Euro 1999: convergence, Economic and monetary Union EMU. Commission and EMI reports

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By a majority of two votes, the Committee adopted the report drawn up by Mr Karl von WOGAU (EPP, D) on the Commission recommendation on those countries meeting the criteria for Economic and Monetary Union (EMU). Having examined economic data for the Member States, the Committee applauds the considerable progress made by them on convergence and approves the Commission's recommendation that the third stage of EMU should begin on 1 January 1999 with eleven Member States which fulfil the necessary conditions: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.The report was adopted by roll call vote with 27 votes in favour, 25 against and 3 abstentions. The opposition came primarily from the PES Group, which, according to Mr Alan DONNELLY (PES, UK), while it supported the general conclusions of the report, felt that some of the amendments adopted went too far by introducing new criteria for EMU membership. Mr von WOGAU welcomed the result achieved after some hard discussions on certain amendments. He hoped that, in the interests of Parliament, there would be a clearer majority when the report was considered by the full House . He insisted on the need to step up the battle against unemployment. Although employment is not a formal criteria in the Maastricht Treaty, Parliament should nonetheless ask Council to support the idea of "European Employment". Mr von Wogau said he was confident that the role to be played by Parliament in the final decisions at the beginning of May would be understood by the citizens: the European Parliament was the "Democratic Forum" of Economic and Monetary Union.The Committenotes that all eleven countries fulfil the inflation and interest rate criteria and, as regards exchange rate stability, none of the countries participating in the EMS for at least two years has devaluated its currency against other Member States' currencies during that period. The position is the same for the two countries (Finland and Italy) which will have belonged to the EMS for two years by 1 January 1999. Turning to the budgetary positions of the Member States, the Committee agrees with the Commission's assessment that all eleven countries meet the budget deficit criterion. On the other hand, the Committee notes that only three candidate countries have a public debt below the 60% reference value and that, according to the European Monetary Institute, the overall debt situation in two countries continues to give cause for concern. However, taking into account the trends in recent years, debt structure and 1998 budgets, and on the basis of the convergence programmes submitted by the Member States, the Committee gives an overall positive judgement. At the same time, it calls for concrete commitments by the governments concerned to deepen the process of budgetary consolidation. It also stresses that the Stability and Growth Pact must be strictly observed by all EMU participants. On the other criteria mentioned in Article 109j(1) of the Treaty, the Committee expressed its satisfaction at the positive situation as regards balance of payments, but emphasised that more work still was needed to achieve better integration of markets. Although this is not a formal criterion in the Treaty, the report also highlights the challenge posed by the high unemployment, which should be included in the overall assessment of economic trends in Member States. It is crucial, the Committee concluded, to reduce unemployment resolutely since it may jeopardize the main objectives of EMU.