



EUROPEAN COMMISSION

Brussels, 25.5.2016
C(2016) 3037 final

Dear President,

The Commission would like to thank the Senát for its Opinion on the Communication from the Commission to the European Parliament, the Council and the European Central Bank On steps towards Completing Economic and Monetary Union {COM(2015) 600 final}.

The Five Presidents' Report, which was published in June 2015, maps the way ahead to complete EMU by 2025 at the latest. The report is ambitious, yet pragmatic. Some steps can be implemented immediately and do not require a Treaty change. Others will take more time.

The Commission welcomes the Senát's support for moving ahead with steps towards the completion of Economic and Monetary Union, for example, in support of simplifying and clarifying the rules of budgetary surveillance. At the same time, it understands the need to avoid too frequent changes to these rules, which could cause disruption.

The Commission also notes the concerns of the Senát, in particular regarding the unified external representation of the euro area, the establishment of the National Competitiveness Boards and the European Fiscal Board and welcomes this opportunity to add a few words on these issues.

With regard to the unified external representation of the euro area, the Commission is not of the opinion that this could lead to a fragmentation of the representation of interests of the euro area and EU as a whole. Some Member States cannot currently co-sign common statements since they are in IMF constituencies with non-EU Member States which sometimes have fundamentally different interests. This weakens the ability of the Member States to push forward issues of a common interest, especially issues of a common euro area interest, which risks leading to other members taking the decisions in the IMF. The Commission proposes that the EU should agree on common statements on all matters of euro area relevance in the IMF Executive Board. The proposal should not have a negative impact on EU-28 coordination, since euro area coordination would not replace EU coordination, but simply take the form of additional discussion on those aspects which are relevant for the euro area countries. It would therefore strengthen coordination both within the euro area and with non-euro area Member States.

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With regard to the National Competitiveness Boards, this Commission has placed a strong emphasis on strengthening Europe's competitiveness and stimulating investment for the purpose of job creation. Gaining and retaining competitiveness will be central for securing economic growth and Europe's future position in the world economy. To this end, the Commission's EMU package of 21 October 2015 includes a Recommendation for a Council recommendation on the establishment of National Competitiveness Boards {COM(2015) 601 final}. The aim of the Boards will be to contribute to the enhancement of ownership of the necessary policies and reforms at national level and to improving the knowledge base for the Union's economic policy coordination in the field of competitiveness. The Boards will also take into account the broader euro area and EU dimension. The Commission has signalled flexibility e.g. for Member States to rely on existing bodies where relevant.

The Commission also sees the need for a more effective system of economic and fiscal surveillance. Following on from the Five Presidents' Report, which was based also on input from the Member States, the independent advisory European Fiscal Board has been set up by the dedicated Commission Decision which entered into force on 1 November 2015. The Board will be composed of a chair and four members appointed on merit and experience and will be supported by a secretariat. The mission of the Board is to provide an advisory capacity to the exercise of the Commission's functions in the multilateral fiscal surveillance including on the fiscal stance appropriate to the euro area. The Board will cooperate with national fiscal councils across the EU to promote exchange of best practices and common understanding on EU fiscal matters. This cooperation will take place on a voluntary basis and in full respect of the independence of all participating entities. So eventually it will be up to the Board and its national counterparts in the Member States to discuss and agree among themselves the extent and intensity of their cooperation.

The Commission would like to thank the Senát for sharing its views and proposals. A broad consultation process is underway to engage with citizens and stakeholders, also on the most fundamental reforms needed to complete EMU. The outcome of the upcoming public debate and the work of an expert group on EMU to be set up later in the year will culminate in shaping the fundamental steps ahead.

The Commission values the engagement of the Senát at this stage of the policy-making process. The Commission hopes that the comments made above address the issues raised by the Senát and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Valdis Dombrovskis
Vice-President*