



EUROPEAN COMMISSION

Expert Group on Debt Redemption Fund and Eurobills

## MINUTES OF THE MEETING OF 19 SEPTEMBER 2013; 9:00-15:30

Brussels, Rue de la Loi 200, Berlaymont Building, Room 7/62

**Participants:** Ms Gertrude Tumpel-Gugerell (chair); Ms Agnès Bénassy-Quéré; Mr Vitor Bento; Mr Graham Bishop; Ms Claudia Buch; Mr Ján Mazák; Ms Belén Romana; Ms Ingrida Šimonytė; Mr Vesa Vihriälä; Ms Beatrice Weder di Mauro.

Absent: Mr Leonardus (Lex) Hoogduin

**Secretariat:** Clemens Ladenburger, Magdalena Lewandowska, Alessio Silva, Carsten Bermig.

The chair opened the meeting by welcoming the participants and asking for approval of the agenda. The Expert Group approved the agenda.

In her introductory presentation, the chair recalled the mandate, the background and the political context of the Expert Group.

The chair clarified that the Expert Group's task is to come forward with a feasibility study for the possible introduction of a Debt Redemption Fund and / or eurobills to be delivered by March 2014. She stressed that in line with its mandate, the Expert Group will not present concrete policy proposals or recommendations. She also stated that no interim report and hearings are foreseen.

The chair asked for approval of the submitted Roadmap and Working Methods while stressing the confidential nature of any draft reports and working documents and the deliberations within the Expert Group. The Expert Group adopted the Roadmap and the Working Methods. It also agreed on dates of further meetings.

The proposal of the German Council of Economic Advisors of a Debt Redemption Fund was presented and discussed in the Expert Group. The purpose, underlying assumptions, enforcement, the roll-in phase and possible variants to the Fund idea were discussed. It was stressed that the idea as developed by the German Council of Economic Advisors involved a grand "Pact", comprising not only the redemption component but also various elements designed to ensure lasting fiscal discipline including a mechanism, starting to apply at the end of the redemption period, of automatic debt restructuring in case of excessive debt.

The Expert Group was also presented with a tentative classification of possible purposes of debt mutualisation and corresponding instruments.

On this basis, the Expert Group's general discussion touched, inter alia, on the following elements:

- the additional value of a Debt Redemption Fund as opposed to the already existing European economic governance structure and the ESM.
- merits and risks of joint and several as well as pro rata guarantees of Member States for the Fund, and of a possible variant of roll-in phase.
- institutional and democratic accountability issues.
- the concepts of liquidity and solvency problems of sovereigns and difficulties of distinguishing between them.
- the interaction between public and private indebtedness within Member States and the need for a banking union.
- budgetary accounting practices in Member States.
- collective action clauses in government bonds.

Finally, the Expert Group also started the discussion on eurobills with a view to coming to an understanding on their purpose.