



EUROPEAN PARLIAMENT

2009 - 2014

Plenary sitting

A7-0149/2014

28.2.2014

REPORT

on the enquiry on the role and operations of the Troika (ECB, Commission and IMF) with regard to the euro area programme countries
(2013/2277(INI))

Committee on Economic and Monetary Affairs

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CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT.....	26
OPINION of the Committee on Budgetary Control.....	30
OPINION of the Committee on Constitutional Affairs.....	33
RESULT OF FINAL VOTE IN COMMITTEE.....	37

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the enquiry on the role and operations of the Troika (ECB, Commission and IMF) with regard to the euro area programme countries (2013/2277(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, and in particular Article 7, Article 136 in combination with Article 121 , and Article 174 thereof,
- having regard to the Charter of Fundamental Rights of the European Union,
- having regard to the Treaty on European Union and in particular Article 3 thereof,
- having regard to Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability¹,
- having regard to the Treaty establishing the European Stability Mechanism (ESM),
- having regard to its resolution of 16 June 2010 on EU 2020²,
- having regard to its resolution of 23 October 2013 on the European Semester for economic policy coordination: implementation of 2013 priorities³,
- having regard to its resolution of 4 July 2013 on the European Parliament’s priorities for the Commission Work Programme 2014⁴,
- having regard to its resolution of 12 June 2013 on ‘Preparations for the European Council meeting (27-28 June 2013) - Democratic decision making in the future EMU’⁵,
- having regard to its resolution of 20 November 2012 with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup, ‘Towards a genuine Economic and Monetary Union’⁶,
- having regard to its resolution of 6 July 2011 on the financial, economic and social crisis: recommendations concerning the measures and initiatives to be taken⁷,
- having regard to its resolution of 20 October 2010 on the financial, economic and social crisis: recommendations concerning measures and initiatives to be taken (mid-term

¹ OJ L 140, 27.5.2013, p.1.

² Texts adopted, P7_TA(2010)0223.

³ Texts adopted, P7_TA(2013)0447.

⁴ Texts adopted, P7_TA(2013)0332.

⁵ Texts adopted, P7_TA(2013)0269.

⁶ Texts adopted, P7_TA(2012)0430.

⁷ Texts adopted, P7_TA(2011)0331.

report)¹,

- having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgetary Control and the Committee on Constitutional Affairs (A7-0149/2014),
- A. whereas the Troika, consisting of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF), originated in the decision of 25 March 2010 by euro area Heads of State and Government to establish a joint programme and to provide conditional bilateral loans to Greece, thereby also building on recommendations from the Ecofin Council, and has since also been operational in Portugal, Ireland and Cyprus; whereas there exists significant involvement of euro area finance ministers in the decisions concerning the detail of the bilateral loans;
- B. whereas the Troika and its role have been defined in Regulation (EU) No 472/2013 of the European Parliament and the Council of 21 May 2013 and mentioned in the Treaty on the ESM;
- C. whereas the European Court of Justice (ECJ) confirmed in its ruling in the *Pringle v Ireland* case (Case C-370/12) that the Commission and the ECB can be entrusted with the tasks conferred on them in the ESM Treaty;
- D. whereas, within the Troika, the Commission, acting as an agent of the Eurogroup, is entrusted with negotiating the conditions for financial assistance for euro area Member States ‘in liaison with the ECB’, and, ‘wherever possible together with the IMF’, the financial assistance hereinafter referred to as ‘EU-IMF assistance’, but the Council is politically responsible for approving the macroeconomic adjustment programmes; whereas each member of the Troika followed its own procedural process;
- E. whereas the Troika has been to date the basic structure for negotiation between the official lenders and the governments of the recipient countries, as well as for reviewing the implementation of economic adjustment programmes; whereas for the European side, in case of European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM) support the final decisions as regards financial assistance and conditionality are taken by the Eurogroup, which therefore bears the political responsibility for the programmes;
- F. whereas there was a broad political agreement to avoid a disorderly default by Member States in the EU, and especially in the euro area, in order to avoid economic and social chaos resulting in the impossibility to pay pensions and civil servants’ salaries, as well as dire knock-down effects on the economy, the banking system and social welfare, in addition to the sovereign being completely cut off from the capital markets for a prolonged period;
- G. whereas the Troika, together with the Member State concerned, is also responsible for the preparation of formal decisions of the Eurogroup;

¹ Texts adopted, P7_TA(2010)0376.

- H. whereas several Member States outside the euro area have already received or are receiving EU assistance under Article 143 TFEU, provided by the EU in conjunction with the IMF;
- I. whereas the EU and its Member States created several ad hoc mechanisms to provide financial assistance for euro area countries, first through bilateral loans, including from several non-euro area countries, then through the temporary emergency funds, namely the EFSF and the European Financial Stabilisation Mechanism (EFSM), created for EU Member States in distress, and finally through the ESM, which was meant to replace all the other mechanisms;
- J. whereas the ECJ, referring to Article 13(3) of the ESM Treaty, has recently confirmed (in the Pringle case) that it is the Commission's duty, by reason of its involvement in the ESM Treaty, to 'promote the general interest of the Union' and to 'ensure that the memoranda of understanding concluded by the ESM are consistent with European Union law';
- K. whereas the ECJ has also ruled in the Pringle case that the ESM is consistent with the TFEU and has opened the door for a possible integration of that mechanism into the *acquis communautaire* within the current limits of the Treaties;
- L. whereas a Memorandum of Understanding (MoU) is, by definition, an agreement between the Member State concerned and the Troika, which results from negotiations and by which a Member State undertakes to carry out a number of precise actions in exchange for financial assistance; whereas the Commission signs the MoU on behalf of euro area finance ministers; whereas, however, it is not public knowledge how negotiations have been conducted in practice between the Troika and the relevant Member State and, furthermore, there is a lack of transparency as to the extent to which a Member State seeking assistance has been able to influence the outcome of negotiations; whereas it is stipulated in the ESM Treaty that a Member State requesting assistance from the ESM is expected to address, wherever possible, a request for assistance to the IMF;
- M. whereas the total amount of financial assistance packages in the four programmes is unprecedented, as are the duration, shape and context of the programmes, leading to an undesirable situation where the assistance has almost exclusively replaced the usual financing provided by the markets; thereby shielding the banking sector from losses by transferring large amounts of programme country sovereign debt from the balance-sheet of the private sector to that of the public sector;
- N. whereas the ECJ has stated in its Pringle ruling that the prohibition laid down in Article 125 TFEU ensures that the Member States remain subject to the logic of the market when they enter into debt, since that should prompt them to maintain budgetary discipline, and that compliance with such discipline contributes at Union level to the attainment of a higher objective, namely maintaining the financial stability of the monetary union; whereas, however, the ECJ stresses that Article 125 TFEU does not prohibit the granting of financial assistance by one or more Member States to a Member State which remains responsible for its commitments to its creditors provided that the conditions attached to such assistance are such as to prompt that Member State to implement a sound budgetary policy;

- O. whereas the financial crisis has led to an economic and social crisis; whereas this economic situation and recent developments have had serious and previously unforeseen negative impacts on the quantity and quality of employment, access to credit, income levels, social protection and health and safety standards, and as a result economic and social hardship is unmistakable; whereas these negative impacts could have been considerably worse without the EU-IMF financial assistance and whereas the action at European level has helped prevent the situation from deteriorating even further;
- P. whereas Article 151 TFEU provides that action taken by the EU and its Member States must be consistent with the fundamental social rights laid down in the 1961 European Social Charter and the 1989 Community Charter of the Fundamental Rights of Workers, in order to improve, inter alia, the social dialogue;
- Q. whereas Article 152 TFEU states that ‘the Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems’ and that it ‘shall facilitate dialogue between the social partners, respecting their autonomy’;
- R. whereas the costs of services to service users are rising in some Member States, which means that many people are no longer able to afford an adequate level of service to meet their basic needs, including access to vital treatment;
- S. whereas the Task Force for Greece was set up to strengthen the capacity of the Greek administration to design, implement and enforce structural reforms in order to improve the competitiveness and functioning of the economy, society and administration and create the conditions for sustained recovery and job creation, as well as to speed up the absorption of EU Structural and Cohesion Funds in Greece and to utilise critical resources to finance investment;
- T. whereas, in its resolution of 20 November 2012 Parliament called for high standards of democratic accountability at national and Union level to be applied to the EU institutions which are members of the Troika; whereas such accountability is imperative for the credibility of the assistance programmes, and, notably, requires a closer involvement of the national parliaments, as well as necessitating that the EU members of the Troika be heard in the European Parliament on the basis of a clear mandate before taking up their duties and to be subject to regular reporting to and democratic scrutiny by Parliament;
- U. whereas the programmes were in the short run primarily meant to avoid a disorderly default and stop speculation on sovereign debt; whereas the medium-term aim was to ensure that the money that was lent would be reimbursed, thus avoiding a large financial loss that would rest on the shoulders of the taxpayers of the countries which are providing the assistance and guaranteeing the funds; whereas this also requires the programme to deliver sustainable growth and effective debt reduction in the medium and long term; whereas the programmes were not suited to comprehensively correcting macroeconomic imbalances which had accumulated, in some cases over decades;

