The adjustment mechanism in the event of unevenly distributed repercussions

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This own-initiative report was drafted by Mr. A. METTEN (PES, D). Introducing his report, Mr. Metten noted that the introduction of the Euro meant that participating states would lose the power to devalue in order to deal with various economic and monetary crises. He underlined that whilst the risk of asymmetric shocks would decrease in the Euro area, they would not entirely disappear. He called for the development of a mechanism at EU level as asymmetric shocks over time could have adverse effects on the prosperity of the EU as a whole. Member States were advised to consider the setting up at national level of insurance mechanisms, similar to the so-called 'buffer funds' already set up in Finland. He also recommended the creation of an insurance instrument at Community level on the basis of Article 103 A of the Treaty. It was stressed that such an instrument would not be a transfer mechanism, but a means for providing Member States facing an asymmetric shock with interest-bearing credits. The Commission and the Council were called upon to prepare and adopt a regulation creating flexible insurance mechanisms. The Commission was also called upon to develop an early warning system in order to achieve a better co-ordination of Member States' economic policies.