

Ralf Jansen, ESM General Counsel
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Ladies and gentlemen,

Thank you for giving me the chance to say a few words. My name is Ralf Jansen. I am the General Counsel and a member of the Management Board of the ESM. Today, we are talking about the ways in which parliamentarians scrutinise European Union economic governance. My institution, the European Stability Mechanism, obviously plays a role in that governance. Yet, it is not part of the European Union. It was set up by the euro area countries as an intergovernmental organisation.

Let me first explain what this means for ESM’s governance. I will then talk a bit about scrutiny of the ESM by national parliaments. I will also highlight our relationship with the European Parliament. And finally, I will look to what might change in the future.

So what is the reason that the ESM is not part of the EU legal framework? Well, at the height of the euro crisis in 2010, we needed a solution quickly. It was not clear then that the firewall that we wanted to build, could be incorporated in the EU Treaties at short notice. So, the EFSF was established as a company under Luxembourg law. This was a temporary solution. Its permanent successor, the ESM, was then established as a Treaty organization by the euro area Member States.

As a result, it is national parliaments that control the ESM. The relationship with the European Parliament can only be informal. That does not mean we lack democratic control. On the contrary. The German Constitutional Court in September 2012 found that the ESM Treaty respects the principle of democracy. The ruling also made clear that national parliaments have access to information pertaining to the ESM. So democracy is really in the DNA of the ESM.

It makes sense that national parliaments scrutinize the ESM. It is the euro area countries who provide our resources. How does this control take shape? The ESM Board of Governors consists of the euro zone finance ministers, who are accountable to their parliaments. Several parliaments are closely involved in their decisions. This ranges from simple information requirements to approval by the full plenary. We make sure to give the ministers enough time. Documents underlying decisions of our Board of Governors are prepared two weeks in advance. Ministers can then share them with parliaments. The ESM cannot pass on information directly to national parliaments. This is enshrined in our governance laws. Yet, we are always open to requests from parliaments to appear before them. Finally, we are rigorously overseen by our Board of Auditors.

Like I said, our relation with the European Parliament is an informal one. We have in the past had a regular dialogue, and this will continue. Our Managing Director, Klaus Regling, has stressed the importance of these meetings. Actually, he will appear before the Economic and Monetary Affairs Committee of the European Parliament in Brussels tomorrow. With him to testify will be the Dutch Finance Minister Jeroen Dijsselbloem, the President of the Eurogroup. Given that Minister Dijsselbloem is at the same time the Chairman of the ESM Board of Governors, he is effectively the “political representative” of the ESM. In the past, he reported on the Cypriot adjustment programme and on the implementation of adjustment programmes in Ireland, Spain, Portugal and Greece. In addition, there are other avenues to ensure dialogue with the European Parliament. These include information sharing by the Commission, which can inform the chairs and vice-chairs of relevant EP committees of the progress made in the draft macroeconomic adjustment programme, on a confidential basis. So you can see that this dialogue provides for some indirect involvement of the European Parliament in ESM matters.

In the brief time at my disposal, I hope I have given a sufficient oversight of the ways parliaments can look into the ESM. Of course, things could change in the future. A lot of thought is being spent on where the EMU is heading, and how to deepen integration. You will all have seen the “Five Presidents’ Report”. One of the ideas is the integration of the ESM into the EU legal framework. It is important to me as ESM’s chief lawyer that our institution has a watertight legal basis. One that all countries can agree on. A change in that legal basis might also have consequences for the role of the European Parliament. However, I would stress that such a change should not be detrimental to the role of national parliaments. After all, it is the member states who provide our resources.

I will stop here, and I look forward to our further discussion.