Basic information

1997/2007(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
3rd stage of the EMU: operational aspects of monetary policy. EMI report **Subject** 5.20 Monetary union	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs, Industrial Policy	ETTL Harald (PSE)	23/01/1997
Council of the European Union			

Key events

Date	Event	Reference	Summary
07/01/1997	Non-legislative basic document published	N4-0043/1997	Summary
22/05/1997	Vote in committee		Summary
22/05/1997	Committee report tabled for plenary	A4-0185/1997	
28/05/1997	Committee referral announced in Parliament		
10/06/1997	Debate in Parliament		
10/06/1997	End of procedure in Parliament		
30/06/1997	Final act published in Official Journal		

Technical information

Procedure reference	1997/2007(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/4/08555

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Motion for a resolution		B4-1234/1996	06/01/1997	
Committee report tabled for plenary, single reading		A4-0185/1997 OJ C 200 30.06.1997, p. 0003	22/05/1997	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	Non-legislative basic document	N4-0043/1997	07/01/1997	Summary

3rd stage of the EMU: operational aspects of monetary policy. EMI report

1997/2007(COS) - 07/01/1997 - Non-legislative basic document

OBJECTIVE: In accordance with its Statute, the European Monetary Institute (EMS) is required to report annually on the adaptation of monetary policy instruments and the preparation of the procedures necessary for conducting a single monetary policy in Stage Three of Economic and Monetary Union (EMU). Furthermore, Article 109f(3) of the Treaty establishing the European Community requires the EMI to specify at the latest by 31 December 1996, the regulatory, organizational and logistical framework necessary for the European System of Central Banks (ESCB) to perform its tasks in Stage Three. In publishing this report, the EMI aims at providing information of interest to the public and the counterparties of central banks in the operational aspects of monetary policy. In 1996, the EMI made further progress in preparing the framework necessary for the European System of Central Banks (ESCB) to perform its tasks in Stage Three: (1) in pursuit of its primary objective of maintaining price stability, two possible strategies have been selected for conducting monetary policy in Stage Three, namely monetary targeting and direct inflation targeting. The EMI has also defined a set of monetary policy instruments that will be made available to the ESCB. It is envisaged that the ESCB will mainly use open market operations, but that it will also offer two standing facilities: the margin lending facility and the deposit facility. In addition, preparations are being made for an infrastructure that will allow the European Central Bank (ECB) to impose minimum reserve requirements. In order to secure a single monetary policy stance and a level playing field for counterparties across the whole of the Euro area, the EMI has worked out common eligibility criteria, both for the counterparties and for the assets to be used by those counterparties in their operations with the ESCB. Remote access to monetary policy operations is not being developed as an option at this stage. (2) In the area of foreign exchange intervention, the main lines of the future exchange rate relationship between the Euro area and the Member States not participating in it. Preparatory work where defined in 1996 is being conducted by the EMI and the NCBs with a view to ensuring that the ESCB will be in a position to use either a centralized or a decentralized arrangement for the conduct of its foreign exchange intervention operations. (3) With regard to statistics, the statistical requirements for the Euro area resemble the national statistics currently available. However, for the combination of aggregates covering the euro area, harmonization of national definitions and practices is required, and appropriate consolidation to take account of cross-border flows has to be carried out. The EMI has therefore prepared, in consultation with the European Commission, a list of the statistical requirements for Stage Three. (4) In the area of payment systems, the EMI and the national central banks are in the process of developing an interbank funds transfer system called TARGET (Trans-European Automated Real Time Growth settlement Express Transfer), that will be able to process cross-border payments dominated in Euro without difficulty. To avoid impediment to the efficient conduct of the single monetary policy, a certain degree of harmonization of the national RTGS (real-time gross settlement) systems within the euro area will be ensured in three respects: the provision of intra-day liquidity, operating hours and pricing policy. In addition, in its work to develop the instruments and techniques to be applied to the single monetary policy and to ensure settlement systems operate smoothly in Stage Three, the EMI discusses the adaptation of securities settlement systems in line with requirements and their links with the payment systems. In the course of 1997 the EMI intends to publish further material relating to the ESCB's operational framework for the conduct of single monetary policy. Documents will be forthcoming with respect to monetary policy strategy, monetary policy instruments and procedures, TARGET and securities settlement systems.

3rd stage of the EMU: operational aspects of monetary policy. EMI report

1997/2007(COS) - 10/06/1997 - Text adopted by Parliament, single reading

In adopting the report by Mr Harold Ettl (EPP, Austria), the European Parliament stresses that Stage Three of economic and monetary union (EMU) is of vital importance for the finalization of the single monetary policy. The objectives of price stability, growth, prosperity, employment and stability in Europe must constitute the framework for future monetary policy. Its structure must be developed from the five strategies defined by the EMI, namely exchange rate, interest rate, income, money supply and inflation. Parliament calls for optimum alignment of exchange rate policy, for which the finance ministers are responsible, with the monetary policy of the European Central Bank (ECB) through permanent consultation mechanisms. It considers it essential that the ECB contribute to a stable external value of the euro through its monetary policy, so ensuring a stabilization of international currency relationships and the containment of speculation. It advocates the decentralized implementation of monetary policy given the disparities between the banking structures of the Member States. It also calls for the ECB to be required to give an account of its policy to the other institutions of the European Community, and in particular to the European Parliament. Finally, Parliament urges that the ECB contribute through monetary policy to a balanced policy mix in the interests of growth, investment and employment.