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# EU Monetary Union



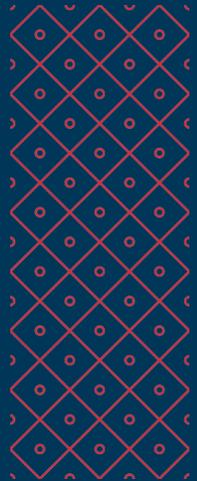
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## Chapter 1

# Introduction



# Economic and Monetary Union – Concept

EMU is a framework for economic integration among EU Member States

Combines a single monetary policy with coordination of national economic policies

Established by the Maastricht Treaty as a multi-stage process



# Stages of EMU

Stage I (1990–1993): free movement of capital and closer cooperation

Stage II (1994–1998): establishment of the European Monetary Institute

Stage III (since 1999): euro introduced and ECB assumes monetary policy



# Objectives of EMU

Price stability as the primary objective

Sound public finances and sustainable growth

High level of employment and social progress

Stability of the internal market (Arts. 3(4) TEU, 119 TFEU)

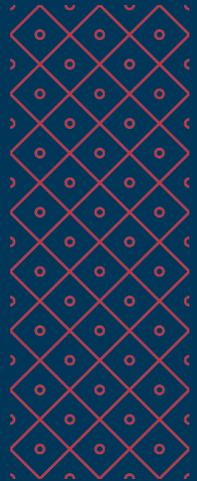


# Legal Basis of EMU

Articles 119–144 TFEU

Protocol on the Statute of the ESCB and ECB

Secondary legislation governing fiscal surveillance and banking supervision



## Chapter 2

# Monetary Policy



# Monetary Policy in EMU

Exclusive EU competence for euro area Member States

Implemented by the ECB and national central banks

Focus on controlling inflation through interest rate policy



# European Central Bank (ECB)

Core institution of EMU

Responsible for defining and implementing monetary policy

Issues euro banknotes and manages foreign reserves

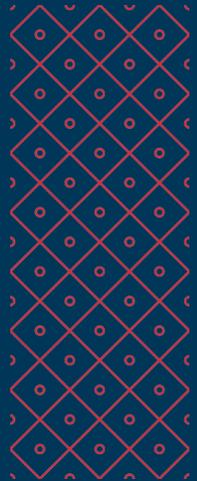


# Independence of the ECB

Guaranteed by the Treaties (Art. 130 TFEU)

Institutional, functional, personal and financial independence

Essential to credibility and effectiveness of monetary policy



## Chapter 3

# Economic Policy



# Economic Policy Coordination

Member States retain competence for economic policy

EU coordinates through guidelines and surveillance

Council and Commission monitor national policies (Art. 121 TFEU)



# Fiscal Policy and Budgetary Discipline

Fiscal policy remains primarily national

Subject to EU constraints to protect monetary stability

Avoidance of excessive deficits is a core EMU principle



# Stability and Growth Pact (SGP)

Adopted in 1997 to operationalise fiscal discipline

Applies preventive and corrective mechanisms

Strengthened after the sovereign debt crisis



# Preventive Arm of the SGP

Medium-Term Budgetary Objectives (MTOs)

Annual Stability and Convergence Programmes

Early warnings and recommendations

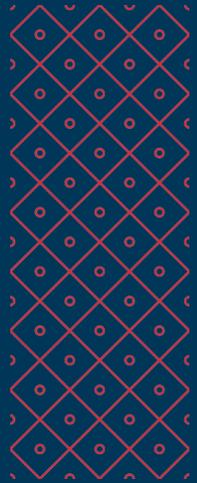


# Corrective Arm – Excessive Deficit Procedure

Triggered when deficit or debt thresholds are breached

Article 126 TFEU sets reference values

Sanctions possible for euro area Member States



## Chapter 4

# Banking Union



# Banking Union – Background

Established after the financial crisis

Aims to ensure financial stability in the euro area

Complements EMU by strengthening banking supervision

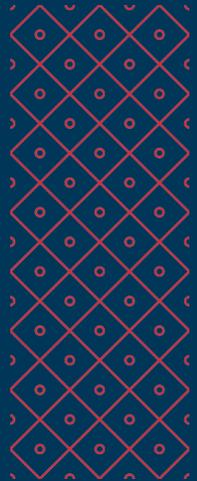


# Pillars of the Banking Union

Single Supervisory Mechanism (ECB-led supervision)

Single Resolution Mechanism for failing banks

European Deposit Insurance Scheme (still incomplete)



## **Chapter 5**

# **Challenges and Case-Law**



# Current Challenges of EMU

High public debt in several Member States

Reform of the Stability and Growth Pact

Completion of the Banking Union

Balancing solidarity and fiscal responsibility



# EMU in the Case Law of the CJEU

C-370/12 Pringle – ESM compatible with EU law

C-62/14 Gauweiler – ECB bond-buying upheld

C-493/17 Weiss – proportionality of asset purchases

Wide discretion of EU institutions confirmed



# Summary and Conclusions

EMU is a cornerstone of EU integration

Combines centralised monetary policy with coordinated fiscal discipline

Legal framework continues to evolve in response to crises



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