

## **Pittella: We were expecting a more ambitious EMU reform. We will fight to scrap the fiscal compact**

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The Socialists and Democrats in the European Parliament are not satisfied by the reform of the Economic and Monetary Union (EMU) proposed today by the European Commission.

S&D Group leader Gianni Pittella stated: "The package has some positive elements, such as a new minister for the eurozone, as inspired by Commissioner Moscovici, and the transformation of the European Stability Mechanism into the EU framework. However, the package does not live up to our expectations of change, overall.

"In particular, we are deeply concerned with the proposal to incorporate the fiscal compact into EU law. Thanks to our discussions, we avoided the incorporation of the Fiscal Compact in the Treaties and we preserved the flexibility granted by the Commission in the last years. However, the fiscal compact logic should be completely scrapped to turn the page on blind austerity.

"This also poses a democratic issue, since the European Parliament will be regrettably marginalized in the legislative procedure.

"We reject any attempt by the hawks of austerity to dictate Europe's agenda. Any reform of the EMU should focus on investments, growth oriented policies and solidarity.

"The S&D Group will be at forefront with its proposals for a progressive Europe".

S&D Group vice-president responsible for economic and monetary affairs, Udo Bullmann added: "The Commission's plans regarding the European Monetary Fund (EMF) are indeed a strong point in an otherwise weak package. We expect the Commission not to budge in the view of potential resistance to today's proposals.

"Transforming the European Stability Mechanism into a fully-fledged European Monetary Fund under Union law is key for the S&D Group. Nobody wants to see the eurozone slip back into crisis. But when it happens, we need to have the instruments to act more quickly and much more transparently than in the recent eurozone crisis.

"The model for the establishment of the EMF proposed by the Commission today is going into the right direction. We welcome the proposal to set up the EMF as a Union institution operating under the community method by means of a legislative procedure with the EP approval. We also back the Commission's proposals as regards the distribution of tasks and responsibilities. We agree that the Commission should continue to monitor fiscal policy and the financial assistance programmes in which the future EMF is to be involved".

S&D Group spokeswoman for economic and monetary affairs Pervenche Berès stressed: "We welcome the recognition by the Commission of an indispensable stabilisation function, but we don't understand why this has not conducted to the needed binding instrument. We also regret that the Commission has not made any concrete and operational proposals to set up a dedicated budget for the eurozone despite the call from the European Parliament earlier this year.

"There are no concrete proposals to tackle and reduce the economic and social imbalances between the members of the eurozone. Structural reforms are not enough.

"A budgetary capacity for the eurozone is deeply needed to stabilise the euro area in the long term. It is an instrument for solidarity that is highly necessary to help the economies in the eurozone absorb macroeconomic shocks and converge again.

"It will provide incentives for growth-friendly structural reforms. By failing to act, the EU will not learn the lessons from the 2008 financial and economic crisis."