

## III

*(Preparatory acts)*

## EUROPEAN CENTRAL BANK

## OPINION OF THE EUROPEAN CENTRAL BANK

of 6 April 2016

**on a proposal for a Council Decision laying down measures in view of progressively establishing unified representation of the euro area in the International Monetary Fund**

(CON/2016/22)

(2016/C 216/01)

**Introduction and legal basis**

On 30 October 2015 the European Central Bank (ECB) received a request from the Council for an opinion on a proposal for a Council Decision laying down measures in view of progressively establishing a unified representation of the euro area in the International Monetary Fund (the 'IMF' or the 'Fund') (hereinafter the 'proposed decision')<sup>(1)</sup>.

The ECB's competence to deliver an opinion is based on Article 138 of the Treaty on the Functioning of the European Union (TFEU) according to which, in order to secure the euro's place in the international monetary system, the Council, on a proposal from the Commission, and after consulting the ECB, may adopt appropriate measures to ensure unified representation within the international financial institutions and conferences. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

**1. General observations**

- 1.1 The proposed decision builds on the Five Presidents' Report<sup>(2)</sup>, which called for an increasingly unified external representation of economic and monetary union (EMU), as it evolves towards economic, financial and fiscal Union. The ECB shares the objective of gradually strengthening the external representation of the euro area in the IMF with the ultimate goal of establishing one or several euro area constituencies and ensuring that the euro area expresses a common position.
- 1.2 The ECB fully supports the strengthening of euro area policy coordination, which is essential to the goal of unified external representation, as provided for in Articles 4 and 9 of the proposed decision. Although coordination has improved in recent years, it still requires further strengthening and improvement so that it is commensurate with the economic governance of the euro area, which has already been strengthened in recent years, and with the anticipated deeper integration as outlined in the Five Presidents' Report.
- 1.3 The ECB would like to emphasise that for the purposes of achieving a unified and effective representation of the euro area in the IMF it is crucial that all parties involved act in full respect of the principle of sincere cooperation. In this respect, Article 4(3) of the Treaty on European Union (TEU) requires the Union and the Member States to assist each other, in full mutual respect, in carrying out tasks which flow from the TEU and the TFEU (collectively referred to as 'Treaties'). This principle requires that Member States take any appropriate measures to ensure fulfilment of the obligations arising out of the Treaties or resulting from the acts of the institutions of the Union and to refrain from any measure which could jeopardise the attainment of the Union's objectives. Article 13(2) TEU requires that Union institutions practice mutual sincere cooperation.
- 1.4 The ECB notes that the proposed decision seeks to establish a unified representation of the euro area under Union law, without altering the IMF's country-based membership structure under the Articles of Agreement of the International Monetary Fund<sup>(3)</sup> (hereinafter the 'IMF Articles of Agreement'). A fully unified representation of the euro area in the IMF would appear to necessitate an amendment to the IMF Articles of Agreement, in order to open membership to supranational organisations such as the Union/euro area. The ECB notes that such a reform is not envisaged under the proposed decision. Therefore, the unified representation of the euro area in the IMF is restricted to those policy areas that are transferred to the Union.

<sup>(1)</sup> COM(2015) 603 final.

<sup>(2)</sup> See the Five Presidents' Report on Completing Europe's Economic and Monetary Union, 22 June 2015, available at [www.ec.europa.eu](http://www.ec.europa.eu)

<sup>(3)</sup> Articles II and III of the IMF Articles of Agreement.

- 1.5 The ECB notes that the national central banks (NCBs) in the Eurosystem and the European System of Central Banks (ESCB) play an important role in representing their respective countries in the IMF, within the framework of the country-based membership structure of the IMF. In accordance with Article V(1) of the IMF Articles of Agreement <sup>(1)</sup>, each member country must designate the agencies through which it will deal with the IMF. In a majority of the euro area Member States it is the NCBs who are designated as such agencies <sup>(2)</sup>. Furthermore, NCBs play an important role in representing their Member States in the decision-making bodies of the IMF. In a majority of euro area Member States <sup>(3)</sup> the Governor of the NCB serves as his or her country's Governor on the IMF's Board of Governors, while in other Member States he or she serves as the Alternate Governor on the IMF's Board of Governors. Moreover, in several cases the Governor of an NCB is the alternate member on the International Monetary and Financial Committee (IMFC). In addition, many NCBs are closely involved in the selection procedure for their countries' (Alternate) Executive Directors, and in some cases the NCBs make the selection.

