

## Compilation of the Member States' proposals at the Intergovernmental Conference on EMU (28 January 1991)

**Caption:** On 28 January 1991, the Secretariat-General of the Commission of the European Communities sends this internal note to the Members of the Commission. The document includes the notes, questions and proposals made by the British, Portuguese, French, German and Irish delegations to the Intergovernmental Conference on Economic and Monetary Union.

**Source:** Secrétariat général de la Commission des communautés européennes ; CIG/Maastricht, Note à l'attention de Mmes et MM les Membres de la Commission / Objet : Conférence Intergouvernementale "Union Economique et Monétaire", SEC(91) 209, 28 janvier 1991, disponible sur <http://ec.europa.eu/dorie/fileDownload.do?docId=409971&cardId=409971> .

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[http://www.cvce.eu/obj/compilation\\_of\\_the\\_member\\_states\\_proposals\\_at\\_the\\_intergovernmental\\_conference\\_on\\_emu\\_28\\_january\\_1991-en-c869bc1d-7469-4161-b8d0-c58c25ddb3d.html](http://www.cvce.eu/obj/compilation_of_the_member_states_proposals_at_the_intergovernmental_conference_on_emu_28_january_1991-en-c869bc1d-7469-4161-b8d0-c58c25ddb3d.html)

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*Le Secrétaire Général*

SEC(91) 209

Bruxelles, le 28 janvier 1991  
DFW/bp

**Note à l'attention de Mmes et MM les Membres  
de la Commission**

**Objet :** Conférence Intergouvernementale "Union Economique et Monétaire"

Je vous prie de bien vouloir trouver en annexe les documents diffusés à la conférence "Union Economique et Monétaire" :

UEM/1/91	Note de la délégation du Royaume-Uni
UEM/2/91	Proposition de la délégation portugaise
UEM/3/91	Proposition de la délégation française
UEM/4/91	Proposition de la délégation allemande
UEM/5/91	Proposition de la délégation irlandaise
UEM/6/91	Réserve émise par la délégation du Royaume-Uni
UEM/7/91	Proposition de la délégation allemande
UEM/8/91	Questions posées par la délégation allemande
UEM/9/91	Proposition de la délégation du Royaume-Uni

D.F. Williamson

cc. M. Ravasio  
M. Dewost  
M. Lamoureux  
M. Dixon  
M. Schmidt

CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 14 January 1991

UEM/1/91

TRANSMISSION NOTE

Delegations will find herewith a note presented by the United Kingdom delegation, setting out a list of questions for consideration by the Intergovernmental Conference on Economic and Monetary Union.

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**QUESTIONS FOR CONSIDERATION BY THE INTERGOVERNMENTAL CONFERENCE  
ON ECONOMIC AND MONETARY UNION**

**NOTE BY THE UNITED KINGDOM DELEGATION**

**Introduction**

At the inaugural meeting of the Intergovernmental Conference on 15 December, the incoming Luxembourg Presidency asked delegations to submit questions which they considered appropriate for discussion by the Conference.

The United Kingdom government has already tabled detailed proposals which would allow early progress towards further integration and convergence. The United Kingdom government has made clear that it is not able to accept the imposition of a single currency and a single monetary policy ; but recognises the possibility of its proposals leading to the development of a single monetary policy and single currency, if governments and peoples choose.

The United Kingdom government also recognises the success that the Community, acting together, has had in the past in achieving a consensus on practical decisions ; and hopes and expects that the IGC will be able to reach an agreement acceptable to all member states. The form and content of such an agreement is a matter for the IGC. Its acceptability to all participants, including the United Kingdom, can only be judged at a much later stage of the negotiations.

On that basis the United Kingdom intends to participate fully and actively in discussion of all aspects of the IGC and has prepared the list of questions below. They are designed to focus attention on practical questions of substance which will have to be addressed in the amending treaty if the negotiations are to be fruitful. The list is intended to be a constructive contribution to the Conference's work. It is not intended to be exhaustive. Some new questions will inevitably arise during the IGC itself. Many other relevant issues are of course referred to in the report by the Committee chaired by Mme Guigou.

