



## EUROPEAN COMMISSION

Brussels, 18.10.2013  
C(2013) 6708 final

Ms Maria da Assunção ESTEVES  
President of the  
Assembleia da República  
Palácio de S. Bento  
P – 1249-068 LISBOA

*Dear President,*

*The Commission would like to thank the Assembleia da República for the Opinion concerning the Green Paper on long term financing of the European economy {COM(2013) 150 final}.*

*The Commission agrees with the Assembleia da República on the need for measures to stimulate investment; that the stability of the political, economic, institutional and fiscal framework favours the long term financing; and that a better economic and fiscal coordination could significantly favour growth and employment. It is in this spirit that the Blueprint for a deep and genuine Economic and Monetary Union<sup>1</sup> was published in November 2012. It is a contribution to the ongoing debate on the future of the Economic and Monetary Union (EMU), building on the important measures already taken to solve the crisis.*

*The suggested reforms balance the need for more responsibility in the EMU with the need for more solidarity, and could be implemented, step-by-step, over the short, medium and longer term.*

*An example of steps in this direction is the adoption of the so-called Two Pack, composed of a Regulation on enhanced monitoring and assessment of draft budgetary plans of euro area Member States and a Regulation on enhanced surveillance of euro area Member States that are experiencing or threatened with serious financial difficulties, or that request financial assistance.*

*On 20 March 2013, the Commission also published two Communications on the ex-ante coordination of major economic reform plans and on a Convergence and Competitiveness Instrument:*

*The Communication on the ex-ante coordination of plans for major economic policy reforms<sup>2</sup> contains options on how to organize EU-level discussions on large-scale economic policy reforms in the Member States before final decisions are taken at national level, while the*

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<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52012DC0777:EN:NOT>

<sup>2</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:DKEY=724506:EN:NOT>



*Communication on a Convergence and Competitiveness Instrument (CCI)<sup>3</sup> sets out options for two instruments: contractual arrangements for Member States to undertake specific reforms and financial support to help Member States implement these reforms.*

*Another of the central elements of the Blueprint for a deeper EMU is the creation of the Banking Union. Last July, the Commission presented a proposal for a Single Resolution Mechanism. The mechanism would complement the Single Supervisory Mechanism (SSM) which, once operational in late 2014, will see the European Central Bank (ECB) directly supervise banks in the euro area and in other Member States which decide to join the Banking Union. The Single Resolution Mechanism would ensure that if a bank subject to the SSM faced serious difficulties (notwithstanding stronger supervision) its resolution could be managed efficiently with minimal costs to taxpayers and the real economy.*

*Regarding the structural separation of banks, in February 2012, the Commission established a High-level Expert Group to examine possible reforms to the structure of the EU's banking sector.<sup>4</sup> The Group presented its final report in October 2012. The Commission is examining the possible reform options and their implications with a view to prepare a follow-up in the course of this year.*

*The Commission agrees that an important role accrues to national and multilateral development banks, as well as to the EIB, in the financing of the economy, and that it is worthwhile considering how the use of project bonds could be further promoted, also taking into account the planned interim evaluation of the initiative.*

*The Commission is committed to ensure that follow-up measures to the Green Paper should not have a negative impact on financial stability and consumer protection as well as on the need to pay attention to the potential effects of the proposed measures on the shadow banking sector.*

*The Commission takes note of the Opinion of the Assembleia da República welcoming an EU harmonised regime for covered bonds and the development at European level of savings accounts oriented in favour of certain assets and it will take it into account when assessing the legal, economic and technical aspects of possible initiatives to this effect, in the framework of the public consultation.*

*The Commission agrees that the dependence on ratings should be reduced. This objective is served, inter alia, by new EU rules regarding credit rating agencies, which entered into force on 20 June 2013<sup>5</sup>. In line with commitments expressed at G20 level, the new rules reduce reliance on external ratings by requiring financial institutions to strengthen their own credit risk assessment and not to rely solely and mechanistically on external credit ratings. European Supervisory Authorities shall not refer to credit ratings in their guidelines, recommendations and draft technical standards where such references have the potential to trigger sole or mechanistic reliance on credit ratings, notably, by the competent authorities.*

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<sup>3</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:DKEY=724520:en:NOT>

<sup>4</sup> [http://ec.europa.eu/internal\\_market/bank/structural-reform/index\\_en.htm](http://ec.europa.eu/internal_market/bank/structural-reform/index_en.htm)

<sup>5</sup> Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies, *OJ L 146*, 31.5.2013, p. 1



*The Commission thanks the Assembleia da República for having forwarded the contributions of numerous stakeholders to the consultation on the Green Paper. The submission by the Banco de Portugal, Comissão do Mercado de Valores Mobiliários, Instituto de Seguros de Portugal and of the Associação Portuguesa de Fundos Investimento, Pensões e Patrimónios will be analysed together with the other responses to the consultation.*

*The Commission hopes that these clarifications address the issues raised by the Assembleia da República and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*

