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INFO ROUTINE EUROPEAN COMMUNITY POSTS

FRAME ECONOMIC

ECOFIN COUNCIL: 10 JULY 1989: ECONOMIC AND MONETARY UNION: WORK PROGRAMME

SUMMARY

1. COMMISSION TO IDENTIFY MEASURES NEEDED FOR EMU STAGE I LEGISLATION BY END OF JULY, AND PREPARE WORKING DOCUMENT ON PREPARATION OF IGC BY END OF SEPTEMBER. DISCUSSION BOTH OF STAGE I AND OF PREPARATION FOR IGC AT SEPTEMBER ECOFIN INFORMAL.

DETAIL

2. OVER LUNCH DELORS AND CHRISTOPHERSEN (COMMISSION) OUTLINED THE COMMISSION'S INTENTIONS FOR WORK ON EMU OVER THE NEXT FEW MONTHS TO FOLLOW UP THE MADRID EUROPEAN COUNCIL.

3. DELORS CONCENTRATED ON THE PREPARATION OF THE INTER-GOVERNMENTAL CONFERENCE FORESHADOWED IN THE EUROPEAN COUNCIL CONCLUSIONS. THERE WERE FOUR KEY QUESTIONS:

- A) HOW MUCH CENTRALISATION WOULD THERE NEED TO BE IN EMU IN THE CONDUCT OF MONETARY AND ECONOMIC POLICY?
- B) WOULD THERE NEED TO BE FURTHER DEVELOPMENT OF COMMUNITY STRUCTURAL POLICIES AND BUDGETARY TRANSFERS?
- C) WHAT COMMUNITY RULES WOULD BE NEEDED FOR THE CONDUCT OF POLICY? HAD THE DELORS REPORT GONE TOO FAR IN SUGGESTING THAT DETAILED RULES WERE NEEDED, IN PARTICULAR OVER FISCAL POLICY?
- D) WOULD A COMMON CURRENCY BE NECESSARY FOR MONETARY UNION OR WOULD PERMANENTLY LOCKED EXCHANGE RATES SUFFICE?

4. DELORS ADDED THAT THE COMMISSION INTENDED TO PREPARE A WORKING DOCUMENT ON PREPARATIONS FOR AN IGC BY THE END OF SEPTEMBER.

5. CHRISTOPHERSEN DEALT WITH STAGE I. THE COMMISSION'S OBJECTIVE

WAS AGREEMENT ON THE NECESSARY CHANGES TO EC LEGISLATION BY THE END OF 1989. THE COMMISSION WOULD INFORM THE PRESIDENCY BY THE END OF JULY WHAT CHANGES THEY THOUGHT NEEDED TO BE MADE TO THE 1974 CONVERGENCE DECISION AND THE 1964 DECISION ESTABLISHING THE COMMITTEE OF CENTRAL BANK GOVERNORS.

6. IT WAS AGREED THAT DISCUSSION AT THE SEPTEMBER INFORMAL ECOFIN IN ANTIBES WOULD CONCENTRATE ON THE AMENDMENT OF THE 1964 AND 1974 DECISIONS AND ON A FIRST PRELIMINARY EXAMINATION OF MATTERS WHICH WOULD NEED TO BE COVERED IN PREPARING FOR AN IGC. BETWEEN MID-SEPTEMBER AND THE END OF OCTOBER LEGAL TEXTS AMENDING THE 1964 AND 1974 DECISIONS WOULD BE WORKED ON BY THE COMPETENT BODIES (PROBABLY INCLUDING THE ECONOMIC POLICY COMMITTEE) WITH THE AIM OF TAKING DECISIONS IN PRINCIPLE AT THE NOVEMBER ECOFIN. THE NOVEMBER COUNCIL WOULD ALSO TAKE STOCK OF PREPARATIONS FOR AN IGC.

7. IN DISCUSSION, THE CHANCELLOR EMPHASISED THAT PREPARATION FOR A POSSIBLE INTER-GOVERNMENTAL CONFERENCE WOULD HAVE TO ADDRESS SUBSTANTIVE ISSUES GOING BEYOND THOSE IDENTIFIED BY DELORS. THE UNITED KINGDOM INTENDED TO DEVELOP IDEAS FOR ALTERNATIVE MODELS OF EMU. EMU RAISED MAJOR PROBLEMS OF DEMOCRATIC ACCOUNTABILITY. AS FOR STAGE I, PARAGRAPHS 51 AND 52 OF THE DELORS REPORT SUMMARISED ITS CONTENTS, BUT A GOOD DEAL OF DETAILED WORK REMAINED TO BE DONE.

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