

Irish Presidency inauguration

Barroso: Banking union a “model for other subjects”

By Pierre Lemoine in Dublin | Thursday 10 January 2013

The European banking union, considered essential in the EU's efforts to defeat the economic crisis, emerged even more virtuous in José Manuel Barroso's comments at the 10 January inauguration in Dublin of the Irish EU Presidency, which will cover the first six months of 2013. “It may be a model for other subjects in Europe,” said the European Commission president at a joint press conference with Prime Minister Enda Kenny and Deputy Prime Minister Eamon Gilmore. “We think,” he explained, “that it was a very good thing to have obtained the member states' green light on the single supervisory mechanism, a key step towards banking union. [...] We saw that it was possible to come to agreement on consolidating economic and monetary union and on banking union even though there are countries that do not wish to join this banking union. So this marked a milestone in the history of our member states”.

Although Barroso declined to comment on “speculation” about the appointment of a French woman as the future supervisor of eurozone banks (see separate article), Gilmore voiced this amused reaction: “The question of the identity of this single supervisor is interesting because there would never even have been such a rumour a year ago. We are now talking about a decision by June. So I welcome the shift from scepticism over this banking union and the single supervisory mechanism to a situation where there is such confidence in their start-up that there is now even speculation about who will be named supervisor”.

Following in European Council President Herman Van Rompuy's footsteps a day later, Barroso voiced confidence that “the difficult period of the economic crisis is behind us. The doomsday scenario of a break-up of the euro area has now come to pass, even if we are not out of the woods yet”. The Taoiseach, Enda Kenny, reiterated that “Ireland's recovery is in Europe's interest,” a “sign of hope”. Ireland is arguing its own cause, hoping to secure an agreement soon on rescheduling the €64 billion debt it contracted to save its banks (see separate article). Kenny hopes to seal a deal under the Irish Presidency to ease, as from 2014, the burden on Irish taxpayers, who are obliged to finance the direct recapitalisation of banks: “We urge the member states to respect the spirit and the letter of the declaration of the European Council of June 2012, allowing the stability mechanism to recapitalise banks directly once the single supervisory system is in place”.

Barroso: Bank resolution text before summer

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The European Commission will present “before the summer” a legislative proposal to establish a single bank resolution mechanism, announced its President, José Manuel Barroso, on 15 January at the European Parliament in Strasbourg. The proposal will follow the single supervisory mechanism (SSM) for the banking sector, which is currently being negotiated. Barroso added: “I consider this a matter of utmost political priority”. The December 2012 European Council asked the Commission to present a proposal in 2013 establishing a single resolution mechanism for banks from states participating in the SSM. This preventive mechanism will be used to govern the resolution of failing banks (restructuring and liquidation at European level). The aim is to put an end to rescues of failing banks using public funds.