

European Union Participation to the International Financial regulatory System

- 1° Different concepts and actors: EC, EU, EMU, Euro area, Ecofin, Eurogroup, EC Commission.
- 2° The notion of participation: member or observer status
- 3° The concept of « international system »
- 4° What is meant by « regulatory »?
- 5° Is it possible to speak of « architecture »?

I. The representation of the EC/EU in IOs and other SSBs

1° The basic principle of conferred powers. The distinction between shared and exclusive competences. The pre-emptive effect of the adoption of common rules (see ERTA case law of 1971).

2° The importance of the configuration of the international context either private or public, informal or formal.

3° The opportunity for the EC/EU to speak with one voice also when competences are neither exclusive nor pre-empted (see Vienna European Council conclusions, Dec. 1998, under B)

I. Representation; general remarks.

Suite

4° The choice for pragmatism by the EC/EU and the lack of coherence of the representation

a. The lesser role of EC-Treaty provisions (article 111.4 EC). [See article 138 of TFEU] and the conclusions of the European Council (Luxembourg and Vienna, 1997 and 1998)

b. The reactions of the EC partners

c. The penetration of the ECB in the central banks Community

II. Most important examples

1° The participation of the EC/EU to the IMF. Observer status of the ECB at the EB (IMF Board Decision, December 1998). The double coordination: the SCIMF (Brussels) and the EURIMF (Washington). The limits of the coordination and its possible « perverse effects ». The role of the member state holding the recurrent presidency of the Council at the EB, GB and IMFC. The observer status of the Eurogroup (EG) and ECB presidents at the GB and IMFC. The EMU commissioner, the EG and ECB presidents in (IMF) multilateral consultations.

II. Most important examples (suite)

2° G20: at the meetings of G20 Finance ministers, the Ecofin president (not the EG president) and the ECB president represent the EC/EU. At the ad hoc summit meetings (Washington and London), the EU was represented by the Commission's president, the head of state (France, at Wash.) or Prime minister (Czech republic at London) in their quality of presidents of the European Council. In addition, were present the four European G7 members, plus two special invitees: The Netherlands and Spain.

II. Most important examples (suite 2)

3°. At the G7/G8 Finance Ministers level, the Commission has no automatic right to attend. The ECB president will attend for questions of his competences. The four European NCBs governors will attend for other matters. The president of the Eurogroup attends the meetings.

4°. FSF, later on, FSB: participation increased to all G20 members plus the EU Commission and Spain. At the FSF, the 4 European members of the G7 plus the Netherlands were already represented by regulatory or supervision authorities. The ECB was in the category of IOs, including the BIS (housing the secretariat), the IMF, the OECD and the World Bank.

II. Most important examples (suite 3)

5° Bank for International Settlements (BIS): The ECB has become a member of the BIS (see the possibility opened by article 53 of the charter of the BIS and article 6 of the ESCB/ECB statutes). Its president is an elected member of the BIS Board and the ECB has an observer status in the committees created on the aegis of the G10 and working in the sphere of the BIS.

III. The future of the EU in the IMF

1° The nature of the IMF: monetary or/and economic institution: see Articles of agreement, article I.

2° The main features of the Fund: a « country-based » organisation (185 members), the system of quotas (4 variables: GDP, openness, variability and reserves), the appointed and elected members of the Executive Board, the constituencies.

3° EU and other Europeans in the EB. The lack of coordination (see supra). The diverse status of the EU Member States in respect of the euro.

III. The future of the EU in the IMF (suite1)

4° The different views on the participation and representation of the EU within the IMF: status quo, mixed representation, single voice concept. The EU as the holder of its Member States' voices or the exclusive participation of the EU on its one right? The problems of the « Outs » EU Member States

5° The reactive attitude of the EU towards a meaningful reform of the IMF. The alibi of the lack of EU political union.

III. The future of the EU in the IMF (suite 2)

6° The mini-reform of 2008 on quotas and voices.
A first limited step towards a more legitimate IMF.

7° The decision of the G20 London Summit in favour of an accelerated new quotas and voices reform for 2011 and the declaration of intention on a broader reform and modernisation of the IFIs (point 20 of the London Declaration). See the abstract, page 5, N°6. The necessary compromise between efficiency and democracy (see Prof. Giovanoli speech).

Conclusions

Will the G20 survive as a more legitimate screening body than the G7/G8; or will they both co-exist in a competitive relationship? Alternatively, should we strengthen the IMF providing it with an efficient and legitimate organ of impulsion. This would need a comprehensive reform of the IFIs. This reform should organise the relations between the IMF and the FSB for more efficiency and accountability. Will the EU adopt in time a pro-active attitude vis-à-vis the reform?