

Germany finance minister calls for swift banking union  
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Brussels (DPA) -- German Finance Minister Wolfgang Schaeuble called Tuesday for the eurozone to push ahead with a banking union, despite previously expressing doubts as to whether implementation was possible under current treaties.

"This is a priority project. We will quickly ... drive it forward," Schaeuble told students in Berlin at a joint talk with his French counterpart, Pierre Moscovici.

Schaeuble had previously said that treaty changes would be needed to establish a common eurozone resolution authority, which is considered one of three pillars for a banking union. It would come alongside a joint supervisor - to begin work next year - and an eventual shared deposit guarantee scheme.

"Of course we need institutional changes in the long term.

But, of course, we cannot wait - given the sluggish pace (of change) we have in Europe - until we have achieved treaty changes," Schaeuble said.

Instead, he said workable solutions must be found on the basis of existing treaties, and through cooperation between governments.

Schaeuble's statement indicates that German resistance to the plan could be fading, which could be key to implementation.

In Brussels, meanwhile, European Commission President Jose Manuel Barroso said the bloc's executive was on track to present plans for a single eurozone resolution authority next month.

Jeroen Dijsselbloem, the head of the Eurogroup of eurozone finance ministers, said time was pressing, as the first task of the single banking supervisor would be to review the quality of banks' assets.

"The outcome of that asset quality review we don't know yet.

But it might be worrying," he said, warning, "Just exposing problems in banks and not having an answer how to recapitalize banks ... that will be very dangerous."

The resolution mechanism must "ensure that those who have profited from a bank's risk-taking also bear the cost," said Dijsselbloem, who is also the Dutch finance minister.

"A clear hierarchy of claims will need to be agreed in this context," he said, adding that deposits of up to 100,000 euros (131,000 dollars) should be safeguarded.

Following the establishment of the eurozone bank supervisor and resolution mechanism, Dijsselbloem said a single deposit guarantee system would be the "final building block of the banking union," adding, "we definitely also need that building block."

Rehn agreed that it was important to take the steps in the right order, calling the deposit guarantee system the "music of tomorrow."

"It will come, but let's first build the single supervisory and resolution mechanism," Rehn said. dpa

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-0- May/07/2013 14:06 GMT