Basic information

1996/2059(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
European Monetary Institute EMI. 2nd annual report 1995 **Subject** 5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU)	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs, Industrial Policy	GASÒLIBA I BÖHM Carles-Alfred (ELDR)	05/02/1996
Council of the European Union			

Key events

Date	Event	Reference	Summary
28/03/1996	Non-legislative basic document published	N4-0228/1996	Summary
18/04/1996	Committee referral announced in Parliament		
29/05/1996	Vote in committee		Summary
29/05/1996	Committee report tabled for plenary	A4-0180/1996	
18/06/1996	Debate in Parliament		
18/06/1996	End of procedure in Parliament		
08/07/1996	Final act published in Official Journal		

Technical information

Procedure reference	1996/2059(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/07764

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0180/1996 OJ C 198 08.07.1996, p. 0004	29/05/1996	
Text adopted by Parliament, single reading		T4-0330/1996 OJ C 198 08.07.1996, p. 0019-0047	18/06/1996	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	Non-legislative basic document	N4-0228/1996	28/03/1996	Summary

European Monetary Institute EMI. 2nd annual report 1995

1996/2059(COS) - 18/06/1996 - Text adopted by Parliament, single reading

Parliament has adopted the report by Mr Carles GASOLIBA I BÖHM (ELDR) on the 1995 Annual Report of the European Monetary Institute. It takes the view that the analysis of the situation does not add any new information to the Commission's Annual Economic Report for 1996 and even points out that there are certain contradictions as regards the explanations given for the economic downturn. Parliament nonetheless welcomes the EMI report as a useful and comprehensive document on the state of the preparations for EMU and welcomes the proposal made by Mr Lamfalussy concerning the publication of half-yearly reports on the work done by the EMI. - On the role of the EMI: the report calls on the EMI to play a more active role in the coordination of the Member States' monetary policy, to pursue close cooperation with the other European institutions and to strengthen its relations with the various financial institutions in order to enable the future ECB to operate effectively in this area. - On the single currency: Parliament takes the view that the participation of all EU currencies in the European exchange rate mechanism is a necessary condition for safeguarding the proper functioning of the single market and for securing the transition to EMU. As laid down in its statutes the EMI is required, by 31 December 1996, to determine the instruments and procedures needed for a single exchange policy to be conducted. - As regards public deficits: Parliament points out that, although fiscal consolidation is a necessary condition for monetary union, it must not be at the expense of public and private investment in infrastructure and human capital. Parliament also wishes the general public to be involved in the preparation process relating to the production of Euro banknotes. It considers that close cooperation with the information campaign in this field would be very helpful. Lastly, Parliament calls for the next EMI annual report to contain a detailed analysis and evaluation of the effects of exchange rate fluctuations on trade, investment, growth and employment from both a micro-economic and a macro-economic perspective.

European Monetary Institute EMI. 2nd annual report 1995

1996/2059(COS) - 28/03/1996 - Non-legislative basic document

OBJECTIVE: In its second annual report (1995) the European Monetary Institute (EMI) provides an update on the way in which it is carrying out its task of preparing for EMU and on the economic results achieved in the EU Member States. SUBSTANCE: The report stresses that the EMI has stuck to the timetable for the preparatory work, which requires it to determine precisely the regulatory, organizational and logistic framework within which the European system of central banks will perform its tasks during Stage 3. Amongst the results achieved it mentions: - the EMI report entitled 'The Changeover to the Single Currency', which was the basis for a proposal submitted in December 1995 to the Madrid European Council, where the proposal was adopted; - the preparatory work on monetary policy instruments; - progress made in the area of payments systems (agreement on the TARGET system of linked real-time gross settlement systems). The EMI has also progressed in the preparation of EU-wide statistics and a single foreign exchange policy, in preparatory work for the production of the European banknotes and in the harmonization of accounting rules and standards. Crucial items on the agenda for 1996 are progress in defining monetary and exchange rate policy cooperation between the countries participating from the start in the Euro area and other EU countries, as well as in devising the appropriate monetary policy strategy for the European Central Bank. In parallel with the preparatory work for Stage 3, the EMI also has an important role in Stage 2 of strengthening cooperation amongst the national central banks and coordination of national monetary policies with the aim of ensuring price stability. In this connection the report notes that the EU countries have made considerable progress in reducing inflation and leading towards price stability and that, generally speaking, the monetary policies designed to ensure price stability have led to an overall fall in inflation. Long-term interest rates have fallen over the year as a whole, thereby continuing the downward trend observed since 1990. Lastly, following a period of instability at the beginning of the year, the situation on the exchange front has stabilized. However, the key to convergence remains fiscal policy. The deficits in most EU Member States are well over 3% of GDP and are therefore excessive. In addition, debt ratios in a number of countries are well in excess of the 60% reference value laid down in the Treaty and, on average, are continuing to increase. The EMI takes the view that the current economic slowdown does not provide justification for postponing necessary consolidation measures. Fiscal consolidation focused essentially on a reduction in public expenditure rather than tax increases is essential as a way of relieving the burden of debt interests, addressing the problems which the ageing of the population will eventually bring and making the most of the resumption in growth.