

Remarks by Vice-President Dombrovskis at the EP plenary on the results of the Eurogroup and preparation of the EURO summit

Honourable President, Honourable Members,

I am glad to be here for this timely debate. The European Parliament has rightfully been a central driving force behind the debate on deepening our Economic and Monetary Union.

This is a decisive moment on what has been a challenging path, and the strong support of this House is more important than ever. On behalf of the Commission, I would like to thank you for this.

Last week, the Eurogroup agreed a number of steps. They were perhaps not giant, but nonetheless important. The discussion was far from easy, but the results show the willingness around the table to find workable solutions to our common challenges. We made progress on many issues discussed: in particular the terms of reference for the common backstop for the Single Resolution Fund and the reform of the European Stability Mechanism. As regards budgetary instruments for the Euro area, further guidance from the Euro Summit will be needed.

For the upcoming Euro Summit, we must build a momentum, as we urgently need to press ahead with ambitious reforms:

On the backstop for the Single Resolution Fund we need a credible, fast and efficient system of decision-making.

The ESM-Commission cooperation should stay within the boundaries of primary and secondary law. Also, we have to make sure that the conditions of ESM instruments are not too strict to make them unusable. Later on, the ESM will need to be brought into the Union framework to increase democratic scrutiny, most importantly by a closer involvement of the European Parliament.

We also see some reasonable steps to promote the existing framework for debt sustainability in the euro area

Let me now turn to budgetary instruments for the euro area.

I welcome the openness of the Eurogroup to work on budgetary instruments for competitiveness and convergence subject to further guidance by leaders.

Unfortunately, the Eurogroup has shown less consensus on instruments for stabilisation, which are also essential. We therefore hope for further progress, guidance and also more ownership at the Euro Summit.

The Commission proposals for a Reform Support Programme and for a Euro Area Fiscal Stabilisation Function should provide the basis for this discussion which should take place in the context of the MFF. We can of course develop them further to reconcile our design with the ideas coming from France and Germany, but also other Member States and the European Parliament.

Parliament can play an important role in designing these budgetary instruments. It is, therefore, also in your hands, to take the proposals further, and accelerate work.

Finally, on EDIS, this is indeed the most difficult part on which little progress has been made at the Eurogroup. As progress has been slow both in Council and Parliament, last year the Commission set out a workable approach to introduce EDIS step by step and closely linked to risk reduction. We believe there has been enough progress on risk reduction to warrant the start of political negotiations on its first phase.

Dear Colleagues,

The Commission counts on your continued support. Your clear political push will be indispensable to generate the ambition needed.

We can build on a solid ground of risk reduction. The progress report we published two weeks ago shows that Non-performing loans (NPLs) on banks' balance sheets have continued to decline, to an average of 3.4% in the second quarter of 2018, a decline of 1,2% points in a single calendar year. And MREL buffers are being built up, with about 90% of required MREL already being there.

We welcome agreement on the banking package and the ECON committee vote on non-performing loans last week. On that basis, the completion of the Banking Union also on risk sharing is a matter of priority.

The Capital Markets Union can also strengthen the Economic and Monetary Union by diversifying financing sources of the European economy and promoting private risk-sharing. I call on you to close the many CMU files still before the end of this term.

Finally, following the Commission's Communication, the international role for the euro will also be addressed at the December Euro Summit. A stronger Economic and Monetary Union, as well as deep and liquid capital markets, are a prerequisite for a euro that better reflects Europe's political, economic and financial weight.

It is crucial that Leaders reach a meaningful agreement this week and that the co-legislators agree on pending proposals before the European Parliament elections in May 2019. As always, the European Parliament's close engagement is key in this process.

The months ahead will be decisive for making the euro area economy stronger and more resilient for the benefit of all Europeans.