Some questions relevant to the contents of an Amending Treaty

1. Under what conditions would the transition to Stage 2 take place ? Would all member states move at the same time to "Stage 2" ?
2. What decision-making procedure would be put in place to determine whether the necessary conditions for transition to "Stage 2" had been met ?
3. What arrangements would the Treaty contain in order to ensure parallelism in progress towards economic and monetary union ?
4. How would the need for Member States to refrain from excessive fiscal deficits best be reconciled with the requirement for national Parliaments to retain democratic control over levels of budget deficits ?
5. How would the prohibition of a Community guarantee on Member State's public debt best be made credible ? What would be the implication for other Community policies ? How should the prohibition of monetary financing be dealt with in the amending treaty ?

6. To what public bodies should provisions relating to excessive budget deficits apply (e.g. regional and local governments, nationalised industries and other parastatal organisations) ?
7. When would any Treaty provisions relating to economic policy and legislation under them, enter into effect ?
8. What would be the nature, role and constitution of a European monetary institution in "Stage 2" ? Would the new institution be established from the beginning of "Stage 2" ? Would its role evolve during "Stage 2" ?
9. How could a new monetary institution best be given an operational role in "Stage 2" so that it contributed immediately to improved convergence and monetary integration in the Community ?
10. How could a European currency unit best be developed in "Stage 2" in such a way as to promote convergence in an anti-inflationary manner ?
11. In what practical ways would the new monetary institution be able to increase the credibility of its commitment to price stability with the peoples of Europe and with international financial markets ?
12. What should be done in "Stage 2" to familiarise European citizens with a European currency unit, whether through the creation of a common European currency or otherwise ?
13. How can a clear division of responsibilities be established during "Stage 2" between national monetary authorities and the European monetary institution ?

14. What arrangements would need to be put in place to ensure the compatibility of the governance of the new monetary institution with the democratic traditions of individual Member States ?
15. What arrangements would exist for those Member States whose peoples and governments decided that they wished to move to a further stage of monetary integration after "Stage 2" ? What decisions would need to be taken by :
- a) the Member States who wished to move to this further stage,
  - b) the Community ?

What criteria would inform such decisions ? How would the governance and constitution of the European monetary institution be affected ?

16. To what extent would treaty provisions on economic policy and legislation adopted under them differ as between Stage 2 and a Stage 3 ?
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CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

BRUSSELS, 12 January 1991 (OR. P)

UEM/2/91

lby/JM/jrb

PROPOSAL BY THE PORTUGUESE DELEGATION

ART. 2: The Community shall have as its task, through the establishment of an Economic and Monetary Union and in a context of price stability, to promote the harmonious development of economic and social activities, a high level of employment, economic and social cohesion, the conservation of the environment and closer relations between the States and peoples united therein. Economic and Monetary Union shall be brought about progressively and shall be based on a single currency, the ecu, and on the single market; it shall respect the Community's basic principles, democracy, fundamental rights and the principle of subsidiarity.

lby/JM/jrb

## PROPOSAL BY THE PORTUGUESE DELEGATION

## ART. 3:

(g) and (ga) - as proposed by the Commission

(i) the creation of structural funds in order to help strengthen economic and social cohesion by means of the development and structural adjustment of less developed regions and declining industrial regions and by improving employment opportunities for workers and raising their standard of living;

(l) the adoption of a common research and technological development policy with a view to improving the international competitiveness of European industry;

(m) the adoption of a common Community environmental policy with the aim of conserving, protecting and improving the quality of the environment, helping to protect human health and ensuring prudent, rational use of natural resources;

(n) a short-term economic stabilization mechanism in order to cope with disturbances which are unique in origin or form.

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CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 15 January 1991 (16.01)  
(OR. f)

UEM/3/91

kin/HM/ep

PROPOSAL BY THE FRENCH DELEGATION

ARTICLE 2a

The aim of economic and monetary union shall be to ensure sustained non-inflationary growth, a high level of employment, a high degree of convergence in the context of the internal market and of economic and social cohesion.

