[10 years since the start of the crisis: back to recovery thanks to decisive EU action]

The global financial crisis began 10 years ago and led to the European Union's worst recession in its six-decade history. The crisis did not start in Europe but EU institutions and Member States needed to act resolutely to counter its impact and address the shortcomings of the initial set-up of the Economic and Monetary Union. Decisive action has paid off: today, the EU economy is expanding for the fifth year in a row. Unemployment is at its lowest since 2008, banks are stronger, investment is picking up, and public finances are in better shape. Recent economic developments are encouraging but a lot remains to be done to overcome the legacy of the crisis years. The European Commission is fully mobilised to deliver on its agenda for jobs, growth and social fairness.

Vice-President Valdis **Dombrovskis**, responsible for the Euro and Social Dialogue, said: *"Thanks to the determined policy response to the crisis the EU economy is now firmly recovering and the Economic and Monetary Union is stronger than before. We need to build on this progress, completing the financial union, reforming our economies to foster convergence, inclusiveness and resilience, and maintaining sustainable public finances. In doing so, we should pursue a balanced approach where risk reduction and risk sharing go hand-in-hand and the unity of the single market is preserved."*

Commissioner Pierre **Moscovici**, responsible for Economic Affairs, Taxation and Customs, said: *"Ten years after the global crisis began, the recovery of the European economy has firmed and broadened. We must use this positive momentum to complete the reform of our Economic and Monetary Union. Not all legacies from the past correct automatically. We have seen greater social and economic divergences develop in and among Member States. It is essential that our work going forward contributes to the real and sustained convergence of our economies."*

Ten years ago today, on 9 August 2007, BNP Paribas became the first major bank to acknowledge the impact of its exposure to sub-prime mortgage markets in the United States, having to freeze exposed funds. In the years that followed, what was initially a financial crisis turned into a banking crisis and a crisis of sovereign debt, soon affecting the real economy. The European Union fell into the worst recession in its history, which left deep marks on our citizens, companies and Member States' economies.

In this adversity, EU institutions and Member States took strong political decisions to contain the crisis, preserve the integrity of the euro and to avoid worse possible outcomes. The EU has worked to regulate the financial sector and improve economic governance; bolster new and common institutional and legal frameworks; establish a financial firewall for the euro area; support countries in financial distress; improve Member States' public finances; pursue structural reforms and encourage investment; fight youth unemployment; improve banking sector supervision; increase the ability of financial institutions to cope with future challenges; and establish ways to manage and better prevent possible crises.

As a result of these actions, Europe's Economic and Monetary Union has been significantly overhauled and the European economy – and notably the euro area economy – is back in shape. The European recovery is sustained and unemployment is steadily going down. The number of Member States belonging to the euro has increased from 12 to 19 and the euro is now the second-most important currency in the world. Out of the eight EU Member States that received financial assistance, only Greece is still under a programme and is due to exit it in mid-2018. Only three Member States are now subject to the corrective arm of the Stability and Growth Pact, the so-called Excessive Deficit Procedure, down from 24 Member States at the height of the crisis. The Juncker Plan, or Investment Plan for Europe, launched in November 2014, is now set to trigger more than €225 billion across all Member States.

As robust as it is today, the EMU remains incomplete and the journey of the euro has just started. From the Five Presidents' Report of June 2015 to the reflection paper on the Deepening of the Economic and Monetary Union of May 2017, a lot of initiatives were taken in recent years to draw the lessons from the crisis and prepare the EU even better for future challenges.

For More Information

Reflection Paper on Deepening the Economic and Monetary Union

The Five Presidents' Report

The White Paper on the Future of Europe

Reflection paper on the social dimension of Europe

Reflection paper on harnessing globalisation

Follow Vice-President Dombrovskis on Twitter: @VDombrovskis

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