COMPLETING THE ECONOMIC AND MONETARY UNION
Being European, for most of us, also means the euro. During the global financial crisis, the euro stayed strong and protected us from even worse instability. The euro is a leading world currency, and it brings huge, often invisible economic benefits.

The euro is the world’s second currency: more than 337.5 million EU citizens in 19 countries use it as their currency.

The legitimacy of the euro is paramount.

The euro is a political and economic project – it protected us during the financial crisis.

An economic agenda based on reforms, investment and responsible public finances, with social fairness at its core.

#DeepeningEMU
COMPLETING THE ECONOMIC AND MONETARY UNION

FACING THE ECONOMIC CRISIS AND LEARNING ITS LESSONS
THE NEED FOR FURTHER DEEPENING OF ECONOMIC AND MONETARY UNION

- European Semester of economic policy coordination
- Upgraded fiscal rules
- Macroeconomic Imbalances Procedure
- Unified representation of the Euro area
- European Stability Mechanism
- Banking Union
- National advisory
We are in our fourth consecutive year of economic growth (%)

Unemployment rate (%)

Activity rate in the EU – share of economically active population (%)

Government deficit to GDP ratio (%)

Government sovereign debt (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>EU28</th>
<th>Euro area</th>
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<tbody>
<tr>
<td>2013</td>
<td>3.3</td>
<td>3.0</td>
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<tr>
<td>2014</td>
<td>3.0</td>
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<td>2015</td>
<td>2.4</td>
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<td>2016 Q2</td>
<td>1.8</td>
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<th>Year</th>
<th>2013</th>
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<th>2016 Q2</th>
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<tr>
<td>2013</td>
<td>85.5</td>
<td>86.8</td>
<td>87.5</td>
<td>84.3</td>
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<tr>
<td>2014</td>
<td>91.1</td>
<td>92.0</td>
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“Yes, we Europeans suffered under a historic financial and debt crisis. But the truth is that while public deficits stood at 6.3% on average in the euro area in 2009, today they are below 2%.

REFORMS ACHIEVED IN THE FIRST TWO YEARS

Flexibility within the rules of the Stability and Growth Pact

- Take better account of economic cycles and incentivise structural reforms and investment

Streamlining and reinforcement of the European Semester

- A new timetable for stakeholder involvement
- Euro Area Recommendation
- Macroeconomic imbalance procedure – streamlining and indicators
- National Productivity Boards
- European Fiscal Board
- Benchmarking of policies and performances

Deeper and fairer EMU

- Banking Union
- Capital Markets Union
- Relaunch of the Social Dialogue
GREECE – ONE YEAR ON

New Stability Support Programme launched in August 2015 including social impact assessment

Up to €86 billion committed for disbursements until August 2018

Memorandum of Understanding focusing on
- restoring fiscal sustainability
- safeguarding financial stability
- growth, competiveness and investment
- a modern State and public administration

€31.7 billion disbursed to date since August 2015
### THE EUROPEAN SEMESTER: A NEW APPROACH TO COUNTRY SPECIFIC RECOMMENDATIONS

