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## **INTERPARLIAMENTARY CONFERENCE ON ECONOMIC AND FINANCIAL GOVERNANCE OF THE EUROPEAN UNION**

### **CONCLUSIONS**

16–17 October 2013, Vilnius

*The Interparliamentary Conference on Economic and Financial Governance of the European Union (hereinafter referred to as the “Interparliamentary Conference on EFG”),*

*Having regard to the conclusions of the Conference of Speakers of the European Union Parliaments taken on 23 April 2013 in Nicosia;*

*Having regard to Article 13 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (hereinafter referred to as “TSCG”);*

*Having regard to Protocol 1 of the Treaty of Lisbon on the role of national Parliaments in the European Union;*

*Having regard to the official reply of the European Commission to the Contribution of the XLVII COSAC;*

*Having regard to Guidelines for Interparliamentary Cooperation in the European Union adopted at the Conference of Speakers on 21 June 2008 in Lisbon;*

#### ***The purpose and vision of the Interparliamentary Conference on EFG***

1. Welcomes the establishment of the Interparliamentary Conference on EFG and believes that it will serve as an important parliamentary forum to discuss and exchange ideas, information, and best practice on economic and financial governance in the EU, particularly in the Economic and Monetary Union (hereinafter referred to as “EMU”);
2. Notes that in response to the economic and financial crisis over the last few years the architecture of economic governance in the EU has undergone substantial changes and that it is crucial that these changes are followed by adequate mechanisms to ensure effective parliamentary control as well as democratic legitimacy and accountability of the new governance structures;
3. Trusts that the Interparliamentary Conference on EFG will ensure a greater role for national Parliaments in matters covered by the TSCG and will contribute to the promotion of effective and regular cooperation between national Parliaments and the European

Parliament on issues of economic and financial governance, especially with regard to practices and procedures of the European Semester;

4. Calls on the European Commission to follow through on its commitment to develop a regular political dialogue with national Parliaments within the framework of the European Semester, which would take place twice a year; believes that the Interparliamentary Conference on EFG is the right platform for such a dialogue; recalls the imperative foreseen in the “six-pack” that the strengthening of economic governance should include a closer and more timely involvement of the national parliaments and the European Parliament (Regulation No. 1177/2011); recalls the role of the European Parliament within the framework of the European Semester and in particular as regards the Annual Growth Survey and the “six-pack”.
5. Stresses that it is important to find the right balance between national Parliaments and the European Parliament in organising the exercise of parliamentary control in the area of economic and financial governance, as foreseen in the Treaty on the Functioning of the European Union and Article 13 TSCG;
6. Is of the view that democratic control and accountability should take place at the level where decisions are taken; this implies a pivotal role for national Parliaments in controlling the implementation of the relevant policies at the national level, in ensuring the legitimacy of Member State actions in the European Council and the Council, and in the conduct of national fiscal, economic and social policies, while the European Parliament as one of the two legislators at the EU is ensuring scrutiny and democratic accountability for the decisions taken at the Union level;

***Restoring growth, confidence and dynamism of the EU economy***

7. Welcomes the Compact for Growth and Jobs adopted by the European Council in June 2012 in efforts to create smart, sustainable, inclusive, resource-efficient and job-creating growth and urges a full and quick implementation of the policies therein; stresses that the discussion on growth should also aim at increasing employment and that job-creation and economic growth should be structurally connected; points out that progress on specific, fast-acting growth measures in the context of the €120 billion support package agreed by the European Council in June 2012, should be accelerated;
8. Welcomes the agreement reached by the European Council in June 2013 on a €8 billion youth jobless fund, known as the “youth guarantee”, to implement the youth employment package, yet stresses that further concrete steps are urgently needed; emphasises that efforts to combat youth unemployment must rely on a comprehensive strategy, including measures to support small and medium enterprises, foster entrepreneurship among young people and reduce failure at school;
9. Supports the ambitious goals of Europe 2020 Strategy, yet regrets that the Annual Growth Survey 2013 did not include any progress report on the implementation of the Strategy; urges the Commission to include such a report in the next Annual Growth Survey for 2014; notes that, in part due to the economic crisis, many of the Member States are falling behind the targets of Europe 2020 Strategy for employment, education and poverty reduction;

believes that in efforts to achieve these goals it is important to strengthen the governance structure of the Strategy and to improve funding for its priority areas, including by tapping into the cohesion funds as well as through the European Investment Bank and the European Bank for Reconstruction and Development and through a more active involvement of the private sector;

