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**THE 6 DECEMBER PACKAGE**  
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## Deepening EMU, a process to be completed by 2025

- ▶ **22 June 2015:** Five Presidents' Report on Completing Europe's Economic and Monetary Union
- ▶ **1 March 2017:** the White Paper on the Future of Europe
- ▶ **31 May 2017:** Reflection Paper on the Deepening of the Economic and Monetary Union
- ▶ **13 September 2017:** President Juncker's State of the Union Speech
- ▶ **11 October 2017:** Communication on completing Banking Union adopted by Commission
- ▶ **6 December 2017:** **EMU package of proposals** adopted by Commission
- ▶ **15 December 2017:** Euro Summit
- ▶ **June 2018:** Euro Summit
- ▶ **2018 – 1H2019 :** Decisions under the current EU legislature
- ▶ **2H2019:** New mandate for European institutions
- ▶ **By 2025:** Complete EMU



## EMU institutional changes since 2011

Fiscal	<i>Stronger preventive arm SGP</i>	<ul style="list-style-type: none"> <li>• Introduction of an expenditure rule (6-P) and balanced budget rule (TSCG)</li> <li>• Possibility of imposing sanctions (6-P)</li> <li>• Surveillance of draft budgetary plans by Commission (2-P)</li> </ul>
	<i>Stronger corrective arm SGP</i>	<ul style="list-style-type: none"> <li>• Introduction of a numerical debt benchmark (6-P)</li> <li>• Earlier and more gradual sanctions (6-P)</li> <li>• More automaticity in decision-making via new voting scheme (TSCG)</li> <li>• Enhanced surveillance for MS threatened with financial difficulties (2-P)</li> </ul>
	<i>National fiscal frameworks</i>	<ul style="list-style-type: none"> <li>• Mandatory minimum requirements at the national level (accounting &amp; statistics, forecasts, fiscal rules monitored by independent bodies, transparency)</li> </ul>
Macro	<i>MIP</i>	<ul style="list-style-type: none"> <li>• Prevention and correction of macroeconomic imbalances via the introduction of the Macroeconomic Imbalance Procedure (MIP) (6-P)</li> </ul>
Crisis resolution mechanism	<i>ESM, ECB OMT</i>	<ul style="list-style-type: none"> <li>• European Stability Mechanism (ESM)</li> <li>• OMT programme by the European Central Bank (ECB)</li> </ul>
Financial	<i>Eur. System of Financial Supervision</i>	<ul style="list-style-type: none"> <li>• Macro-prudential: European Systemic Risk Board (ESRB)</li> <li>• Micro-prudential: European Supervisory Authorities (ESAs) with EBA (for banks), ESMA (securities), EIOPA (insurance), national authorities etc.</li> </ul>
	<i>Banking Union</i>	<ul style="list-style-type: none"> <li>• Single Supervisory Mechanism (SSM)</li> <li>• Single Resolution Board (ERB) and Single Resolution Fund (SRB)</li> </ul>



## *The case for completing the Economic and Monetary Union*

### **A determined response to the crisis stabilised the situation, but challenges remain to be addressed**

- Remaining sources of financial vulnerability, esp. given high public and private debt
  - Have the financial-sovereign doom loops been sufficiently severed?
- Low growth potential and persisting economic and social divergences
  - Can we create the right incentives for the necessary reforms (in good times)?
  - How to recreate the fiscal buffers?
- Insufficient collective stabilisation tools
  - Does the EMU have the capacity to withstand the next large shock?
- Complex governance and democratic deficit
  - Can the decision-process be made more efficient and accountable ?



