee report tabled for plenary, single reading		A8-0087/2019	26/02/2019	EP	Summary
Text adopted by Parliament, single reading		T8-0218/2019	14/03/2019	EP	Summary
Commission response to text adopted in plenary		SP(2019)393	30/04/2019	EC	

Establishment of the European Monetary Fund

The Committee on Budgets and the Committee on Economic and Monetary Affairs adopted the interim report jointly presented by Vladimír MAŤKA (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 eurozones 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.

Establishment of the European Monetary Fund

The European Parliament adopted by 237 votes to 152, with 18 abstentions, a resolution 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 on the establishment of the European Monetary Fund and considers it a useful contribution to the ongoing debate on the future of Europe, the deepening of the EMU and the ESM reform. 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 eurozones 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. The European Court of Auditors should be considered the independent external auditor and be given a clear and formal role in the discharge procedure.

Members proposed 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

Parliament considered 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. It therefore opposed any attempt to turn the reformed EMS into an instrument reserved for banks or to reduce its financial capacity to support Member States.

The resolution highlighted 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; however, the evaluation of the financial assistance requests made by the ESM, as well as its decision-making on the design of the adjustment programmes should in no way replace normal macroeconomic and fiscal surveillance provided for in the EUs fiscal rules and regulations, which must remain the Commissions exclusive competence;
- the current governance framework should be assessed with a view to defining an effective decision-making procedure for the reform of the ESM.

Parliament 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.