10. Emphasises that an important component of fiscal consolidation efforts must be more efficient tax collection; underlines that national Parliaments and the European Parliament have a responsibility to hold the Member States accountable in taking measures to fight tax fraud and tax evasion; welcomes the Commission's latest Action Plan to strengthen the fight against tax fraud and tax evasion and encourages the Member States to follow up on the Commission's recommendations;
11. Welcomes the political agreement on the Multiannual Financial Framework 2014-2020 and looks forward to the swift conclusion of the complementary legal acts; is of the opinion that the EU budget should play a significant role in stimulating growth, providing the needed investments in research and innovation, as well as helping to address the problem of macroeconomic imbalances; supports the establishment of the Convergence and Competitiveness Instrument in principle, which should provide an additional incentive and support for countries undergoing structural adjustment; is of the opinion that a permanent cyclical system should be created which would allow countries in economic trouble to draw on financial support from the EU budget in order to be able to better withstand economic shocks;

***Towards a more integrated system of economic governance***

12. Strongly supports actions taken by the European Commission, the European Parliament and the Member States to provide a firm and consistent response to the financial and economic crisis of the last five years by reforming the framework of economic governance in the EU; supports measures that have been taken to improve fiscal supervision and enforce budgetary discipline in the EU, such as through the TSCG, the adoption of the "six-pack" and the "two-pack" regulations, and measures taken to ensure closer monitoring of economic imbalances in the EU, particularly in the euro area;
13. Considers that the European Semester provides an adequate framework to coordinate budgetary and macroeconomic policies of the Member States and improve economic governance of the Union, and should constitute the focal point for all related tools and mechanisms; supports the priorities of the Commission outlined in the Annual Growth Survey 2013 to continue with differentiated, country-specific fiscal consolidation, to contain the turbulence in the sovereign debt market so as to restore financial stability and lending, to implement structural reforms, especially in the labour market, which improve competitiveness and increase price flexibility, and to ensure efficient public administration; welcomes the 2013 country-specific recommendations; encourages the Commission to fine-tune the recommendations to the specific needs and situation of the Member States and urges the Member States to follow through on the national reform programmes; looks forward to the Annual Growth Survey 2014 to be presented in November 2013;

14. Welcomes the report *Towards a Genuine Economic and Monetary Union* prepared by the President of the European Council in 2012; is of the view that the report provides adequate and much-needed guidance towards the next stages of the development of the EMU; considers that the EU has largely kept pace with the schedule presented in the report and that after the right policies are implemented to ensure fiscal sustainability and to break the link between banks and sovereigns (stage 1) the EU should move forward towards a genuine economic and fiscal union by completing the integrated financial framework and promoting sound structural policies (stage 2), as well as improving the resilience of the EMU through the creation of a shock-absorption function at the central level (stage 3);
15. Reiterates that the deepening of the EMU and the strengthening of economic governance in the Union has to go hand in hand with stronger mechanisms to ensure democratic legitimacy and accountability; is of the view that national Parliaments should exercise a more prominent role in the cycle of the European Semester, especially in terms of scrutinising the reform plans of their respective governments before they are submitted to the Commission; reiterates that, as is foreseen in article 16 of the TSCG, which is currently an intergovernmental treaty, the necessary steps should be taken to incorporate the essence of the treaty into the legal framework of the EU within five years from its entry into force;

***Banking union and financial integration in the EU***

16. Notes that the recent financial crisis has revealed significant gaps in financial regulation, strong inter-linkages and spill-over effects in the EU financial system, and has demonstrated the ineffectiveness of the system of prudential oversight based on national supervisors;
17. Welcomes the adoption of the Capital Requirements Directive IV, which should strengthen the resilience of the EU financial sector along the lines of Basel III requirements;
18. Welcomes the agreement reached between EU institutions on the establishment of a Single Supervisory Mechanism and looks forward to the entry into force of the Mechanism in 2014; looks forward to the opening of negotiations between the European Parliament and the Council on the Single Resolution Mechanism and hopes that an agreement will be reached before the end of the current term of the European Parliament; notes that alongside the Single Supervisory Mechanism and the Single Resolution Mechanism, the third pillar of a banking union, the common deposit guarantee scheme, should be set up in the future;
19. Asks the Lithuanian Presidency to forward these Conclusions to all delegations, to the Presidents of national Parliaments, the European Parliament, the European Commission and the European Council, and to the Vice-President of the European Commission responsible for economic and monetary affairs and the euro.