Economic situation in programme countries at the beginning of the crisis

1. Considers that the precise triggers for the crises differed in all four Member States, even though common patterns can be observed such as the rapid increase in capital inflows and a build-up of macroeconomic imbalances across the EU during the years preceding the

crisis; points out that excessive private and/or public debt, which had risen to a level which became unsustainable, and over-reaction by financial markets combined with speculation and a loss of competitiveness, played a crucial role, and that none of these could have been prevented by the existing EU economic governance framework; further notes that the sovereign debt crises in all cases have been strongly correlated to the global financial crisis caused by lax regulation and misbehaviour of the financial industry;

2. Notes that Europe's public finances were already in a poor state before the crisis, and that since the 1970s the level of Member States' public debt has gradually crept upwards under the impact of the various economic downturns the EU has experienced; notes that the costs of recovery plans, falling tax revenues and high welfare expenditure have caused both public debt and the ratio of public debt to GDP to rise in all Member States, although not to a uniform degree across the Union ;
3. Recalls the triangle of interlinked vulnerabilities, whereby the unbalanced fiscal policy of some Member States has amplified the pre-crisis public deficits and the financial crisis has contributed significantly to a further ballooning of those deficits, followed by tensions in sovereign debt markets in some Member States;
4. Points out that the recent financial, economic and banking crisis is the most severe since World War II; acknowledges that without action being taken at European level, the crisis could have had even more severe consequences; notes in this respect that the former ECB President Jean-Claude Trichet has pointed out in a public hearing his concern that without swift and forceful action the sovereign debt crisis might have triggered a crisis of the scale of the Great Depression of 1929;
5. Notes that, prior to the beginning of the EU-IMF assistance programme initiated in the spring of 2010, there was a dual fear associated with the 'insolvency' and 'non-sustainability' of the public finances of Greece as a result of the constantly declining competitiveness of the Greek economy and long-run fiscal derailment, resulting from low effective corporate tax collection, with the government deficit reaching 15.7 % of GDP in 2009, up from -6.5 % in 2007, and the debt-to-GDP ratio continuing on an upward trend since 2003 when it stood at 97.4 %, reaching 107.4 % in 2007, 129.7 % in 2009 and 156.9 % in 2012; is of the opinion that the problematic situation of Greece was also due to statistical fraud in the years preceding the setting-up of the programme; welcomes the decisive action by the Greek government to urgently and effectively address these problems, including by establishing the independent Hellenic Statistical Authority in March 2010; notes that the gradual uncovering of statistical fraud in Greece had an impact on the need to readjust multipliers, forecasts and proposed measures; recalls that because of the European Parliament's insistence Eurostat (the statistical office of the European Union) is now endowed with powers and means to deliver a solid basis of reliable and objective statistics;
6. Notes that Greece entered recession in Q4 2008; notes that the country experienced six quarters of negative GDP growth rate in the seven leading up to the assistance programme being activated; notes the close correlation between the effects of the financial crisis and the rise in government debt on the one hand, and the increase in the national debt and the economic downturn on the other, with public debt increasing from EUR 254.7 billion at the end of Q3 2008 to EUR 314.1 billion at the end of Q2 2010;

7. Notes that following the Greek government's request for financial assistance in April 2010, the markets started to reassess the economic fundamentals and the solvency of other euro area Member States, and subsequently tensions on Portuguese sovereign bonds quickly drove up Portugal's refinancing costs to unsustainable levels;
8. Notes that the economic data first used by the government during the negotiations had to be revised;
9. Notes that, prior to the beginning of the EU-IMF assistance programme, the Portuguese economy had suffered from low GDP and productivity growth for a number of years, as well as large capital inflows, and that these patterns, combined with an acceleration of expenditure, particularly discretionary spending, consistently above GDP growth, and the impact of the global financial crisis, had resulted in a large fiscal deficit and high public and private debt levels together with contagion from the Greek crisis, driving up Portugal's refinancing costs in the capital markets to unsustainable levels and effectively cutting the public sector from access to those markets; stresses that in 2010, before financial assistance was sought in 7 April 2011, Portugal's growth rate had declined to 1.9 % and its fiscal deficit had reached 9.8 % (2010), its debt level 94 % (2010) and its current account deficit 10.6 % of GDP, with the unemployment rate standing at 12%; notes in this context that the overall macroeconomic fundamentals deteriorated very rapidly, from reasonably good levels in 2007 before the crisis - when Portugal's growth rate was 2.4 %, its fiscal deficit 3.1 %, its debt level 62.7 % and its current account deficit 10.2 % of GDP, with the unemployment rate standing at 8.1% - to a deep and unprecedented recession;
10. Notes that, before the EU-IMF assistance programme, the Irish economy had just suffered a banking and economic crisis of unprecedented dimensions that resulted largely from the exposure of the Irish financial sector to the US 'subprime crisis', irresponsible risk-taking by Irish banks and the widespread use of asset-backed securities, which, following the blanket guarantee and the subsequent bailout, had the effect of cutting the public sector off from access to the capital markets, causing Irish GDP to fall by 6.4 % in 2009 (1.1 % in 2010) from a positive growth level of 5 % of GDP in 2007, unemployment to increase from 4.7 % in 2007 to 13.9 % in 2010, and the General Government Fiscal Balance to experience a deficit, peaking at 30.6 % in 2010, as a result of Irish government support for the banking sector, down from a surplus of 0.2 % in 2007; notes that the banking crisis partly resulted from inadequate regulation, very low tax rates and an oversized banking sector; recognises that private losses of Irish banks were taken on to the balance of the Irish sovereign, in order to avoid a breakdown of the Irish banking system and also to minimise the risks of contagion across the euro area as a whole, and that the Irish government acted in the wider interests of the Union in responding to its banking crisis; further notes that in the decade prior to the assistance programme the Irish economy experienced a prolonged period of negative real interest rates;
11. Points out the non-existence of fiscal imbalances prior to the crisis in Ireland and to the extremely low level of public debt; also stresses the extended level of flexibility of the labour market prior to the crisis; notes that the troika initially requested the lowering of wages; draws attention to a non-sustainable banking model and a tax system which was overly dependent on the income from taxing a housing and asset bubble, depriving the state of income when those bubbles burst;

12. Notes that around 40 % of Irish GDP was injected into the banking sector by the taxpayer at a time when bail-in was not available as it had given rise to considerable debate within the troika;
13. Calls for the full implementation of the June 2012 commitment by EU leaders to break the vicious circle between banks and sovereigns and to further examine the situation of the Irish financial sector in a manner that substantially alleviates Ireland's heavy burden of bank debt;
14. Notes that when it came to PSI in Greece, the knock-on effects on the Cyprus banking system, which was already on the verge of collapse because of a failing banking model, were not sufficiently considered and it is also suggested that assets relating to some larger Member States were again protected;
15. Notes that in May 2011, Cyprus lost access to international markets due to the significant deterioration in public finances as well as the heavy exposure of the Cypriot banking sector to the Greek economy and the restructuring of public debt in Greece, which led to sizeable losses in Cyprus; recalls that years before the beginning of the EU-IMF assistance programme in 2013, serious concerns regarding systemic instability in the Cypriot economy had been raised, owing inter alia to its overleveraged and risk-seeking banking sector and its exposure to highly indebted local property companies, the Greek debt crisis, the downgrading of Cypriot government bonds by international rating agencies, the inability to refund public expenditure from the international markets, and the reluctance of the Cypriot public authorities to restructure the troubled financial sector, opting instead to rely on a massive injection of capital by Russia; recalls also that the situation has been made more complex by the over-reliance on savings coming from Russian citizens and by the recourse to a loan from the Russian authorities; further notes that in 2007, the Cypriot public debt-to-GDP ratio stood at 58.8 %, rising to 86.6 % in 2012, while in 2007 there was a general government surplus of 3.5 % of GDP which nonetheless became a deficit of -6.4 % by 2012;

EU-IMF financial assistance, content of the MoUs and policies implemented

16. Notes that the initial request for financial assistance was made by Greece on 23 April 2010 and that the agreement between the Greek authorities on the one side and the EU and IMF on the other was adopted on 2 May 2010, in the relevant MoUs containing the policy conditionality for EU-IMF financial assistance; further notes that, following five reviews and the insufficient success of the first programme, a second programme had to be adopted in March 2012, which has been reviewed three times since; notes that the IMF did not take effectively into account the objections of one third of its board members in regard to the distribution of benefits and burdens resulting from the first Greek programme;
17. Notes that the first agreement of May 2010 could not contain provisions for a restructuring of the Greek debt, despite it being first proposed by the IMF, which, in line with its usual practice, would have preferred an early debt restructuring; recalls the ECB's reluctance to consider any form of debt restructuring in 2010 and 2011 on the grounds that it would have led to the crisis having a contagion effect on other Member States, as well as its refusal to participate in the restructuring agreed in February 2012; notes that the Central Bank of Greece contributed in November 2010 to intensifying market turmoil by

publicly warning investors that ECB liquidity operations could no longer be taken for granted in the case of Greek sovereign debt; further notes that there was a commitment by Member States that their banks would retain their exposure to the Greek bond markets, which they were unable to maintain;

