

Courtesy translation



THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC

11TH TERM

413th

RESOLUTION OF THE SENATE

Delivered on the 14th session held on 25th April 2018

on the Proposal for a Council Regulation on the establishment of the European Monetary Fund (Senate Print No. N 93/11; COM (2017) 827)

The Senate

I.

1. Is of the opinion

that if the Commission's proposal for a Council Regulation is modified in accordance with the Position of the Government, it is possible to support its adoption;

2. Recalls

that in accordance with Section 119k Lit. d) of Act No. 107/1999 Coll., on the Rules of Procedure of the Senate, it is impossible to consent to the adoption of this proposal for a Regulation in the Council on behalf of the Czech Republic without obtaining a prior approval from the Senate;

II.

1. Agrees

that in the course of negotiation the Government should seek to add a provision to the Regulation, according to which the Member States introducing the Euro currency in the future should not bear the cost of possible losses arising from transactions decided by the European Stability Mechanism or the European Monetary Fund before their entry into the Eurozone; the Senate is of the opinion that should the Czech Republic participate in covering the losses incurred e.g. by the future write-off of the Greek debt, the position of any future Czech Government striving to enter the Eurozone would be significantly compounded;

2. Does not agree

with the transition from unanimity to 85% qualified majority in the decision-making of the EMF Board of Governors on the provision of stability support, because

decisions with potentially considerable budgetary implications should not be made against the will of small and medium Member States and without the possibility of an effective control from the national parliaments, whose budgetary power is a fundamental feature of the constitutional systems of EU Member States;

3. Understands

the necessity to make the decisions of the EMF Board of Governors subject to approval by the Council (Art. 3 of the Proposal for a Regulation), however, the Senate considers the proposed rules to be unclear and potentially problematic:

- different rules on qualified majority in the EMF Board of Governors and the Council of the EU may lead to situations where a decision adopted by the EMF Board of Governors does not find the necessary support in the Council of the EU;
- the rule enabling the Council of the EU to adopt a different decision regarding the provision of stability than that adopted by the EMF Board of Governors is unclear and could lead to circumventing the EMF decision-making mechanisms; the Regulation should prescribe that the Council of the EU either approves or disapproves the decision of the EMF Board of Governors;
- it is necessary to define more elaborately the conditions under which the emergency procedure applies, because any initial decision on the provision of stability support will be, by definition, made in urgency;

4. Emphasizes

in accord with the Government, that it is possible to agree with the utilization of the EMF as a permanent common backstop for the Single Resolution Fund only on the condition that any expenses of the EMF will be fully compensated in the medium term by contributions of the credit institutions to the Single Resolution Fund;

III.

1. Requests

the Government to inform the Senate about the way this resolution was taken into account and about further development of negotiations once the political agreement of the required number of Member States on the main elements of the proposal is reached, or at an earlier time, should the results of negotiations in the Council begin to depart considerably from the position of the Czech Republic expressed in the General Position of the Government;

2. Authorises

the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Tomáš Grulich
sign manual
Senate Verifier