In accordance with the IMF Articles of Agreement <sup>(4)</sup> each euro area Member State designates its central bank as a depository for all the IMF's holdings of its currency. Furthermore, Eurosystem NCBs hold and manage special drawing rights (SDRs) allocated to their respective countries by virtue of their participation in the SDR Department of the IMF <sup>(5)</sup> and participate in voluntary SDR trading arrangements. Moreover, Eurosystem NCBs participate in the IMF's financial transaction plan, provide obligatory quota subscriptions for their country's IMF membership and – when needed and as appropriate – provide voluntary credit lines bilaterally to the IMF and in the context of both the IMF's General Agreements to Borrow and the New Arrangements to Borrow.

- 1.6 From a Union law perspective, the Treaties acknowledge the role that the NCBs and the ECB play vis-à-vis the IMF. Under the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB') the ECB and the NCBs may establish relations, where appropriate, with international organisations and conduct all types of banking transactions in relations with them, including borrowing and lending operations <sup>(6)</sup>. The NCBs are allowed to perform transactions in fulfilment of their obligations towards international organisations <sup>(7)</sup>. The ECB may hold and manage IMF reserve positions and SDRs and provide for the pooling of such assets <sup>(8)</sup>. In this respect, the ECB has been designated by the IMF Executive Board as a prescribed holder of SDRs pursuant to the IMF Articles of Agreement <sup>(9)</sup>.
- 1.7 The ECB understands that the proposed decision does not intend to alter the arrangements that euro area Member States have put in place to ensure the performance of their respective rights and obligations arising from their membership in the IMF. Within these boundaries, the ECB stands ready to contribute to the efforts made by the Council to ensure a unified representation of the euro area within all organs of the IMF, and to play its role in a unified representation of the euro area as decided upon by the Council. Any measure based on Article 138 TFEU will have to take due account of the fact that the scope of this Article is restricted to those policy areas that have been transferred to the Union and where the ECB and the NCBs independently exercise the specific powers conferred on them under the TFEU and the Statute of the ESCB <sup>(10)</sup>.

## 2. Specific observations

### 2.1 *Independence of the Eurosystem*

- 2.1.1 As noted above, the objective of achieving a unified representation of the euro area in the IMF will have to be reached while respecting the competences of the Eurosystem, in particular under Article 127 TFEU, and its

<sup>(1)</sup> See Section 1 of Article V of the IMF Articles of Agreement, which provides that each member country must deal with the Fund only through its Treasury, central bank, stabilisation fund or other similar agency, and that the Fund must deal only with or through the same agencies.

<sup>(2)</sup> See for example, Austria: Sections 1 and 2 of the Federal Law of 23 June 1971 on the increase of Austria's quota in the IMF and the transfer of the entire quota by the Oesterreichische Nationalbank, BGBl No 309/1971; Germany: Article 3(2) of the Law on the IMF Articles of Agreement of 9 January 1978 (BGBl. 1978 II p. 13) as amended by Article 298 of the Regulation of 31 August 2015 (BGBl. I p. 1474); Finland: Section 2 of Act 68/1977 on the approval of certain amendments to the Treaty on the International Monetary Fund; Slovenia: Article 4 of the Law on the membership of the Republic of Slovenia in the International Monetary Fund; Portugal: Article 1(1) of Decree-Law No 245/89, of 5 August 1989.

<sup>(3)</sup> This is the case, for example, in Belgium, Estonia, Germany, Latvia, Lithuania, Malta, the Netherlands, Austria, Slovakia, Slovenia, Finland and Portugal.

<sup>(4)</sup> See Section 2(a) of Article XIII of the IMF Articles of Agreement.

<sup>(5)</sup> See Article XVII of the IMF Articles of Agreement.

<sup>(6)</sup> See the first and fourth indents of Article 23 of the Statute of the ESCB.

<sup>(7)</sup> See Article 31.1 of the Statute of the ESCB.