18. Notes that Portugal's initial request for financial assistance was made on 7 April 2011 and that the agreement between the Portuguese authorities on the one side and the EU and IMF on the other was adopted on 17 May 2011 in the relevant MoUs containing the policy conditionality for EU-IMF financial assistance; further notes that the Portuguese programme has since been reviewed regularly to adjust the targets and objectives, given the unattainable initial goals, leading to the successful tenth review of Portugal's economic adjustment programme, with good prospects for completion of the programme soon;
19. Recalls the bilateral pressure reportedly exerted by the ECB on the Irish authorities prior to the initial agreement between the latter and the EU and IMF being adopted on 7 December 2010 and 16 December 2010, respectively in the relevant MoUs containing the policy conditionality for EU-IMF assistance; notes that the programme was largely based on the Irish Government's own National Recovery Plan 2011-2014 published on 24 November 2010; further notes that the Irish programme has since been reviewed regularly, leading to a twelfth and final review on 9 December 2013, and that this programme was completed on 15 December 2013;
20. Notes that the European Council decided on 29 June 2012 to allow the ESM the option of recapitalising banks directly, following a regular decision and provided an effective single supervisory mechanism is established; further notes that the operational framework for a direct recapitalisation instrument, subject to conditionality, was defined by the Eurogroup on 20 June 2013;
21. Notes that thinking on bail-in has evolved over time; in the case of Ireland in 2010, the bail-in of senior bondholders was not an option available to the Irish authorities, while in Cyprus in 2013, the bail-in of insured depositors was put forward as a policy measure, which increased the disparity between the instruments used to alleviate the banking and sovereign debt crises;
22. Notes that Cyprus made its initial request for financial assistance on 25 June 2012, but that differences of positions as regards the conditionality, as well as the rejection by the Cypriot Parliament on 19 March 2013 of an initial draft programme which included bail-in of insured depositors on the grounds that it was contrary to the spirit of European law since it envisaged haircut of small deposits of less than EUR 100 000, delayed the final agreement on the EU-IMF assistance programme until 24 April (EU) and 15 May 2013 (IMF) respectively, with the Cypriot House of Representatives finally endorsing the agreement on 30 April 2013; notes that there were initial competing programme proposals in the case of Cyprus between different members of the Troika, and highlights the lack of sufficient explanation as to how the inclusion of insured depositors was signed off by the European Commission and EU finance ministers; furthermore, regrets the fact that the Cypriot authorities referred to difficulties in convincing the Troika representatives of their concerns during the negotiation process, as also the fact that the Cypriot Government was reportedly obliged to accept the bail-in instrument on bank deposits in view of the exceptionally high level of private debt in relation to GDP; points out that while the

Central Bank of Cyprus (CBC) and a ministerial committee were heavily involved in the negotiation and design of the financial assistance programme and finally the Governor of the CBC co-signed the MoU with the Minister of Finance, it must be noted that there was extremely limited time for any further negotiation in detail of aspects of the MoU;

23. Notes the serious side-effects of the application of the bail-in, which include the imposition of capital controls; stresses that the Cypriot real economy continues to face major challenges as the severing of credit lines is bearing down on the productive sectors of the economy;
24. Notes that the IMF is the global institution tasked with providing states experiencing balance of payments problems with conditional financial assistance; points out that all the Member States are members of the IMF and therefore have the right to request its assistance, in cooperation with the EU institutions, in the light of assessment of the interests of the EU and the Member State in question; notes that in view of the magnitude of the crisis, sole reliance on the financial means of the IMF would not have been sufficient to tackle the problems of the countries in need of financial assistance;
25. Notes that the IMF has clearly pointed out the risks of the Greek programme, in particular with respect to debt sustainability; observes that in addition to accepting that the programme be devised and negotiated by the troika, the IMF decided to modify its Exceptional Access Policy (EAP) criterion on debt sustainability in order to make it possible to lend to Greece, Ireland and Portugal;
26. Draws attention to the concerns expressed with regard to oversight by the ECB of emergency liquidity assistance (ELA); considers the solvency concept employed by the ECB to be lacking in transparency and predictability;
27. Notes the unpreparedness of the EU and the international institutions for a sovereign debt crisis of large magnitude, as well as its differentiated origins and consequences within the euro area, stemming from, among other factors, what is the most serious financial crisis since 1929; regrets the absence of a viable legal basis to deal with a crisis of this nature; acknowledges the efforts made to respond quickly and resolutely, but regrets the fact that the Council has consistently refused to develop a long-term, comprehensive and systemic approach; deplores the fact that the EU Structural Funds and EU policies aiming at long-term economic convergence within the Union have not effectively delivered;
28. Points out that the cofinancing rates for the EU Structural Funds were topped up to 95 % for some of the Member States which have been most affected by the crisis and which have received financial assistance under an adjustment programme; stresses that local and national administrations need to be strengthened in order to cope with the implementation of EU legislation and programmes, thus speeding up the absorption of Structural Fund monies;
29. Acknowledges, despite the above, that the immense challenge which the Troika faced in the lead-up to the crisis was unique as a result of, inter alia, the poor state of public finances, the need for structural reforms in some Member States, insufficient regulation of financial services at European and national level, and large macroeconomic imbalances built up over many years, as well as policy and institutional failures and the fact that most traditional macroeconomic instruments such as budgetary policy or external devaluation

were not available due to the constraints of monetary union and the incomplete nature of the euro area; notes, moreover, the considerable time pressure arising due partly to the fact that requests for financial assistance were generally made at a time when countries were already close to default and had already lost access to the markets, while legal obstacles had to be cleared, fear of a meltdown of the euro area was palpable, there was a patent need to reach political agreements and take decisions on reforms, the world economy was in a severe downturn, and a number of countries that were to contribute financial support had seen their own public and private debt increase in alarming ways;

30. Denounces the lack of transparency in the MoU negotiations; notes the need to evaluate whether formal documents were clearly communicated to and considered in due time by the national parliaments and the European Parliament and adequately discussed with the social partners; further notes the possible negative impact of such practices, which involve keeping information behind closed doors on citizens' rights, on the stability of political situation in the countries concerned and the trust of citizens in democracy and the European project;
31. Notes that the recommendations contained in the MoUs are at odds with the modernisation policy drawn up in the form of the Lisbon strategy and the Europe 2020 strategy; further notes the fact that Member States with MoUs are exempt from all European Semester reporting processes, including reporting under the anti-poverty and social inclusion targets, and do not receive Country Specific Recommendations aside from implementation of their MoUs; recalls that the MoUs need to be adapted in order to take into account the practice and institutions for wage formation and the national reform programme of the Member State concerned in the context of the Union's strategy for growth and jobs as set out in Regulation No 472/2013 (Article 7(1)); urges that this be done where it is not yet the case; points out, however, that this can be partly explained, even if not fully justified, by the fact that programmes had to be implemented under considerable time pressure in a difficult political, economic and financial environment;
32. Regrets the inclusion in the programmes for Greece, Ireland and Portugal of a number of detailed prescriptions for health systems reform and expenditure cuts; regrets the fact that the programmes are not bound by the Charter of Fundamental Rights of the European Union or by the provisions of the Treaties, notably Article 168(7) TFEU;
33. Points out that the EU finance ministers approved the macroeconomic adjustment programmes;

The current economic and social situation

34. Regrets that the measures implemented have led in the short term to a rise in income distribution inequality; notes that there has been an above-average rise in such inequalities in the four countries; notes that cuts in social benefits and services and rising unemployment resulting from measures contained in the programmes intended to address the macroeconomic situation, as well as wage reductions, are raising poverty levels;
35. Points to the unacceptable level of unemployment, long-term unemployment and youth unemployment in particular in the four Member States under assistance programmes; stresses that the high youth unemployment rate imperils the opportunities for future economic development, as demonstrated by the flow of young migrants from southern

Europe as well as from Ireland, which risks causing a brain drain; recalls that education, training and a strong scientific and technological background have been systematically identified as the critical path for the structural catching up of these economies; therefore welcomes the recent initiatives at EU level regarding youth education and employment, the Erasmus+ programme, the Youth Employment Initiative, and the 6 billion EUR for the EU Youth Guarantee Scheme, but calls for an even stronger political and economic focus on addressing these issues; stresses that competences related to employment remain primarily with the Member States; therefore encourages the Member States to further modernise their national education systems and to engage in addressing youth unemployment;

36. Welcomes the end of the programme in Ireland, in so far as the Troika missions have stopped and the country was able to successfully access bond markets on 7 January 2014, as well as the expected end for Portugal; regrets the uneven results in Greece despite unprecedented reforms having been undertaken; acknowledges the very demanding efforts that have been requested from individuals, families, enterprises and other institutions of the civil societies of the countries under adjustment programmes; notes the first signs of partial economic improvements in certain programme countries; points out, however, that the persistently high unemployment rates weigh on economic recovery, and that continued and ambitious efforts are still needed both at national and at EU level;

The Troika: the economic dimension and the theoretical basis and impact of decisions

37. Stresses that adequate country-specific as well as eurozone-wide economic models, built on prudent assumptions, independent data, involvement of stakeholders and transparency, are necessary in order to produce credible and efficient adjustment programmes, while acknowledging that economic forecasts usually contain a degree of uncertainty and unpredictability; deplors the fact that adequate statistics and information have not always been available;
38. Welcomes the fact that financial assistance achieved in the short run the objective of avoiding a disorderly default on sovereign debt that would have had extremely severe economic and social consequences which would have arguably been worse than the current ones, as well as spillover effects for other countries of an incalculable magnitude, and possibly the forced exit of countries from the euro area; notes, however, that there is no guarantee this will be avoided in the long run; also notes that the financial assistance and adjustment programme in Greece has not prevented either an orderly default or a contagion effect of the crisis on other Member States, and that market confidence was restored and spreads on sovereign debt started to come down only when the ECB supplemented actions already taken with the Outright Monetary Transactions (OMT) programme in August 2012; deplors the economic and social downturn which became evident when the fiscal and macroeconomic corrections were put in place; notes that the economic and social consequences would have been worse without the EU-IMF financial and technical assistance;
39. Notes that from the onset the Troika published comprehensive documents on the diagnosis, the strategy for overcoming the unprecedented problems, a set of policy measures drawn up together with the national government concerned, and economic forecasts, all of which are updated on a regular basis; notes that these documents did not

permit the public to form an overall view of the negotiations and thus that this does not constitute sufficient means of accountability;