It shall be founded on the following principles: stable prices, sound public finances and monetary conditions, sound global balances of payments and open competitive markets.

It shall be based on a high degree of economic integration, close co-ordination of the Member States' economic policies and the irrevocable establishment of parities leading to the introduction of a single currency.

CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 15 January 1991 (16.01)  
(OR. d)

UEM/4/91

kin/MI/mc

PROPOSAL BY THE GERMAN DELEGATION

Addition of a new Article 3a:

Article 3a (European Central Bank)

An independent European Central Bank shall be set up with the primary task of ensuring currency stability in the Community.

CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 15 January 1991

UEM/5/91

Proposal by Ireland for amendments\* to Article 2 of EEC Treaty

"The Community shall have as its task, by establishing an economic and monetary union, to promote throughout the Community a harmonious development of economic activities, full employment, a continuous and balanced expansion based on price stability, an accelerated raising of the standard of living, economic and social cohesion and closer relations between the States belonging to it."

Explanatory Note

In the Irish view, it is essential to adhere as closely as possible to the original Treaty text if only to minimise the dangers of misinterpretation of too great a departure from it.

In this formulation, the reference to "progressively approximating the economic policies of Member States" is omitted as such approximation is already implicit in the concept of EMU itself.

Economic and social cohesion and full employment are essential principles if the Community is to move forward in a balanced manner and achieve an equitable distribution of resources.

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\* Amendments underlined.

Proposal by Ireland for amendment to Article 3 of EEC Treaty

Add the following as a new indent :

"The adoption of appropriate policies aimed at achieving economic and social cohesion.

Explanatory Note

Since economic and social cohesion is one of the objectives of the Community, provision should be made in Article 3 for the adoption of appropriate policies to achieve it.

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CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 18 January 1991  
(OR. en)

UEM/6/91

NOTE

Subject: United Kingdom reserve presented at the meeting of  
personal representatives on 15 January 1991

Delegations will find herewith the text of the United Kingdom  
reserve presented at the meeting of personal representatives on  
15 January 1991.

UK Reserve

"The UK intends to take a constructive role in the IGC discussions. We have already put on the table proposals which would allow early progress towards further integration and convergence. While we have made clear our position that we are not able to accept the imposition of a single monetary policy and a single currency, we recognize that our proposals would enable the development of a single monetary policy and single currency as governments and peoples choose; and on that basis we have participated in full in previous discussions. We hope and expect that the IGC will be able to reach an agreement acceptable both to us and to our Community partners. Its acceptability to all participants, including ourselves, can only be judged at a much later stage of the negotiations.

Subject to this reserve, we will negotiate on all the texts which will be laid before the IGC."

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CONFERENCE  
OF REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 15 January 1991 (21.01)  
(OR. d)

UEM/7/91

ers/MM/mbm

Subject: Article 2a (new)

- Proposal by the German delegation

Article 2a

The Community shall establish economic and monetary union.

Economic union shall be characterized by convergent economic policies of the Member States based on the definitive attainment of the free movement of persons, goods, services and capital and a competition-based market economy system with markets open internally and externally.

Monetary union shall be characterized by a uniform currency and monetary policy based initially on definitively fixed exchange rates between the currencies of the participant Member States and subsequently on a common currency.

CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 15 January 1991 (23.01)  
(OR. d)

UEM/8/91

col/HM/et

COVER NOTE

Delegations will find attached the questions which the German delegation  
announced its intention of submitting at the meeting of personal representatives  
on 15 January 1991.

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col/HM/et

ANNEX

QUESTIONS TO BE RAISED AT THE INTERGOVERNMENTAL CONFERENCE ON EMU  
PROPOSAL BY THE GERMAN DELEGATION

1. Clarification of the Community's aims and tasks in the light of the objective of EMU.

(a) Convergent economic policies of the Member States based on the definitive attainment of the free movement of persons, goods, services and capital and competition-based market economy system with markets open internally and externally.