<sup>(8)</sup> See Article 30.5 of the Statute of the ESCB.

<sup>(9)</sup> See Section 3 of Article XVII of the IMF Articles of Agreement.

<sup>(10)</sup> For the ECB it should also take into account the tasks conferred on the ECB by Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

independence, in particular under Article 130 TFEU and Article 7 of the Statute of the ESCB. The Union law principle of independence seeks to shield the Eurosystem from all political pressure in order to enable it to effectively pursue the objectives and exercise the tasks attributed to it through the independent exercise of the specific powers conferred on it by Union law <sup>(1)</sup>.

- 2.1.2 Article 138(2) TFEU cannot limit the independence of the Eurosystem. In order to be 'appropriate' within the meaning of Article 138(2) TFEU, the proposed decision should therefore ensure that the independent exercise of the Eurosystem's tasks and powers is protected throughout the process of finding the optimal model for organising the unified external representation of the euro area in the IMF. While the objectives, tasks and specific powers that are protected by the independence of the Eurosystem continue to evolve, the most relevant are described below.
- 2.1.3 The primary objective of the Eurosystem is to maintain price stability (the first sentences of Articles 127(1) TFEU and Article 2 of the Statute of the ESCB and the second sentence of Article 282(2) TFEU). The assignment of this objective is intrinsically linked to granting the Eurosystem a high level of independence, as the TFEU's requirement of central bank independence reflects the generally held view that the primary objective of price stability is best served by a fully independent central banking system with a precisely defined mandate <sup>(2)</sup>. According to the second sentence of Article 282(1) TFEU, the monetary policy of the Union is conducted by the Eurosystem. In the context of Article 3(1)(c) and the second sentence of Article 282(1) TFEU, the term 'monetary policy' is not to be read in a narrow and technical sense as referring only to the basic task of the Eurosystem to which the first indent of Article 127(2) TFEU refers. Such a narrow view is neither warranted nor intended. The ECB understands the term 'monetary policy' as reflecting the title of Chapter 2 of Title VIII of Part Three of the TFEU, and therefore considers it to encompass all specific powers related to the euro as described in the relevant provisions of the TFEU, in particular Articles 127 and 128 TFEU <sup>(3)</sup>.
- 2.1.4 The Eurosystem has also been attributed secondary objectives: without prejudice to the objective of price stability, the Eurosystem supports the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union as laid down in Article 3 TEU (see also the second sentence of Article 127(1) TFEU, the third sentence of Article 282(2) TFEU and Article 2 of the Statute of the ESCB). The objectives laid down in Article 3 TEU are further specified in Articles 119 to 127 TFEU.
- 2.1.5 Finally, in addition to the objectives set out in the TFEU, the Eurosystem contributes to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system according to Article 127(5) TFEU. It pursues the objective of ensuring the safety and soundness of credit institutions with regard to the specific tasks relating to the prudential supervision of credit institutions that have been conferred on the ECB by the Council on the basis of Article 127(6) TFEU. Since November 2014 the ECB carries out these tasks within the Single Supervisory Mechanism (SSM), which is composed of the ECB and the national competent authorities. In this regard the ECB is also bound by professional secrecy obligations <sup>(4)</sup> and is required to act independently in accordance with Article 19 of Regulation (EU) No 1024/2013.

## 2.2 ECB's observer status in the IMF

- 2.2.1 The ECB is the only Union institution listed in Article 13(1) TEU that has been accorded international legal personality <sup>(5)</sup>. In accordance with Articles 6.1 and 6.2 of the Statute of the ESCB, in the field of international cooperation, concerning the tasks entrusted to the ESCB, the ECB decides how the ESCB will be represented and whether the ECB and, subject to its approval, the NCBs may participate in international monetary institutions. Article 6.3 of the Statute of the ESCB, states that these provisions are without prejudice to the appropriate measures adopted by the Council under Article 138(2) TFEU to ensure unified representation of the euro area within the international financial institutions and conferences.

<sup>(1)</sup> See paragraph 134 of the judgment in *Commission of the European Communities v European Central Bank*, C-11/00, ECLI:EU:C:2003:395.

<sup>(2)</sup> See the first paragraph of the 'Functional Independence' section of Chapter 2.2.3 of the ECB's 2014 Convergence Report.