40. Deplores the sometimes overoptimistic assumptions made by the Troika, especially as far as growth and unemployment are concerned, deriving inter alia from the insufficient recognition of cross border spillovers (as recognised by the Commission in its report 'Fiscal consolidations and spillovers in the Euro area periphery and core'), political resistance to change in some Member States, and the economic and social impact of adjustment; deplores the fact that this also affected the Troika's analysis of the interplay between fiscal consolidation and growth; notes that as a result fiscal targets could not be fulfilled within the timeframe foreseen;
41. Understands from the hearings that a strict relationship exists between the length of the adjustment programme and the help made available through the dedicated funds such as the ESM, meaning that a longer adjustment period would inevitably have meant substantially larger amounts to be made available and guaranteed by the other euro area countries and the IMF, something which was not considered politically feasible in view of the already very high amounts involved; points out that the length of the adjustment programmes and the reimbursement periods are distinctly longer than in usual IMF financial assistance programmes;
42. Welcomes the reduction of structural deficits in all programme countries since the start of their respective assistance programmes; regrets that these have not yet led to a reduction in the ratios of public debt to GDP; notes that the ratio of public debt to GDP has instead sharply increased in all programme countries, as the receipt of conditional loans naturally leads to an increase of public debt and as policy implemented has a recessive impact in the short term; further believes that the accurate estimation of fiscal multipliers is of crucial importance for fiscal adjustment to be successful in reducing the debt-to-GDP ratio; notes that progression towards more sustainable levels of private debt is also necessary for long-term stability; acknowledges that it typically takes several years before structural reforms can make a significant contribution to raising output and employment;
43. Considers that fiscal multipliers are difficult to assess with certainty; recalls in this respect that the IMF admitted to underestimating the fiscal multiplier in its growth forecasts prior to October 2012; notes that this period encompasses the conclusions of all but one of the initial memoranda of understanding under enquiry in this report; recalls that the European Commission stated in November 2012 that forecast errors were not due to the underestimation of fiscal multipliers; points out however that the Commission stated in its reply to the questionnaire that "fiscal multipliers tend to be larger at the current juncture than in normal times"; understands that fiscal multipliers are partly endogenous and evolve in changing macroeconomic conditions; points out that this expression of public disagreement between the European Commission and the IMF on the size of the fiscal multiplier was not followed up with a joint stance being taken by the troika;
44. Points out that while the IMF's stated objective in its assistance operations within the frame of the Troika is internal devaluation, including through wage and pension cuts, the Commission has never explicitly endorsed this objective; notes that the objective emphasised by the Commission in all four programme countries under enquiry has rather been fiscal consolidation; recognises these priority differences between the IMF and the

Commission and takes note of this preliminary inconsistency of goals between the two institutions; notes that it was commonly decided to rely on a mix of both instruments as well as structural reforms, with other measures complementing this approach; notes that the combination of fiscal consolidation and restrictive wage policy has depressed both public and private demand; notes that the objective of reforming both the industrial base and the institutional structures in programme countries, rendering them more sustainable and effective, has received less attention than the above-mentioned objectives;

45. Considers that too little attention has been paid to alleviating the negative economic and social impact of adjustment strategies in the programme countries; recalls the origins of the crises; deplores the fact that too often the one-size-fits-all approach to crisis management has not fully considered the balance in the economic and social impact of the prescribed policy measures;
46. Stresses that national-level ownership is crucial, and that failure to implement agreed measures has consequences in terms of the expected results, inducing additional hardship over an even longer period for the country concerned; takes note of the IMF's experience that country ownership could be seen as the single most important factor in the success of any financial assistance programme; stresses however that national-level ownership cannot be achieved without proper democratic legitimacy and accountability at both national and EU level; highlights in this regard the fact that deliberation by national parliaments of the budgets and laws for implementing economic adjustment programmes is crucial for providing accountability and transparency at national level;
47. Stresses that enhanced gender equality is an important key to building stronger economies and that this factor should never be overlooked in economic analyses or recommendations;

The Troika: the institutional dimension and democratic legitimacy

48. Notes that because of the evolving nature of the EU's response to the crisis, the unclear role of the ECB in the Troika and the nature of the Troika decision-making process, the Troika's mandate has been perceived as being unclear and lacking in transparency and democratic oversight;
49. Points out, however, that the adoption of Regulation (EU) No 472/2013 on 21 May 2013, constitutes a first - even though insufficient - step in codifying the surveillance procedures to be employed in the euro area for countries experiencing financial difficulties, and that it confers a mandate on the Troika; welcomes inter alia: the provisions regarding the evaluation of the sustainability of the government debt; the more transparent procedures regarding the adoption of macroeconomic adjustment programmes, including the need to integrate adverse spillover effects as well as macroeconomic and financial shocks and the scrutiny rights devolved to the European Parliament; the provisions regarding the involvement of social partners; the requirements to take explicit account of national practices and institutions for wage formation; the need to ensure sufficient means for fundamental policies, such as education and healthcare; and the exemptions granted to Member States under assistance from the relevant requirements of the Stability and Growth Pact;
50. Takes note of the Eurogroup President's statement that the Eurogroup gives a mandate to

the Commission to negotiate on its behalf the details of the conditions attached to the assistance, while taking into account Member States' views on key elements of the conditionality and, in view of their own financial constraints, on the extent of financial assistance; notes that the above-mentioned procedure whereby the Eurogroup confers a mandate on the Commission is not specified in EU law, as the Eurogroup is not an official institution of the European Union; stresses that despite the Commission acting on behalf of the Member States, the ultimate political responsibility for the design and approval of the macroeconomic adjustment programmes lies with EU finance ministers and their governments; deplores the absence of EU-level democratic legitimacy and accountability of the Eurogroup when it assumes EU-level executive powers;

51. Points out that the rescue mechanisms and the Troika were of an ad hoc nature, and regrets that there was no appropriate legal basis available for setting up the Troika on the basis of Union primary law, which led to the establishment of intergovernmental mechanisms in the form of the EFSF, and eventually the ESM; calls for any future solution shall be based on Union primary law; acknowledges that this might lead to the need for a Treaty change;
52. Is alarmed by the admission by the former President of the Eurogroup before the European Parliament that the Eurogroup endorsed the recommendations of the Troika without extensive consideration of their specific policy implications; stresses that, if accurate, this does not discharge euro area finance ministers from their political responsibility for the macroeconomic adjustment programmes and the MoUs; points out that this admission sheds a worrying light on the blurred scope of the 'technical advising' and 'Eurogroup agency' roles devolved to both the Commission and the ECB in the framework of the design, implementation and assessment of assistance programmes; deplores, from that perspective, the lack of any clear and accountable case-by-case mandates from the Council and the Eurogroup to the Commission;
53. Questions the dual role of the Commission in the Troika as both an agent of Member States and an EU institution; asserts that there is a potential conflict of interest within the Commission between its role in the Troika and its responsibility as guardian of the Treaties and the *acquis communautaire*, especially in policy areas such as competition and state aid policy and social cohesion, and with regard to Member States' wage and social policy, an area in which the Commission has no competence, as well as respect for the Charter of Fundamental Rights of the European Union; points out that such a situation contrasts with the Commission's normal role, which is to act as an independent principal protecting the EU interest and ensuring the implementation of EU rules within the limits established by the Treaties;
54. Points equally to the potential conflict of interest between the current role of the ECB in the Troika as 'technical advisor' and its position as creditor of the four Member States, as well as its mandate under the Treaty as it has made its own actions conditional on decisions it is itself part of; nonetheless, welcomes its contribution in addressing the crisis but requests that potential ECB conflicts of interest, especially as regards crucial liquidity policy, are carefully scrutinised; notes that throughout the crisis the ECB has had crucial information on the health of the banking sector and financial stability in general, and that with this in mind it has subsequently exerted policy leverage on decision-makers, at least in the cases of the Greek debt restructuring, where the ECB insisted that CACs were to be

removed from government bonds it held, the Cypriot ELA operations, and the Irish non-inclusion of senior-bondholders in the bail-in;

