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

1998/0128(CNS) - 30/04/1998 - Text adopted by Parliament, 1st reading/single reading

In adopting the report by Mr Karl VON WOGAU (PPE, D) by 402 votes to 79, with 27 abstentions, the European Parliament approved the Commission recommendation that the third stage of Economic and Monetary Union begin on 1 January with the eleven Member States which met the necessary criteria, namely: Belgium, Germany, Finland, France, Italy, Ireland, Luxembourg, the Netherlands, Austria, Portugal and Spain. Accordingly, it called for the independent European Central Bank to be founded as soon as possible and for monetary policy sovereignty to be transferred to it on 1 January 1999. Parliament called on the Council to respect its commitments and propose a single President of the European Central Bank at its Summit on 2 May. Parliament's resolution was based on the following points: Eleven Member States met the criteria regarding both inflation rates (below 2%, which was an indicator of price stability) and interest rates (which were well below the reference value of 7.8%). Moreover, none of the countries which had participated in the exchange rate mechanism for at least two years had during that period devalued its currency in relation to the currencies of other Member States; the same was true of the two countries (Italy and Finland) which on 1 January 1999 would have belonged to the exchange rate mechanism for two years. As regards the public deficit, none of the eleven had a deficit exceeding 3%. As regards indebtedness, it was necessary to assess whether all the candidate countries were progressing adequately and sufficiently rapidly towards the reference value of 60% or whether the overall assessment of the economic and budgetary situation of the country concerned permitted a favourable decision. The Commission took the view that none of the candidate countries had an excessive deficit. According to the European Monetary Institute, the trend in overall indebtedness in two countries still gave cause for concern. Parliament therefore insisted that the governments concerned must commit themselves in practical terms to pursue the consolidation process. It called on them likewise to respect strictly the stability and growth pact. Parliament expressed its satisfaction at the positive balance-of-payments situation but stressed that greater integration of markets was needed. It recalled that employment, albeit not a criterion referred to in the Maastricht Treaty, must be taken into account in the overall assessment of the economic situation of the Member States. The high unemployment which existed in most of the 11 countries must be combated, as it represented a threat to the attainment of the principal objectives of EMU. In the context of employment policy, substantially improved occupational mobility and adaptability was of particular importance. To reduce unemployment, investment-induced growth must be buttressed by life-long skills training based on a strengthened education system, structural employment measures and supportive tax/benefit systems.