<sup>(3)</sup> See paragraph 9 of Opinion CON/2003/20 regarding the term 'monetary policy' in Article 3(1)(c) TFEU. Since the Statute of the ESCB is an integral part of the Treaties (Article 51 TEU), the term 'monetary policy' also refers to the provisions on monetary policy laid down in the Statute of the ESCB.

<sup>(4)</sup> See Article 27 of Regulation (EU) No 1024/2013.

<sup>(5)</sup> See Article 282(3) of the TFEU, Article 9.1 of the Statute of the ESCB and Article 8 of Regulation (EU) No 1024/2013. The ECB's international legal personality is limited to its functions and the applicable provisions of the Treaties. Hence, in accordance with Articles 6.1 and 6.2 of the Statute of the ESCB, in the field of international cooperation, involving the tasks entrusted to the ESCB, the ECB must decide how the ESCB will be represented and the ECB and, subject to its approval, the national central banks may participate in international monetary institutions. Article 6.3 of the Statute of the ESCB, states that these provisions are without prejudice to the appropriate measures adopted by the Council under Article 138(2) TFEU to ensure unified representation of the euro area within the international financial institutions and conferences.

The ECB should continue to be given a prominent role in the representation of the euro area in the IMF, i.e. a role that takes full account of the fact that the Eurosystem independently exercises the specific powers conferred on it by the TFEU and the Statute of the ESCB, as does the ECB for those powers conferred on it by Regulation (EU) No 1024/2013. Therefore, this role must at least include the rights that the ECB, as the representative of the Eurosystem, currently has as an observer in the IMF, i.e. the right to address and submit written statements to the IMF bodies. This role might need to be further extended, if the organisation of unified external representation leads to an increase in the rights of the euro area in the IMF. Against this background, the ECB considers that the objective of achieving unified representation of the euro area in the IMF can only be attained by fully respecting the impact of the independent exercise of the ECB's specific powers in the field of external representation. The views and resulting positions of the euro area should be carefully coordinated and expressed as a single voice. This, however, implies that the organisation of unified representation must fully take into account the internal allocation of competences and the respective mandates of various Union institutions, as well as the Treaty-based guarantees of independence that aim to shield the Eurosystem from all political pressure in order to enable it to effectively pursue the objectives attributed to its tasks.

2.2.2 Furthermore, as previously noted, unified representation would have to be organised in full respect of the principle of mutual sincere cooperation between Union institutions (Article 13(2) TEU). Therefore, the ECB anticipates that the Commission and the Council will contribute to achieving the objective of unified representation of the euro area in line with the Eurosystem's mandate and powers. It is assumed that such unified representation will honour the long-standing practice of closely associating central banks to the preparation of common euro area positions for IMF decision-making processes and the participation of Eurosystem NCBs in these processes in view of their expertise in the areas in which the IMF is active.

2.2.3 The ECB is currently represented in two IMF organs on a permanent basis. The ECB's President is an observer at the IMFC. Furthermore, the ECB has observer status at the IMF Executive Board when matters related to its mandate are discussed<sup>(1)</sup>. In particular, the ECB is invited to send a representative to IMF Executive Board meetings when the following matters are discussed: (a) euro area policies in the context of Article IV consultations with member countries; (b) Fund surveillance under Article IV of the policies of individual euro area members; (c) role of the euro area in the international monetary system; (d) world economic outlook; (e) global financial stability reports; (f) world economic and market developments. In addition, the ECB is invited to send a representative to meetings of the IMF Executive Board on agenda items recognised by the ECB and the Fund to be of mutual interest for the performance of their respective mandates. The ECB's observer status implies that, with the permission of the Chairman, the ECB representative is able to address, orally or in writing, the IMF Executive Board regarding matters for which the ECB has been invited, while the right to address and take decisions on the full spectrum of items in IMF fora is reserved for the Member States.

### 2.3 *Technical observations and drafting proposals*

Where the ECB recommends that the proposed decision is amended, specific drafting proposals are set out in a separate technical working document accompanied by an explanatory text. The technical working document is available in English on the ECB's website.

Done at Frankfurt am Main, 6 April 2016.