55. Notes that the ECB's role is not sufficiently defined, as it is stated in the ESM Treaty and Regulation (EU) No 472/2013 that the Commission should work 'in liaison with the ECB', thus reducing the ECB to an advisory role; notes that the Eurogroup asked for the involvement of the ECB as a provider of expertise to complement the views of the other Troika partners, and that the ECJ has ruled in the Pringle case that the tasks allocated to the ECB by the ESM Treaty are in line with the various tasks which the TFEU and the Statute of the ESCB [and the ECB] confer on the ECB provided that a certain number of conditions are permanently fulfilled; points to the responsibility of the Eurogroup in allowing the ECB to act within the Troika, but recalls that the ECB's mandate is circumscribed by the TFEU to the areas of monetary policy and financial stability and that involvement of the ECB in the decision-making process related to budgetary, fiscal and structural policies is not foreseen by the Treaties; recalls that Article 127 TFEU provides that, without prejudice to the objective of price stability, the ESCB shall support 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;
56. Points to the generally weak democratic accountability of the Troika in programme countries at national level; notes, however, that this democratic accountability varies between countries, depending on the will of national executives and the effective scrutiny capacity of national parliaments, as demonstrated in the case of the refusal of the original MoU by the Cypriot parliament; notes, however, that when consulted, national parliaments were faced with the choice between eventually defaulting on their debt or accepting Memoranda of Understanding negotiated between the Troika and national authorities; points out that the MoU was not ratified by the national parliament in Portugal; notes with concern that the fact that the Troika is made up of three independent institutions with an uneven distribution of responsibility between them, coupled with differing mandates, as well as negotiation and decision-making structures with different levels of accountability, has resulted in a lack of appropriate scrutiny and democratic accountability of the Troika as a whole;
57. Regrets the fact that by reason of its statutes the IMF cannot appear formally before or report in writing to national or European parliaments; notes that the IMF's governance structure foresees accountability towards the 188 member countries via the IMF Board; stresses that the IMF's involvement as lender of last resort providing up to one third of the funding places the institution in a minority role;
58. Notes that, following preparatory work by the Troika, formal decisions are made, separately and in accordance with their respective legal statutes and roles, by the Eurogroup and the IMF, who thus respectively acquire political responsibility for Troika actions; further notes that a crucial role is now accorded to the ESM as the organisation responsible for deciding on financial assistance granted by eurozone member states, thus putting national executives of member states of the euro area, including the governments of those directly concerned, at the centre of any decisions taken;
59. Notes that the democratic legitimacy of the troika at national level derives from the political responsibility of Eurogroup and ECOFIN members before their respective

national parliaments; regrets that the troika lacks means of democratic legitimacy at EU level because of its structure;

60. Deplores the way EU institutions are being portrayed as the scapegoat for adverse effects in Member States' macroeconomic adjustment, when it is the Member States' finance ministers who bear the political responsibility for the Troika and its operations; stresses that this may lead to increased Euroscepticism although responsibility lies with the national and not the European level;
61. Calls on the Eurogroup, the Council and the European Council to assume full responsibility for the operations of the Troika;
62. Points out that the ESM is an intergovernmental body which is not part of the European Union legal structure and is bound by the unanimity rule in the regular procedure; believes that for this reason a spirit of mutual commitment and solidarity is required; notes that the ESM Treaty has introduced the principle of loan conditionality, in the form of a macroeconomic adjustment programme; points out that the ESM treaty does not define further the content of conditionality or adjustment programmes, thus allowing great leeway in recommending such conditionality;
63. Expects the national courts of auditors to fully assume their legal responsibilities with regard to certifying the legality and regularity of financial transactions and the effectiveness of supervisory and control systems; calls on the supreme audit institutions, in this connection, to reinforce their cooperation, in particular by exchanging best practices;

Proposals and recommendations

64. Welcomes the willingness of the Commission, the ECB, the President of the Eurogroup, the IMF, the national governments and central banks of Cyprus, Ireland, Greece and Portugal, as well as the social partners and representatives of civil society, to cooperate and participate in the evaluation by Parliament of the role and operations of the Troika, including by answering the detailed questionnaire and/or participating in formal and informal hearings;
65. Deplores the fact that the European Council did not sufficiently take into account the proposals contained in its resolution of 6 July 2011 on the financial, economic and social crisis; emphasises that implementing them would have fostered economic and social convergence in the Economic and Monetary Union and would have afforded measures to coordinate economic and budgetary policy full democratic legitimacy;

The short to medium term

66. Calls, as a first step, for the establishment of clear, transparent and binding rules of procedure for the interaction between the institutions within the Troika and the allocation of tasks and responsibility therein; strongly believes that a clear definition and division of tasks is needed in order to enhance transparency and to enable a stronger democratic control over and underpin the credibility of the work of the Troika;
67. Calls for the development of an improved communication strategy for ongoing and future

financial assistance programmes; urges that this concern be given the utmost priority, as inaction on this front will ultimately damage the image of the Union;

68. Calls for a transparent evaluation of the awarding of contracts to external consultants, the lack of public tenders, the very high fees paid and the potential conflicts of interests;

Economic and social impact

69. Recalls that the Parliament's position on Regulation 472/2013 entailed introducing provisions requiring the macroeconomic adjustment programmes to include contingency plans in case baseline forecast scenarios should not materialize and in case of slippage due to circumstances outside the control of the Member State under assistance, such as unexpected international economic shocks; stresses that such plans are a prerequisite for prudent policymaking, given the fragility and poor reliability of economic models underpinning programme forecasts as illustrated in all Member States under assistance programmes;
70. Urges the EU to closely monitor the financial, fiscal and economic evolution in the Member States and to create an institutionalised system of positive incentives to duly reward those who meet best practices in this regard and those who fully comply with their adjustment programmes;
71. Demands that the Troika take stock of the current debate on fiscal multipliers and consider revision of the MoUs on the basis of the latest empirical results;
72. Asks the Troika to proceed to new debt sustainability assessments and, as a matter of urgency, to address the need to reduce the Greek public debt burden as well as the severe capital outflows from Greece, which are contributing significantly to the vicious circle characterising the current economic depression in the country; recalls that a number of possibilities exist for a debt restructuring, besides a haircut on bond principals, including bond swapping, extending bond maturities and reducing coupons; believes the different possibilities for debt restructuring should be carefully weighed;
73. Insists that the MoUs must be made to respect, where this is not the case, the objectives of the European Union, i.e. the promotion of employment and improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, as well as proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion, as stated in Article 151 TFEU; supports the cautious prolongation of fiscal adjustment timeframes that have already been fulfilled in the memoranda as fears of general meltdown receded; supports considering further adjustments in light of further macroeconomic developments;
74. Regrets that the burden has not been shared among all who acted irresponsibly and that the protection of bondholders was seen as an EU necessity in the interests of financial stability; asks the Council to activate the framework it decided on the treatment of legacy assets so as to breakdown the vicious circle between sovereigns and the banks and alleviate the public debt burden in Ireland, Greece, Portugal and Cyprus; urges the Eurogroup to deliver on its commitment to examine the situation of the Irish financial sector with a view to further improving the sustainability of the adjustment in Ireland, and,

having regard to all of the above, urges the Eurogroup to make good on the commitment to Ireland to deal with this bank debt burden; believes special consideration should be given to the application of the Stability and Growth Pact to relevant legacy debt, since the latter is perceived in Ireland as unfair and as burdening the country under the flexibility provisions of the reformed pact; considers that in the longer term the distribution of the costs should reflect distribution of the protected bondholders; takes note of the Irish authorities' demand for a transfer of a share of public debt corresponding to the cost of the bailout of the financial sector to the ESM;

75. Recommends that the Commission, the Eurogroup and the IMF should explore further the concept of 'contingent convertible bonds', where the returns of newly issued sovereign debt in Member States under assistance are linked to economic growth;
76. Recalls the need for measures to safeguard tax revenues, in particular for programme countries, as enshrined in Regulation No 472/2013 of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (the Gauzès report), by taking 'measures in close cooperation with the Commission and in liaison with the ECB and, where appropriate, with the IMF, aiming to reinforce the efficiency and effectiveness of revenue collection capacity and the fight against tax fraud and evasion, with a view to increasing its fiscal revenue'; recalls that effective steps to fight and prevent fiscal fraud both within and outside the EU should be taken rapidly; recommends implementing measures that would make all parties contribute fairly to tax revenues;
77. Calls for the publication of the use made of bail-out funds; stresses that the quantity of funds channelled to finance the deficits, fund the government and repay private creditors should be clarified;
78. Calls for an effective involvement of social partners in the design and implementation of adjustment programmes, current and future; believes that agreements reached by social partners in the framework of the programmes should be respected insofar as they are compatible with the programmes; emphasises that Regulation (EU) No 472/2013 provides that assistance programmes shall respect national practices and institutions for wage formation;
79. Calls for the involvement of the EIB in the design and implementation of investment-related measures in order to contribute to economic and social recovery;
80. Regrets that the programmes are not bound by the Charter of Fundamental Rights of the European Union, the European Convention of Human Rights and the European Social Charter, due to the fact that they are not based on Union primary law;
81. Stresses that the European institutions need to respect Union law, including the Charter of Fundamental Rights of the European Union, under all circumstances;
82. Stresses that pursuing economic and financial stability in the Member States and the Union as a whole must not undermine social stability, the European social model or the social rights of EU citizens; stresses that involvement of the social partners in the economic dialogue at European level, as provided for in the Treaties, must be on the

political agenda; calls for the necessary involvement of the social partners in the design and implementation of current and future adjustment programmes;

