

Reflection paper on the deepening of the economic and monetary union

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The options proposed in the reflection paper are intended to help build a broad consensus on how to take on the challenges ahead and to give a fresh impetus to this important debate.

Moving ahead would involve taking steps in three key areas:

Completing a genuine Financial Union

An integrated and well-functioning financial system is essential for an effective and stable Economic and Monetary Union. Building on the momentum of what has already been achieved in recent years, a consensus needs to be found on the way forward. This includes moving ahead with elements that are already on the table and agreeing on additional steps to take between now and 2025. This will involve completing the Banking Union and making progress on reducing and sharing risks in the banking sector, with measures to make European banks even more resilient. In order to provide more diverse and innovative financing opportunities for the real economy, including through capital markets, delivering on Capital Markets Union is also paramount.

Achieving a more integrated Economic and Fiscal Union

Already the Five Presidents' Report recognised the convergence towards more resilient economic and social structures in Member States as an essential element for a successful Economic and Monetary Union in the long run. Member States could strengthen already existing elements, such as the European Semester of economic policy coordination or the link of financial support from the EU budget to structural reforms. But Member States could also decide to improve the capacity of macroeconomic stabilisation of the euro area. The paper outlines several different options for this, which the Commission will look into.

Anchoring democratic accountability and strengthening euro area institutions

For the Economic and Monetary Union to be stronger, Member States must accept to share more responsibilities and decisions on euro area matters, within a common legal framework. This could be through the EU Treaties and its institutions, an intergovernmental approach or, as is the case today, a mix of both. Further political integration could involve a rethinking of the balance between the Commission and the Eurogroup and could justify the appointment of a full-time permanent Eurogroup chair, as well as unifying the euro area's external representation. The idea of a euro area Treasury – possibly with a euro area budget – as well as a European Monetary Fund are also discussed in the public debate, and could be considered at a later stage of the deepening of Economic and Monetary Union, within the EU framework.