*The President of the ECB*

Mario DRAGHI

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<sup>(1)</sup> Decision No 12925-(03/1), December 27, 2002, as amended by Decision Nos 13414-(05/01), December 23, 2004, 13612-(05/108), December 22, 2005, and 14517-(10/1), January 5, 2010.





EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Technical working document  
produced in connection with ECB Opinion [CON/2016/22]<sup>1</sup>

Drafting proposals

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
Amendment 1 Recital 1	
<p>(1) Appropriate measures may be adopted to ensure unified representation and common positions of the Union when exercising its competences specific to the euro area Member States (the “euro area”) within the international financial institutions.</p>	<p>(1) Appropriate measures may be adopted to ensure unified representation and <del>common positions of the Union when exercising its competences specific to the euro area Member States (the “euro area”)</del> within the international financial institutions <b>and conferences. Article 138 TFEU is without prejudice to the independence of the European Central Bank (ECB) and national central banks under Article 130 TFEU, Article 7 of Protocol (No 4) on the Statute of the European System of Central Banks and of the European Central Bank (the “Statute of the European System of Central Banks and of the European Central Bank (hereinafter the “Statute of the ESCB”) and Article 19 of Council Regulation (EU) No 1024/2013<sup>3</sup>.</b></p>
<u>Explanation</u> <i>The proposed amendment clarifies that (i) Article 138(2) TFEU only provides for appropriate measures</i>	

<sup>1</sup> This technical working document is produced in English only and communicated to the consulting Union institution(s) after adoption of the opinion. It is also published in the Legal framework section of the ECB’s website alongside the opinion itself.

<sup>2</sup> Bold in the body of the text indicates where the ECB proposes inserting new text. Strikethrough in the body of the text indicates where the ECB proposes deleting text.

<sup>3</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p><i>to ensure unified representation within the international financial institutions and conferences, but not to ensure common positions of the Union, and (ii) any measure regarding the external representation of the euro area within the international financial institutions and conferences must ensure that the ECB is shielded from all political pressure in order to enable it to effectively pursue the objectives attributed to its tasks, through the independent exercise of the specific powers conferred on it for that purpose by the TFEU, the Statue of the ESCB and Regulation (EU) No 1024/2013<sup>4</sup>.</i></p>	
<p style="text-align: center;"><i>Amendment 2</i></p> <p style="text-align: center;"><i>Recital 2</i></p>	
<p><i>(2) The euro area is a large open economy with international policy responsibilities.</i></p>	<p><i>(2) The euro area is a large open economy with international policy responsibilities, <b>as reflected, inter alia, in the international role of the euro and its inclusion in the special drawing rights basket.</b></i></p>
<p style="text-align: center;"><u><i>Explanation</i></u></p> <p><i>The international policy responsibilities also derive from the monetary character of the euro.</i></p>	
<p style="text-align: center;"><i>Amendment 3</i></p> <p style="text-align: center;"><i>Recital 3</i></p>	
<p><i>(3) The Union has exclusive competence as regards monetary policy for the euro area Member States. Moreover, strengthened Union coordination and surveillance mechanisms apply as regards economic, fiscal, and financial policies of euro area Member States.</i></p>	<p><i>(3) The Union has exclusive competence as regards monetary policy for the euro area Member States. <b>Within the Union, monetary policy is conducted by the ECB, together with the national central banks of the Member States, whose currency is the euro, which together constitute the Eurosystem.</b> Moreover, strengthened Union coordination and surveillance mechanisms apply as regards economic, fiscal, and financial policies of euro area Member States.</i></p>

<sup>4</sup> See paragraph 134 of the judgment in *Commission of the European Communities v European Central Bank*, C-11/00, ECLI:EU:C:2003:395.