The Commission

83. Calls for full implementation and full ownership of Regulation (EU) No 472/2013; calls on the Commission to start interinstitutional negotiations with Parliament in order to define a common procedure for informing the competent committee of Parliament on the conclusions drawn from the monitoring of the macroeconomic adjustment programme, as well as the progress made in the preparation of the draft macroeconomic adjustment programme provided for in Article 7 of Regulation (EU) No 472/2013; reminds the Commission to conduct and publish ex-post evaluations of its recommendations and its participation in the Troika; asks the Commission to include such assessments in the review report foreseen in Article 19 of Regulation (EU) No 472/2013; reminds the Council and the Commission that Article 16 of Regulation (EU) No 472/2013 provides that Member States in receipt of financial assistance on 30 May 2013 shall be subject to that Regulation as from that date; calls on the Council and the Commission, in conformity with Article 265 TFEU, to act in order to streamline and align the ad hoc financial assistance programmes with the procedures and acts referred to in Regulation (EU) No 472/2013; calls on the Commission and the co-legislators to draw the relevant lessons from the troika experience when designing and implementing the next steps of the EMU, including when revising Regulation (EU) No 472/2013;
84. Reminds the Commission and the Council of its position adopted in plenary regarding Regulation (EU) No 472/2013; emphasises in particular that it has laid down provisions in this position which increase further the transparency and accountability of the decision-making process leading to the adoption of macroeconomic adjustment programmes, providing for a clearer and well-delimited mandate and overall role for the Commission; asks the Commission to reassess such provisions and integrate them into the framework in case of a future proposal to amend Regulation (EU) No 472/2013; recalls, from that perspective, that the preparation of future assistance programmes shall be placed under the responsibility of the Commission, which should seek advice, where appropriate, from third parties such as the ECB, the IMF or other bodies;
85. Requests full accountability of the Commission in line with and beyond Regulation (EU) No 472/2013 when it acts in its capacity as a member of the EU assistance mechanism; requests that the Commission representatives in that mechanism be heard by Parliament before taking up their duties; demands that they be subjected to regular reporting to Parliament;
86. Proposes that for each programme country the Commission should set up a 'growth task force' consisting inter alia of experts from (inter alia) the Member States and the EIB, in association with representatives of the private sector and civil society in order to allow ownership, to suggest options to promote growth which would complement fiscal consolidation and structural reforms; this task force would have the objective of restoring confidence and therefore enabling investments; the Commission should build on the experience of the 'twinning' instrument for cooperation between public administrations of Member States and of beneficiary countries;

87. Is of the opinion that the situation of the euro area as a whole (including spillover effects on other Member States resulting from national policies) should be better taken into account when looking at the Macroeconomic Imbalances Procedure (MIP) or when the Commission is drafting the AGS;
88. Believes that the MIP should also clearly assess any Member State's overreliance on a particular sector of activity;
89. Asks the Commission to proceed to a thorough examination in the light of state aid rules of the liquidity provisions of the ESCB;
90. Instructs the Commission, in its capacity of 'guardian of the Treaties', to present by the end of 2015, a detailed study of the economic and social consequences of the adjustment programmes in the four countries, in order to provide a precise understanding of both the short-term and long-term impact of the programmes, thus enabling the resulting information to be used for future assistance measures; asks the Commission to use all relevant consultative bodies, including the Economic and Financial Committee, the Employment Committee and the Social Protection Committee, when drafting this study, and to fully cooperate with Parliament; believes the report of the Commission should also reflect the assessment of the European Agency of Fundamental Rights;
91. Calls on the Commission and Council to ensure the involvement of all relevant Directorate -Generals (DGs) of the Commission and national ministries in the MoU discussions and decisions; highlights in particular the role DG Employment has to play alongside DG ECFIN and DG MARKT in ensuring that the social dimension is a key consideration in the negotiations and that the social impact is also taken into account;

The ECB

92. Requests that in any reform of the Troika framework the ECB's role is carefully analysed, in order to align it with the ECB mandate; requests especially that the ECB be given the status of a silent observer with a transparent and clearly defined advisory role while, not allowing it to be a full negotiation partner and discontinuing the practice of the ECB co-signing mission statements;
93. Asks the ECB to conduct and publish ex-post evaluations of the impact of its recommendations and its participation in the Troika;
94. Recommends that the ECB update its guidelines on Emergency Liquidity Assistance (ELA) and its collateral framework regulations, in order to enhance the transparency of liquidity provisions in Member States under assistance and increase the legal certainty surrounding the solvency concept used by the ESCB;
95. Calls on the ECB and the national central banks (NCBs) to publish comprehensive information on ELAs in a timely fashion, including on the conditions for support such as solvability, the way the ELAs are financed by the NCBs, the legal framework and their practical functioning;

The IMF

96. Believes that after years of experience in designing and implementing financial programmes, the European institutions have acquired the necessary know-how to design and implement them by themselves, with the IMF's involvement being redefined along the lines proposed in this report;
97. Calls for any future involvement of the IMF in the euro area to remain optional;
98. Calls on the IMF to redefine the scope of any future involvement on its part in EU-related assistance programmes, such that it becomes a catalytic lender providing minimum financing and expertise to the borrowing country and the EU institutions while retaining the option of exit in case of disagreement;
99. Asks the Commission, in accordance with Article 138 TFEU, to propose appropriate measures to ensure unified representation of the euro area within the international financial institutions and conferences and particularly in the IMF, in order to replace the current system of individual Member State representation at the international level; notes that this requires a change in the statutes of the IMF;
100. Calls for the consultation of Parliament on the involvement of the IMF in the euro area on an ad hoc basis;

The Council and the Eurogroup

101. Calls for a reassessment of the decision-making process of the Eurogroup so as to include appropriate democratic accountability at both national and European levels; calls for European guidelines to be established in order to ensure appropriate democratic control over the implementation of measures at national level which take into account the quality of employment, social protection, health and education and ensure access for all to social systems; proposes that being the permanent chair of the Eurogroup should be a full-time responsibility; suggests that the chair be one of the Vice-Presidents of the Commission, to be accountable to Parliament; calls, in the short run, for the establishment of a regular dialogue between the Troika and Parliament;
102. Calls on the Eurogroup, the Council and the European Council to assume full responsibility for the operations of the Troika; is concerned, in particular, to improve the accountability of decisions of the Eurogroup with regard to financial assistance, as finance ministers bear the ultimate political responsibility for macroeconomic adjustment programmes and their implementation while often neither being directly accountable to their national parliament nor the European Parliament for specific decisions; believes that before financial assistance is granted the President of the Eurogroup should be heard before the European Parliament and the EU finance ministers in their respective parliament; stresses that the President of the Eurogroup and the finance ministers should both be required to regularly report to the European Parliament and national parliaments;
103. Urges all Member States to increase their national ownership in the European Semester's workings and decisions and to carry out all measures and reforms they have agreed to in the context of the country-specific recommendations (CSRs); recalls that the Commission has identified a significant degree of progress in comparison with previous years in only 15 % of the approximately 400 CSRs;

The ESM

104. Stresses that with the phasing-out of the Troika, an institution will need to take over the scrutiny of ongoing reforms;
105. Emphasises that the creation of the EFSF and the ESM outside the institutions of the Union represents a setback in the development of the Union, essentially at the expense of Parliament, the Court of Auditors and the Court of Justice;
106. Demands that the ESM be integrated in the Union's legal framework and evolve towards a Community-based mechanism, as provided for in the ESM Treaty; demands that it be made accountable to the European Parliament and the European Council, including with respect to decisions to grant financial assistance as well as decisions to grant new loan tranches; acknowledges that as long as Member States make direct contributions from their national budget to the ESM, they should approve financial assistance; calls for the ESM to be further developed, with adequate lending and borrowing capacities, and for the establishment of a dialogue between the ESM board and the European social partners and the integration of the ESM into the EU budget; calls on the members of the ESM, until the above becomes reality, to abstain from the unanimity requirement in the short run in order to allow standard decisions to be taken by a qualified majority rather than by unanimity, and to allow for precautionary assistance to be given;
107. Asks the Council and the Eurogroup to respect the commitment made by the President of the European Council to negotiate an interinstitutional arrangement with the European Parliament in order to establish an appropriate interim mechanism for increasing the accountability of the ESM; calls also in that context for greater transparency in the proceedings of the ESM Governing Council;
108. Underlines that the ECJ 'Pringle' case-law and jurisprudence opens up the possibility of bringing the ESM within the Community framework, with a constant Treaty on the basis of Article 352 TFEU; calls, therefore, on the Commission to put forward, by the end of 2014, a legislative proposal with that objective;

The medium to long term

109. Calls for the memoranda to be placed within the framework of Community legislation so as to promote a credible and sustainable consolidation strategy, thus also serving the objectives of the Union's growth strategy and the declared social cohesion and employment objectives; recommends that for assistance programmes to be vested with appropriate democratic legitimacy, the negotiation mandates should be submitted to a vote in the European Parliament, and that Parliament should be consulted on the resulting MoUs;
110. Reiterates its call for decisions related to the strengthening of the EMU to be taken on the basis of the Treaty on European Union; takes the view that departure from the Community method with increased use of intergovernmental agreements (such as contractual agreements) divides, weakens and challenges the credibility of the Union, including the euro area; is aware that full respect of the Community method in further reforms of the Union assistance mechanism might require treaty change, and stresses that any such changes must fully involve the EP and be subject to a convention;