<table>
<thead>
<tr>
<th>November</th>
<th>December</th>
<th>January</th>
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<th>March</th>
<th>April</th>
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<tr>
<td><strong>European Commission</strong></td>
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<td>Autumn Economic Forecasts</td>
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<tr>
<td>- Annual Growth Survey and related documents</td>
<td>- Recommendations for the euro area</td>
<td>- Opinion on draft budgetary plans</td>
<td>- Bilateral meeting with Member States</td>
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<td>- Fact-finding missions to Member States</td>
<td>- Country Report per Member State (reform agenda and imbalances)</td>
<td>- Bilateral meeting with Member States</td>
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<td>Spring Economic Forecasts</td>
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<td>- Commission proposes country-specific recommendations for budgetary, economic and social policies</td>
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<td><strong>European Council / Council</strong></td>
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<td>- Council discusses opinions on draft budgetary plans</td>
<td>- Council adopts euro area recommendations and conclusions on AGS + AMR</td>
<td>- European Council adopts economic priorities based on AGS</td>
<td>- Council discusses the CSRs on AGS</td>
<td>- European Council endorses final CSRs</td>
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<td><strong>Member States</strong></td>
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<td>- Member States adopt budgets</td>
<td>- Member States present their National Reform Programmes (economic policies) and Stability or Convergence Programmes (on budgetary policies)</td>
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<td>- Dialogue on the Annual Growth Survey</td>
<td>- Dialogue on the proposals for CSRs</td>
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<td>- Debate / resolution on the European Semester and the CSRs</td>
<td>- Dialogue on the Annual Growth Survey</td>
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**Glossary:**
- AGS: Annual Growth Survey
- AMR: Alert Mechanism Report
- CSR: Country-Specific Recommendations
- EDP: Excessive Deficit Procedure
- € = Euro Area
COMPLETING THE ECONOMIC AND MONETARY UNION

COMPLETING THE BANKING UNION
ADDITIONAL STEPS TO IDENTIFY AND ADDRESS SYSTEIC RISKS

1st PILLAR
Single Supervisory Mechanism (SSM) — together with the National Competent Authorities (NCAs)

2nd PILLAR
Single Resolution Mechanism (SRM) together with the National Resolution Authorities (NRAs)

3rd PILLAR
European Deposit Insurance Scheme (EDIS) (under construction)

COMMON RULES
COMPLETING THE ECONOMIC AND MONETARY UNION

SINGLE RESOLUTION MECHANISM: HOW IT WORKS

BANK IDENTIFIED AS FAILING OR BEING LIKELY TO FAIL

Finding a solution

SRB executive session

Decision
Is private sector solution possible?
If not, is resolution in public interest?

Resolution in public interest
COMMISSION approves resolution scheme under State Aid rules

Resolution not in public interest
BANK WOUND UP

Adoption of RESOLUTION SCHEME
- Places the bank under resolution
- Identifies resolution tools
- Determines whether and how much of the single resolution fund (SRF) can be used

OPTION 1:
Scheme endorsed and approved under the SRM Regulation

OPTION 2:
Objections to discretionary elements of scheme

OPTION 3:
Objections of public interest OR use of SFR

Public interest objection adopted
BANK WOUND UP

Use of SRF objection adopted

Resolution scheme modified and approved under the SRM Regulation

COMMISSION approves resolution scheme under State Aid rules

Resolutions enters into force
The crisis has only been paused. We must make use of this pause to consolidate and complement the unprecedented measures we have taken during the crisis, simplify them and make them more socially legitimate.

The stability of our single currency and the solidity of public finances are as important to me as social fairness in implementing necessary structural reforms.

Jean-Claude Juncker, Political Guidelines, 15 July 2014
THE ROADMAP OF THE FIVE PRESIDENTS' REPORT

STAGE 1
"DEEPENING BY DOING"
(1 July 2015 – 30 June 2017: Using existing instruments and Treaties)

STAGE 2
"COMPLETING EMU ARCHITECTURE"
(Spring 2017: Commission White Paper)

FINAL STAGE
THE PATH AHEAD:
COMPLETING EUROPE'S ECONOMIC AND MONETARY UNION

March 2017: White paper on the Future of Europe

Important ongoing work

- Swift adoption of the European Deposit Insurance Scheme, continued work on risk reduction
- Swift adoption of the first wave of measures proposed as part of the Capital Markets Union, and accelerate the delivery of the next set of actions
- Ongoing work on the European Pillar of Social Rights
- Promoting a positive fiscal stance for the Euro area

- A stability oriented review of the Stability and Growth Pact
- Incorporation of the substance of the Treaty on Stability, Coordination and Governance into the legal framework of the European Union and Community method
DeepeningEMU
COMPLETING THE ECONOMIC AND MONETARY UNION