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The proposed amendment aims to clarify that the exclusive competence of the Union that the proposed decision is referring to is one that is conducted independently by the ECB and the national central banks of the Member States whose currency is the euro.</i></p>	
<p style="text-align: center;">Amendment 4</p> <p style="text-align: center;">Recital 8</p>	
<p>(8) Without prejudice to the possibility of full membership of the euro area, at a later stage, measures should be adopted in order to allow the euro area to speak with one voice within the IMF, taking into account the current IMF membership structure.</p>	<p>(8) Without prejudice to the possibility of full membership of the euro area, at a later stage <b>and subject to the prior enactment of the necessary amendments to the Articles of Agreement of the International Monetary Fund (the “IMF Articles of Agreement”), including any necessary changes to Member States’ national legislation in relation to the ratification of such amendments</b>, measures should be adopted in order to allow the euro area to speak with one voice within the IMF, taking into account the current IMF membership structure.</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The proposed amendment clarifies that full membership of the euro area would require an amendment to the Articles of Agreement of the IMF.</i></p>	
<p style="text-align: center;">Amendment 5</p> <p style="text-align: center;">Recital 9</p>	
<p>(9) The objective to be pursued should be a unified representation with a single seat for the euro area within all organs of the IMF, while allowing euro area Member States to maintain their current shareholder status in the Fund. The Commission should undertake work to achieve this objective.</p>	<p>(9) The objective to be pursued should be a unified representation with a single seat for the euro area within all organs of the IMF, while allowing euro area Member States to maintain their current <del>shareholder</del> <b>membership</b> status in the Fund. The Commission <b>and the Member States</b> should undertake work to achieve this objective.</p>

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>This is a technical amendment to ensure the use of terminology consistent with the IMF Articles of Agreement. Under the Articles of Agreement membership of the IMF is only open to countries. Member countries are assigned quotas (not shares) expressed in special drawing rights, and the subscription of each member country is equal to its quota.</i></p> <p><i>Furthermore, the creation of a single, but sizeable, euro area seat will require amendments to the IMF Executive Board’s Work Procedures, which only the euro area Member States as IMF members can pursue.</i></p>	
<p style="text-align: center;">Amendment 6</p> <p style="text-align: center;">Recital 13</p>	
<p>(13) As regards the Executive Board, the current practice of having one of the current Executive Directors of the euro area Member States also representing the interests of the euro area should be formalized. Moreover, since the European Central Bank (ECB), in accordance with Decision No 12925-(03/1) of the IMF under Article X of its Articles of Agreement, already sends a representative as an observer to certain meetings of the Executive Board in view of its tasks in the European System of Central Banks (ESCB), this status of observer of the ECB should benefit the euro area as a whole. Such a single status of observer in the Executive Board for the euro area as a whole would allow covering the full range of euro area matters. This would also allow the euro area to better organize its representation as observer.</p>	<p>(13) As regards the Executive Board, the current practice of having one of the current Executive Directors of the euro area Member States also representing the interests of the euro area should be formalized. Moreover, since the European Central Bank (ECB), <b>which</b>, in accordance with Decision No 12925-(03/1) of the IMF under Article X of its Articles of Agreement, already sends a representative as an observer to certain meetings of the Executive Board in view of its tasks in the European System of Central Banks (ESCB), <b>this the</b> status of observer of the ECB should benefit the euro area as a whole, <b>while respecting the independence of the ECB and the national central banks under Article 130 TFEU, Article 7 of the Statute of the ESCB and Article 19 of Regulation (EU) No 1024/2013.</b> <del>Such a single status of observer in the Executive Board for the euro area as a whole would allow covering the full range of euro area matters. This would also allow the euro area to better organize its representation as observer.</del></p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The ECB’s observer status should be maintained while respecting the ECB’s independence, at least</i></p>	