111. Is of the opinion that the option of a Treaty change allowing for the extension of the scope of the present Article 143 TFEU to all Member States, instead of being restricted to non-euro Member States, should be explored;
112. Calls for the creation of a European Monetary Fund (EMF) on the basis of Union law, which would be subject to the Community method; believes that such an EMF should combine the financial means of the ESM geared to supporting countries experiencing balance of payments problems or facing state insolvency with the resources and experience that the Commission has acquired over the last few years in this field; points out that such a framework would avoid the possible conflicts of interest inherent to the Commission's current role as an Eurogroup agent and its much more encompassing role of 'guardian of the treaty'; believes that the EMF should be subjected to the highest democratic standards of accountability and legitimacy; believes that such a framework would ensure transparency in the decision-making process and that all institutions involved are made fully responsible and accountable for their actions;
113. Is of the opinion that a treaty revision will be required in order to fully anchor the EU crisis prevention and resolution framework on the basis of legally sound and economically sustainable grounds;
114. Is of the opinion that the option of developing a mechanism with clear procedural steps for countries which are in danger of insolvency should be explored, following the rules of the 6-pack and the 2-pack; in this context, encourages the IMF, and asks the Commission and the Council to bring the IMF to a common position in order to reignite the debate around an international sovereign debt restructuring mechanism (SDRM) with a view to adopting a fair and sustainable multilateral approach in this domain;
115. Summarises its recommendation that the respective roles and tasks of each participant in the Troika should be clarified in the following ways:
- a) a European Monetary Fund, which would combine the financial means of the ESM and the human resources that the Commission has acquired over the last few years, would take over the Commission's role, allowing the latter to act in conformity with Article 17 of the TEU and in particular to act as guardian of the Treaties;
 - b) the ECB would participate as a silent observer during the negotiation process, in order to enable it to raise strong concerns in its advising role to the Commission, and later to the European Monetary Fund if appropriate;
 - c) the IMF, should its involvement be strictly necessary, would be a marginal lender and therefore could leave the programme if in disagreement;
116. Considers that the work started with this report should be followed up; calls on the next Parliament to pursue the work of this report and to develop further its key findings and to investigate further;
117. Instructs its President to forward this resolution to the European Council, the Council, the Eurogroup, the Commission, the European Central Bank and the IMF.

EXPLANATORY STATEMENT

The overall objective of the report is to evaluate the functioning of the Troika in the ongoing programmes in the four countries: Greece, Portugal, Ireland and Cyprus. This includes the following elements to be subject to scrutiny:

- Legal base, mandate and structure of the Troika;
- Decision-making process within the institutions and in relation to other “institutions” (e.g. the Eurogroup, national Finance Ministers etc.)
- Democratic legitimacy
- “Theoretical” basis for decisions (statistics, forecasts, economic expectations etc.)
- Consequences of Troika work (incl. looking into possible contraventions or maladministration)

The co-rapporteurs would like to emphasise that this present draft report is a basis for the subsequent political discussions, delegations to relevant Member States and hearings of various stakeholders in the beginning of 2014. It records the history and state of play, but it does not attempt to draw final conclusions or recommendations which are to be drawn following substantial work in the coming months.

As a first step, the below questionnaire was sent out on 22 November 2013 to EU level decision-makers (A) as well as national governments of the four Member States (B) concerned. The answers will be evaluated in the course of the procedure.

A. Questionnaire to the European Commission, ECB, IMF, Eurogroup and European Council

DESIGN AND ADOPTION OF THE FINANCIAL ASSISTANCE PROGRAMMES

1. Who decided on behalf of your institution on an involvement in the financial assistance programmes of, respectively, EL, IE, PT and CY? When were these decisions taken, respectively?
2. What was your role and function, respectively, in the negotiation and set-up of the financial assistance programme including the definition of policy objectives and main measures as well as their implementation, respectively, in EL, IE, PT and CY? According to which criteria have the reform priorities been identified?
3. Describe in detail assumptions and methodology (in particular as regards fiscal multipliers) used to forecast debt sustainability at the beginning and in the course of each programme and design fiscal measures. What was the modus operandi leading to the adoption of draft programmes?
4. Did you get all the relevant information, including statistics, from the Member states to make a correct assessment and plan for optimal assistance plans?

5. How much leeway did the countries concerned have to decide upon the design of the necessary measures (consolidation or structural reforms)? Please explain for each country.
6. Did any of the Member States (EL, IE, PT, CY) put forward, as a precondition for their approval of the MoU, a claim for specific measures as part of the MoU? If so, please elaborate on these requests.
7. Did any of the other Member States put forward, as a precondition for their approval of granting financial assistance, specific measures to be included in the programmes? If so, who did and what were these for each programme?
8. To what extent was the Eurogroup involved in the detailed design of the programmes? Please describe in detail the process within the Eurogroup that led to a decision on the content and the approval of the programmes in each case. Did the Eurogroup provide a written mandate to the EU negotiators of the troika including inter alia objectives and priorities?
9. How and when did the troika report back to the Eurogroup/EFC?
10. Does the ESM play a role in the negotiation and set-up of financial assistance programmes? If so, in how far?

FUNCTIONING OF THE PROGRAMMES

11. Do you consider that all consolidation measures/structural reforms were equally spared/divided among citizens and between the private and the public sector? Please explain.
12. Please describe the quality of the cooperation among the Troika institutions on site. Which role did the Commission, the ECB and the IMF play at these works respectively? How are concrete measures or decisions proposed/made by the Troika?
13. What was the interplay between the “Task Force”, which was launched by the Commission in 2011, and the Troika?
14. How does the collaboration with the national authorities work? How far are the concerned Member States involved in the decision-making process
15. Who adopts the final decision on concrete measures to be taken by the concerned Member States?
16. How many times were representatives of the Troika heard in front of national Parliaments? Do you consider that the measures implemented have benefited from appropriate democratic accountability and legitimacy?
17. Were the agreed programmes correctly and timely carried out? If not, what were the reasons and what were the consequences on effectiveness and affectivity of the programmes?
18. How many cases of infringement of national law challenging the legality of the decisions arising out of the MoU are you aware of in each country? Did the Commission and the

ECB proceed to an assessment of the compliance and consistency of the measures negotiated with the Member States with EU fundamental rights obligations referred to in the Treaties?

19. Are you satisfied with the objectives and the effective outcomes of the programme in each country?
20. Did external factors, which occurred while the programmes were carried out, influence the results?
21. What impact did the entry into force of Regulation (EU) No 472/2013 have on the implementation of the programmes? Please give details how and to what extent the provisions of the Regulation have been implemented.
22. What in your opinion would have happened in the programme countries if the EU and the IMF hadn't provided financial assistance?
23. [to the ECB] - Do you consider the Emergency Liquidity Assistance (ELA) programme to have been correctly implemented in each country? Please elaborate on your answer.
24. [to the ECB] - Did all ECB Governing Council Members support all programmes in all countries? Please explain any possible deviations.
25. What measures were taken to avoid conflicts of interest between the creditor function of the ECB with respect to the banking system in Member States experiencing financial difficulties?
26. [to the ECB] - Press leaks suggest that letters were sent by the ECB to countries under the programme requiring reforms and imposing conditions in exchange for liquidity support and open market operations. Were such letters sent? If yes to whom, why and what was the content?
27. [to the IMF] - Did all IMF Executive Board Members support all programmes in all countries? Please explain any possible deviations.
28. [to the COM] - Were Seconded National Experts from the country in question on site? If yes, how did you ensure independence? In your answer take into account that in the case of the IMF, no official from the country involved works on that country.
29. According to which criteria were firms selected for audit/advisory roles for financial institutions in programme Member States? Was there a public tendering procedure? If not, why?

B. Questionnaire sent to the Member States under a financial assistance programme

1. If applicable, why did your country decide to request a financial assistance programme?
2. What was your role and function in the negotiation and set-up of the financial assistance programme for your country?
3. What was the role of the national Parliament in the negotiation of the MoU? How did the

government present the text to the Parliament? How did the Parliament adopt the final MoU? Did social partners take part in the discussion on MoU?

4. How much leeway did you have to decide upon the design of the necessary measures (consolidation or structural reforms)? Please explain.
5. Do you consider that that all consolidation measures/structural reforms were equally spared/divided among citizens? Please explain.
6. Please describe the quality of the cooperation between your authorities and the Troika institutions on site.
7. What impact did the entry into force of Regulation (EU) No 472/2013 have on the implementation of the programmes? Did you make use of the provisions of the Regulation, particularly Article 7 (11)? If not, why?
8. How many cases of infringement of national law challenging the legality of the decisions arising out of the MoU are you aware of in your country?
9. Are you satisfied with the objectives and the effective outcomes of the programme in your country?