(b) Principle of free prices, ban on index-linking.

(c) Autonomy in negotiating wage rates.

(d) Principle of subsidiarity.

2. Procedures for creating and securing a lasting convergence consistent with stability between the economic policies of the Member States and the results thereof in accordance with the principle of subsidiarity.

3. Recasting of the provisions on movement of capital (Article 67 et seq).

Prohibition of all restrictions on the movement of capital and on payments connected therewith.

4. Development and safeguarding the competition system inter alia through the setting up of a European cartel office.

5. Establishment of budgetary discipline

In particular:

(a) Definition of excessive budget deficits.

(b) Procedure for ensuring budgetary discipline; penalty mechanisms.

6. Monetary area

(a) Clarification of the issues not yet resolved to general satisfaction in the draft Statute on a European System of Central Banks, in particular:

- distribution of powers:

(i) between the ECB Council and the Executive Board;

(ii) between the ECB and national central banks.

- external monetary policy:

(i) allocation of responsibilities between ECOFIN and the ESCB;

(ii) pooling of currency reserves.

(b) Procedures for and scope of reform of Member States' legislation on central banks (instruments, institutional structure and powers).

col/HM/et

(c) Rules for the introduction of a single currency:

e.g.: responsibility for introduction, abolition of national currencies, action to be taken on existing legal relationships expressed in national currencies.

(d) Which matters have to be dealt with in the Treaty and which in the Statute? Need for amendment of the Statute to be made simpler.

(e) Seat of the ECB.

Transitional provisions and content of the individual stages

(a) Which of the various Treaty provisions will be applied from what point?

From the date of ratification, from the beginning of stage two or from the beginning of stage three?

(b) What special provisions are required for stage two?

(i) to ensure adequate and lasting convergence at the beginning of the final stage

(ii) in the sphere of budgetary discipline

(iii) in the currency area:

- tasks of the new currency institution;
- structure of the new currency institution.

col/HM/et

(c) Preconditions and procedures for transition to stages two and three:

(i) decision-making procedure

(ii) economic precondition, in particular definition of the necessary convergence.

(d) Transitional provisions for countries which are not able or willing to take part in stage three immediately, inter alia:

To what extent should these countries take part in decisions in the framework of EMU?

8. Institutional issues, including:

(a) Relationship between the Community institutions.

(b) Involvement of the ECOFIN Council in Council decisions affecting financing.

(c) Provisions relating to the Monetary Committee.

CONFERENCE  
OF THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE MEMBER STATES  
- ECONOMIC AND MONETARY UNION -

Brussels, 23 January 1991  
(OR. en)  
UEM/9/91

Subject: Articles 2, 3 and 4

- Proposals by the United Kingdom delegation

Article 2

"The Community shall have as its task, by establishing a common market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious and integrated development of economic activities, based on price stability, open and competitive markets, a continuous, balanced and non-inflationary expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the states belonging to it."

Explanatory note

The suggested redraft reflects the UK's view that price stability and competitive markets are essential preconditions for sustained and balanced growth. Consistently with the observation in the explanatory memorandum to the Commission's draft Treaty texts that economic and monetary union (EMU) is a means not an end, the UK thinks it unnecessary for Article 2 to refer to EMU.

### Article 3

Replace subparagraph (g) by:

"(g) The progressive realization of economic and monetary union."

#### Explanatory note

This amendment would make clear that the progressive realisation of economic and monetary union (whose content will be spelt out in subsequent Articles of the Treaty) is one of the means by which the Community is to attain the goals set out in Article 2.

### Article 4

Add the following new paragraph:

"Management of a common currency shall be pursued by a European Monetary Fund acting within the limits of the powers conferred upon it by this Treaty and the Statute annexed hereto."

#### Explanatory note

This revision to Article 4 would provide for a new institution, the European Monetary Fund, which would manage a common currency, on the basis described in the draft Treaty texts circulated by the UK.