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p><i>until precise legal arrangements at the Union level are agreed for the purposes of ensuring unified euro area representation.</i></p>	
<p style="text-align: center;">Amendment 7 Recital 15</p>	
<p>(15) The Commission and ECB are already observers in the IMFC. Current statements addressed to its Spring and Annual Meetings should be replaced by a statement from the President of the Eurogroup for the euro area.</p>	<p>(15) The Commission and ECB are already observers in the IMFC. Current statements addressed to its Spring and Annual Meetings should be replaced by a statement from the President of the Eurogroup <b>or the President of the ECB, as appropriate</b> for the euro area.</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The right to address the IMFC should respect the ECB's independence under Article 130 TFEU, Article 7 of the Statute of the ESCB and Article 19 of Regulation (EU) No 1024/2013 and the ECB's objectives, tasks and specific powers as protected by its independence.</i></p>	
<p style="text-align: center;">Amendment 8 Article 3 Unified representation of the euro area in the IMF</p>	
<p>Euro area Member States, supported by the Commission and the European Central Bank (ECB), shall take all necessary actions for the establishment, by 2025 at the latest, of a unified representation of the euro area within the IMF, which shall be based on the following principles:</p> <ul style="list-style-type: none"> <li>– in the Board of Governors, presentation of the views of the euro area by the President of the Eurogroup;</li> <li>– in the International Monetary and Financial Committee (IMFC), representation of the euro area by the President of the Eurogroup;</li> <li>– in the IMF Executive Board, direct representation</li> </ul>	<p>Euro area Member States, supported by the Commission and the European Central Bank (ECB), shall, <b>in a coordinated manner</b>, take all necessary actions for the establishment, by 2025 at the latest, of a unified representation of the euro area within the IMF, which shall be based on the following principles:</p> <ul style="list-style-type: none"> <li>– in the Board of Governors, presentation of the views of the euro area by the President of the Eurogroup <b>or the President of the ECB, as appropriate</b>;</li> <li>– in the International Monetary and Financial Committee (IMFC), representation of the euro area by the President of the Eurogroup <b>or the President of the ECB, as appropriate</b>;</li> <li>– in the IMF Executive Board, direct</li> </ul>

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p>of the euro area by the Executive Director of a euro area constituency, following the establishment of one or several constituencies composed only of euro area Member States;</p> <p>– election of the Executive Director, as referred to above, upon proposal of the President of the Eurogroup and in accordance with the procedure provided for in Article 2 of Protocol No 14 on the Eurogroup, annexed to the Treaties;□</p>	<p>representation of the euro area by the Executive Director of a euro area constituency, following the establishment of one or several constituencies composed only of euro area Member States;—  <del>election of the Executive Director, as referred to above,</del> <b>elected</b> upon proposal of the President of the Eurogroup, <b>after having consulted the ECB</b>, and in accordance with the procedure provided for in Article 2 of Protocol No 14 on the Eurogroup, annexed to the Treaties. <b>Such direct representation of the euro area by the Executive Director of a euro area constituency is without prejudice to the adequate representation of the ECB at the IMF Executive Board;</b></p> <p>- <b>establishment of one or several constituencies composed only of euro area Member States, which maintain their current membership status in the IMF.</b></p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The aims of the unified euro area representation once it has been attained should be carefully balanced and they should take full account of the independence of the Eurosystem under Article 130 TFEU, Article 7 of the Statue of the ESCB and the ECB’s independence under Article 19 of Regulation (EU) No 1024/2013 and the Eurosystem’s objectives, tasks and specific powers as protected by its independence.</i></p> <p><i>In order to respect the current balance of competences between national Ministries of Finance and national central banks in appointing/proposing for election the Executive Directors, it is suggested that the euro area Executive Director is appointed by the Eurogroup, after having consulted the ECB.</i></p> <p><i>It is proposed to list the principles that will apply once the unified representation has been attained in such a manner that is consistent with the Articles of Agreement of the IMF as currently in force. The adherence to the current membership structure, whereby the euro area Member States would remain members and quota subscribers of the IMF, should be listed among the principles of the unified representation, in order to properly reflect the basic principles underpinning the proposed unified representation of the euro area.</i></p> <p><i>Finally, the ECB would like to point out, however, that careful consideration should be given to how to ensure that where there are several euro area constituencies the Executive Directors of such euro area</i></p>	