6.2.2014

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Economic and Monetary Affairs

on Enquiry report on the role and operations of the Troika (ECB, Commission and IMF) with regard to the euro area programme countries (2013/2277(INI))

Rapporteur: Michael Theurer

SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Stresses that at the beginning of the financial crisis, 16 out of 17 Member States of the euro area were in breach of the Maastricht criteria; recalls the importance of the Member States' compliance with European legislation; believes that the budgetary control mechanisms need to be enhanced to implement the policy for jobs and growth in the euro area that is laid down in both the Lisbon strategy and Europe 2020 strategy; points out that the Union failed to provide effective early warnings and subsequently take action on the excessive accumulated deficits of those countries affected by the crisis and lacked the proper monitoring mechanisms for oversight thereof;
2. Recognises that European tax payers have demonstrated considerable solidarity with crisis countries and that significant efforts in crisis countries have been made to tackle structural problems;
3. Underlines that commitments to structural reforms are a precondition for financial support in the euro area;
4. Stresses that the democratic legitimacy of Troika negotiations and Eurogroup decisions are weak and should be strengthened, bearing in mind that the Troika is merely a technical body;
5. Believes that its macroeconomic adjustment programmes should also be evaluated with a view to further improving the legal and institutional provisions for a more effective budgetary control system;
6. Expects the national courts of auditors to fully assume their legal responsibilities with

regard to certifying the legality and regularity of financial transactions and the effectiveness of supervisory and control systems; calls on the supreme audit institutions, in this connection, to reinforce their cooperation, in particular by exchanging best practices;

7. Calls on the Member States to reinforce expertise in governmental organisations and central banks so as to reduce the risk of obligation to pay for external expertise;
8. Emphasises that the European Stability Mechanism (ESM), an international organisation located in Luxembourg acting as a permanent source of financial assistance for Member States in financial difficulty, which has a maximum lending capacity of EUR 500 billion, should be held directly accountable to Parliament; expects the ESM to issue a complete report every six months on its activities to the Parliament committees concerned; strongly recommends, in this connection, that the ESM move towards Community-method management, as provided for in the ESM Treaty; demands also that the ESM be held accountable to Parliament;
9. Criticises the fact that the ESM Treaty lacks sufficient provisions to ensure effective external auditing; regrets the fact that in Article 24 (on the board of auditors) of the bylaws of the Treaty the Court of Auditors may nominate only one member, while the Chairperson may propose two;
10. Is concerned over the provisions of Article 24, paragraph 6 of the by-laws of the Treaty, under which the procedure agreed upon for informing Parliament is to issue only the annual report of the Board of Auditors to Parliament; underlines Parliament's right to hold a debate on the annual report with the Board of Auditors in the presence of the Board of Governors of the ESM;
11. Expects that the Commission, the Council and the Member States develop a coherent and strong policy to fight tax evasion (including evasion of VAT) and tax fraud, including coordinated action against offshore financial transactions and tax heavens, without any further delay;
12. Points out that the co-financing rates for EU structural funds were topped up to 95 % for some of the Member States which have been most affected by the crisis and which have received financial assistance under an adjustment programme; Stresses that local and national administrations need to be strengthened to cope with the implementation of EU legislation and programmes in order to speed up the absorption of structural funds;
13. Regrets the insufficient results of the Lisbon strategy and recalls that the focus of EU support should be on growth and employment;
14. Takes note of demands for the establishment of a European Monetary Fund (EMF), replacing the Troika and the European Stability Mechanism (ESM); considers that such an EMF would need to be established using EU instruments, but financed by the Member States' taxpayers; draws the attention to the importance of a credible and independent crisis management; deems it therefore a priority that the IMF remains involved in European crisis management.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	22.1.2014
Result of final vote	+: 21 -: 2 0: 1
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Ingeborg Gräßle, Cătălin Sorin Ivan, Monica Luisa Macovei, Monika Panayotova, Petri Sarvamaa, Theodoros Skylakakis, Søren Bo Søndergaard, Michael Theurer
Substitute(s) present for the final vote	Thijs Berman, Barbara Weiler
Substitute(s) under Rule 187(2) present for the final vote	Emer Costello, Jürgen Creutzmann, Albert Deß, Ismail Ertug, Richard Falbr, Peter Jahr, Elisabeth Jeggle, Teresa Jiménez-Becerril Barrio

11.2.2014

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the enquiry report on the role and operations of the Troika (ECB, Commission and IMF)
with regard to the euro area programme countries
(2013/2277(INI))

Rapporteur: Helmut Scholz

SUGGESTIONS

The Committee on Constitutional Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas the recently developed financial assistance instruments for euro area countries are not based on EU primary law, and whereas Article 143 TFEU explicitly lays down the instruments for countries outside the euro area;
- B. whereas the European Court of Justice, referring to Article 13(3) of the ESM Treaty, has recently confirmed (in the Pringle Case) that the European Commission by its involvement in the ESM Treaty has to ‘promote the general interest of the Union’ and to ‘ensure that the memoranda of understanding concluded by the ESM are consistent with European Union law’;
- C. whereas Article 151 TFEU provides that action taken by the EU and its Member States must be consistent with the fundamental social rights laid down in the 1961 European Social Charter and the 1989 Community Charter of the Fundamental Rights of Workers in order to improve, inter alia, the social dialogue;
- D. whereas Article 152 TFEU states that: ‘the Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy’;
- E. whereas the conditions for financial assistance are jointly agreed between relevant EU institutions, the ESM and the IMF, but the final decision is always taken by the ESM board, on the basis of an MoU negotiated between the Troika and the government of the

Member State concerned;

- F. whereas the Troika was an ad-hoc solution adopted under considerable time pressure arising from the economic crisis when decisions had to be taken urgently to support countries experiencing extreme difficulties, to avoid a disorderly default and the contagion of the crisis to other Member States, to stop speculation on sovereign debt, and to prevent the melt-down of the euro area;
- G. whereas the MoU signed by euro area countries seeking financial assistance have negative impacts on citizens' social rights; whereas, in this context, it is of the utmost importance to ensure that the development and implementation of the financial assistance programmes are subject to appropriate democratic accountability both at European and national level;
1. Emphasises that the creation of the EFSF and the ESM outside the institutions of the Union represents a setback in the development of the Union, essentially at the expense of Parliament, the Court of Auditors and the Court of Justice;
 2. Calls for a Treaty change in order to create a single financial assistance instrument within the Community framework for all EU Member States since any departure from the Community method and increased use of intergovernmental agreements would weaken the Union; believes that such a change should provide the Union and its institutions with the means to address swiftly and efficiently and with due democratic legitimacy any challenges that might endanger the economic, financial and social stability of the euro area and its Member States in the future; calls therefore for the creation of a European Monetary Fund (EMF);
 3. Takes the view that the Troika has been established as a backup and emergency solution to save the euro area project and the economic and financial solidity of its member countries, but, from now on, a permanent approach and mechanism focused on the objectives of sustainable growth and financial stability should exist to prevent and deal with similar situations;
 4. Regrets that the system of financial assistance has not yet been brought under proper parliamentary scrutiny and accountability in the framework of the EU Treaties;
 5. Considers that the current analysis of the Troika's work on Programme Member States should be used as an important source of information to learn lessons from the past and adopt new approaches on the new mechanisms that should be created to prevent expensive corrective costs for European economies in the future;
 6. Notes that, while the MoU negotiations and the Troika's mandate have been perceived as lacking in transparency, national voters in the programme countries had the opportunity to express their approval with the general lines of the adjustment programmes;
 7. Insists that it is primarily the European Commission, as one of the European institutions involved in defining, deciding and monitoring the compliance of national governments' economic adjustment programmes with the MoU, that must be accountable to the European Parliament; calls for the next Convention to render the relevant decisions subject to regular reporting to the European Parliament; underlines the need to ensure the direct democratic accountability of the European institutions to the European Parliament

and of Member State governments to their national parliaments;

8. Stresses that pursuing economic and financial stability in the Member States and the Union as a whole must not undermine social stability, the European social model and the social rights of EU citizens; stresses that involvement of the social partners in the economic dialogue at European level, as provided for in the Treaties, must be on the political agenda; calls for the necessary involvement of the social partners in the design and implementation of current and future adjustment programmes;
9. Calls for an urgent clarification of the respective responsibilities of the institutions participating in the Troika and their relations with the Eurogroup;
10. Believes that the euro area's relationship with the IMF should be redefined, with a view to gradually phasing out the direct involvement of the IMF in the resolution of euro area sovereign debt problems;
11. Stresses that the EU institutions are fully bound by Union law and that within the Troika they are obliged to act in accordance with fundamental rights, which, under Article 51 of the Charter of Fundamental Rights of the European Union, apply at all times.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	11.2.2014
Result of final vote	+: 9 -: 4 0: 10
Members present for the final vote	Andrew Henry William Brons, Zdravka Bušić, Carlo Casini, Andrew Duff, Ashley Fox, Roberto Gualtieri, Zita Gurmai, Gerald Häfner, Daniel Hannan, Stanimir Ilchev, Constance Le Grip, Morten Messerschmidt, Sandra Petrović Jakovina, Paulo Rangel, Tadeusz Ross, Algirdas Saudargas, Indrek Tarand, Luis Yáñez-Barnuevo García
Substitute(s) present for the final vote	Elmar Brok, Zuzana Brzobohatá, Vital Moreira, Helmut Scholz, György Schöpflin, Rainer Wieland

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	24.2.2014
Result of final vote	+: 31 -: 10 0: 2
Members present for the final vote	Marino Baldini, Burkhard Balz, Jean-Paul Basset, Sharon Bowles, Udo Bullmann, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Diogo Feio, Markus Ferber, Elisa Ferreira, Ildikó Gáll-Pelcz, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Gunnar Hökmark, Othmar Karas, Wolf Klinz, Jürgen Klute, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Astrid Lulling, Ivana Maletić, Hans-Peter Martin, Sławomir Nitrás, Anni Podimata, Antolín Sánchez Presedo, Olle Schmidt, Theodor Dumitru Stolojan, Kay Swinburne, Sampo Terho, Ramon Tremosa i Balcells
Substitute(s) present for the final vote	Pervenche Berès, Zdravka Bušić, Sari Essayah, Danuta Maria Hübner, Krišjānis Kariņš, Olle Ludvigsson, Gay Mitchell, Nils Torvalds
Substitute(s) under Rule 187(2) present for the final vote	Alejandro Cercas, Emma McClarkin, Henri Weber