Practical arrangements for the introduction of the EURO. Green paper

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The European Parliament adopted the report by Mrs Christa RANDZIO-PLATH (PSE, D) on the practical arrangements for the introduction of the single currency. Having stated that monetary union contributed to the development and prosperity of the European Union, the report opened by stressing that there was a risk of breaking up the internal market if monetary union was postponed or challenged. It welcomed the Commission initiative in its Green Paper and called for the Madrid summit in December to take a clear, overall decision on the timetable and reference values for the changeover to stage 3. It stressed the need to avoid any change to the timetable set out in the Treaty on European Union, maintaining its position (1997 at the earliest or 1999 at the latest) and warning the national authorities against delaying on the grounds of failure to assess the technical or legal problems properly in order to justify postponing monetary union. It then went on to examine all aspects of the changeover to the single currency: - Public acceptance: the changeover needed to be simple and transparent if monetary union was to gain public acceptance. Prices, salaries and invoices would therefore need to be quoted in both currencies (national currency and ecus) during stage 2; this would also prevent any underhand price increases. An information campaign at EU level entitled "One Europe - One Currency" needed to be organized, starting in 1996. Round tables involving all operators should be organized at various levels in order to address the problems and find acceptable solutions. - Transparency of the preparatory process set in motion by the Commission: Parliament asked to be fully involved in preparations in order to gain public and market confidence. - Scenario and countries participating in monetary union: the "critical mass" scenario (i.e. a significant proportion of transactions in the single currency) was the only planned scenario which was compatible with the Treaty and technically feasible. Measures were needed which would allow the maximum number of states to join and which would help guarantee strict compliance with the convergence criteria and encourage job-creating growth. Strict compliance with the criteria by the maximum number of states was the best way of preventing any schism within the European Union. On the contrary, compliance with criteria should strengthen integration. The transition scenario needed to be clear, accurate, efficient, cheap, irreversible and designed so that the public could understand how to calculate conversions and speculative disruptions were avoided. - Timing: the single currency needed to be introduced in three stages but this transition needed to be limited in time. Stage 1 would commence on 1 January 1998, so that stage 2 (European System of Central Banks) could start by 1 January 1999 at the latest. Stage 2 should last a maximum of two years, with conversion rates set irrevocably and the ecu becoming legal tender as of 1 January 1999. Stage 3 should be reduced to the minimum needed to change over currency signs on equipment and should take no more than a few weeks (with longer periods of 2 to 3 months allowed for certain specific groups); - Technical arrangements: a regulation on the single currency ("monetary law") needed to be drawn up in advance and all the necessary legal and technical measures needed to be adopted promptly. Parliament called for a regulation defining the status of the single currency (in relation to national currencies), introducing the ecu as the currency of the Member States and the Union and as legal tender and defining the legal status of national currencies. The Madrid summit needed to decide on the name for the single currency (which would be the same in all countries). The currency should have a uniform appearance and technical preparations needed to be speeded up. - Links between "ins" and "pre-ins": Parliament was in favour of maintaining the EMS, using the single currency as a reference point, with the countries which would not be participating in EMU from the outset. Mechanisms should be introduced to prevent unilateral revaluations and devaluations within the framework of defined fluctuation margins, suitably amend intervention mechanisms and thus help to prepare and support participation by all the Member States of the European Union at a later date. - IGC: the 1996 intergovernmental conference needed to focus on tightening links within the Union, maintaining the equilibrium between monetary union and economic union and developing new political instruments and institutional structures which would safeguard this equilibrium in the long term.