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<i>constituencies are fully compliant with both the IMF and Union legal regimes.</i>	
Amendment 9 Article 4 Coordinated establishment of the positions to be taken by the euro area	
<p>When the unified representation envisaged at Article 3 is attained, the following provisions shall apply:</p> <p>(a) Without prejudice to any common position adopted by the Council pursuant to Article 138(1) TFEU, all positions to be taken, orally or through written statements, within IMF organs shall be fully coordinated in advance within the Council, the Eurogroup, the EFC and/or the Euro Working Group (EWG), as appropriate.</p>	<p>When the unified representation envisaged at Article 3 is attained, the following provisions shall apply:</p> <p>(a) Without prejudice to any common position adopted by the Council pursuant to Article 138(1) TFEU, all positions to be taken, orally or through written statements, <b>on all matters of relevance to the euro area</b>, within IMF organs shall be fully coordinated in advance within the Council, the Eurogroup, the EFC and/or the Euro Working Group (EWG), as appropriate. <b>This coordination obligation is without prejudice to the independence of the ECB and national central banks under Article 130 TFEU, Article 7 of the Statue of the ESCB and Article 19 of Regulation (EU) No 1024/2013.</b></p>
<p><u>Explanation</u></p> <p><i>The proposed amendment harmonises the language of Article 4 (attainment of unified representation) with that of Article 9 (transitional phase). While all matters of relevance to the euro area need to be coordinated prior to the euro area adopting any common positions, in writing or orally once that the unified representation is achieved, the content of any statements on matters pertaining to the specific powers of the ECB protected by the independence of the ECB should not be altered as a result of such coordination procedures. This practice is, for example, already in place for the monetary policy part of the statement by the Chairman of the EU Council to the IMFC.</i></p>	
Amendment 10 Article 6 Representation of the euro area in the IMF Executive Board	
<p>2. The euro area shall be represented in the Executive Board by the representative of a euro area Member State already member of the Board. He/She shall be designated for two and a half</p>	<p>2. The euro area shall be represented in the Executive Board by the representative of a euro area Member State already member of the Board <b>on issues of euro area competence.</b> He/She</p>

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p>years in accordance with the procedure provided for in Article 2 of Protocol No 14 on the Eurogroup annexed to the Treaties. The Commission and the ECB shall also be able to attend meetings and intervene, as appropriate.</p>	<p>shall be <del>designated</del> <b>elected</b> for two and a half years in accordance with the procedure provided for in Article 2 of Protocol No 14 on the Eurogroup annexed to the Treaties, <b>after having consulted the ECB. Efforts shall be made to allow the</b> Commission and the ECB <del>shall also be able to</del> attend meetings and intervene, as appropriate.</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>In order to respect the current balance of competences between national Ministries of Finance and national central banks in appointing and proposing Executive Directors, it is suggested that the euro area Executive Director should be appointed by the Eurogroup after having consulted the ECB.</i></p> <p><i>The Council may not require the IMF to change the rules for observers at meetings.</i></p>	
<p style="text-align: center;">Amendment 11</p> <p style="text-align: center;">Article 6 Representation of the euro area in the IMF Executive Board</p>	
<p>3. An observer office shall be established within the IMF in order to support the exercise of the euro area's observer rights.</p>	<p>3. <b>Efforts shall be made to establish An</b> observer office within the IMF in order to support the exercise of the euro area's observer rights.</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The Council may not require the IMF to establish an observer office within the IMF.</i></p>	
<p style="text-align: center;">Amendment 12</p> <p style="text-align: center;">Article 10 Euro area Enlargement□</p>	
<p>When the Council decides that a Member State fulfils the necessary conditions for the adoption of the euro, the euro area Member States and the Eurogroup, the Commission, and the ECB shall jointly seek to secure the necessary changes within the IMF.</p>	<p>When the Council decides that a Member State fulfils the necessary conditions for the adoption of the euro, <b>the Member State concerned</b>, the euro area Member States, the Eurogroup, the Commission, and the ECB shall jointly seek to secure the necessary changes within the IMF.</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The proposed amendment seeks to clarify that a Member State which fulfils the necessary conditions for the adoption of the euro should actively seek to join a euro area constituency depending on the state of progress achieved.</i></p>	

Text proposed by the European Commission	Amendments proposed by the ECB <sup>2</sup>
<p style="text-align: center;">Amendment 13 Article 12 Reporting</p>	
<p>The Commission shall, in consultation with the Eurogroup and the ECB, regularly report on coordination on euro area matters in the IMF and other international financial institutions to the European Parliament and the Council.</p>	<p>The Commission shall, in consultation with the Eurogroup and the ECB, regularly report on coordination on euro area matters in the IMF and other international financial institutions to the European Parliament and the Council. <b>The Commission shall prepare and regularly update a list of international financial institutions covered by this obligation.</b></p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>Given the dynamic nature of the global financial architecture, an appropriate external representation of the euro area should also be applied to newly emerging international financial institutions.</i></p>	