## Elements for a political synthesis *outlined in the Reflection Paper*

### 1. Financial Union

Complete Banking  
Union and Capital  
Markets Union

### 2. Economic and Fiscal Union

Economic and  
social  
convergence

Common fiscal  
stabilisation  
capacity

### 3. Institutions and Governance

Accountable  
institutions and  
effective governance



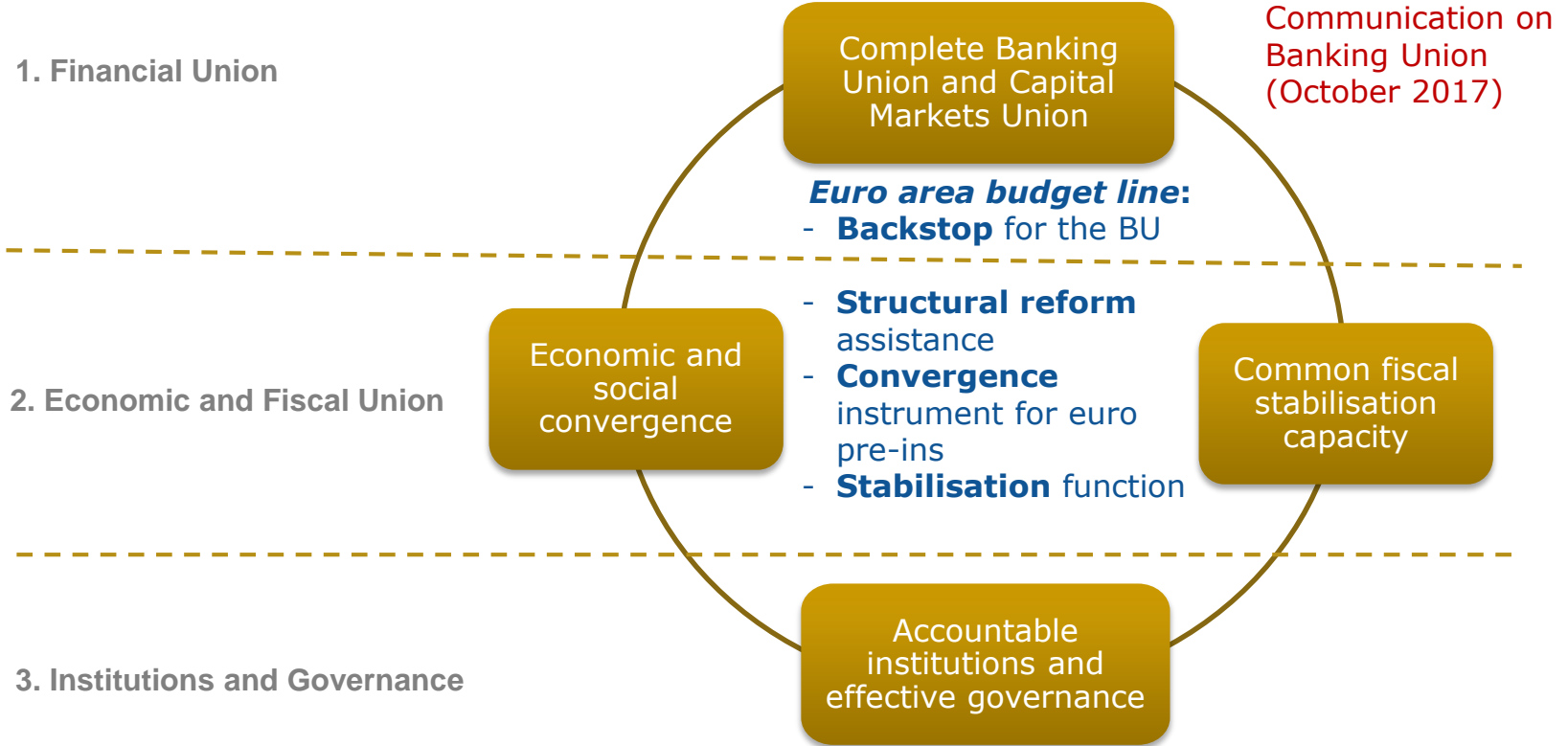
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## *6<sup>th</sup> December "EMU package"*

- ↳ **Transformation of the ESM into a European Monetary Fund**
- ↳ **Creation of a dedicated euro area budget line in the EU budget**
  - Stabilisation function
  - Structural reform assistance
  - Convergence instrument for euro pre-ins
  - Backstop for the Banking Union
- ↳ **Integration of the substance of the TSCG into EU law**
- ↳ **European Minister of Economy and Finance**



## Elements for a political synthesis: the EMU package



- Transformation of the ESM into a **European Monetary Fund**
- Integration of the substance of the **TSCG** into EU law
- **European Minister of Economy and Finance**



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### **Future of Europe**

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### **The European Story**

[ec.europa.eu/epsc/publications/other-publications/european-story---60-years-of-shared-progress\\_en](https://ec.europa.eu/epsc/publications/other-publications/european-story---60-years-of-shared-progress_en)