II

(Preparatory Acts)

COMMISSION

Proposal for a Council Decision on the attainment of progressive convergence of economic performance during stage one of Economic and Monetary Union

COM(89) 466 final

(Submitted by the Commission on 26 September 1989)

(89/C 283/07)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 103 and 145 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the European Council, at its meeting in Madrid in June 1989, restated 'its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act'; decided that 'the first stage of the realization of Economic and Monetary Union would begin on 1 July 1990'; and stated that 'Economic and Monetary Union must be seen in the perspective of the completion of the Internal Market and in the context of economic and social cohesion', and that 'its realization would have to take account of the parallelism between economic and monetary aspects, respect the principle of "subsidiarity" and allow for the diversity of specific situations';

Whereas in order to facilitate progress towards Economic and Monetary Union, a high degree of convergence of economic performances between Member States is necessary through greater compatibility and closer coordination of economic policy; whereas such strengthening of economic policy coordination also contributes to the achievement of Community objectives, in particular to convergence at a high level of economic performance in the framework of monetary stability;

Whereas coordination of economic policies should be based on an open market approach both internally and externally;

Whereas the achievement of the goals of the Single European Act, especially the completion of the Internal Market, which will increase the degree of economic and financial integration and reinforce competition and structural change and thus amplify the cross-border effects of economic policies, will require more effective policy coordination; whereas according to Article 102a Member States shall take account of the experience acquired in cooperation within the framework of the European Monetary System; whereas the first stage of Economic and Monetary Union should provide a sound basis for its successful further development and sustainability;

Whereas the strengthening of coordination should reply on the political will to develop further the consensus on the broad economic policy approach; whereas progress in this coordination process calls for flexibility, subsidiarity and mutual commitments in decision-making as well as for learning-by-doing,

HAS ADOPTED THIS DECISION:

Article 1

In order to achieve sustained non-inflationary growth in the Community, together with a high level of employment and the degree of economic convergence necessary for the success of Stage One of Economic and Monetary Union, in the perspective of the completion of the Internal Market and in the context of the economic and social cohesion, the Council shall undertake multilateral surveillance. In this context, it will examine on a regular basis:

— the economic conditions, prospects and policies in the Community and its Member States,

— the compatibility of policies within Member States and in the Community at large,

— the external economic environment and its interaction with the economy of the Community.

Multilateral surveillance shall cover all aspects of economic policy in both the short-term and medium-term perspectives.

Article 2

The Council shall undertake multilateral surveillance in restricted sessions. It may authorize its Chairman to make public the results of its deliberations.

Through learning-by-doing, multilateral surveillance should increasingly result in compatible policies by way of mutual commitments on the part of Member States. In this context, the Council may, acting on proposal from the Commission, issue policy recommendations.

Article 3

The Council shall proceed with multilateral surveillance on the basis of reports and analysis submitted by the Commission. These shall include:

— indicators of economic performance including monetary and budgetary policies, supply and demand trends, price and cost developments, employment, financial markets, external and internal imbalances,

— regular country reports on national economic conditions, prospects and policies,

— an annual report on the economic outlook of the Community which shall review the economic outlook and the underlying economic policy orientation.

The Council's work on multilateral surveillance shall be prepared by the Monetary Committee, whose Chairman will participate in the Council meetings.

Article 4

On a proposal from the Commission the annual economic report shall be adopted by the Council, having regard to the opinions by the European Parliament and the Economic and Social Committee.

Article 5

Multilateral surveillance shall focus on macroeconomic, microeconomic and structural policies. It shall include a review of budget policies, to the extent possible ahead of national budgetary planning, focusing particularly on the size and financing of budget deficits. The resulting coordination procedure shall involve analysis of medium-term budgetary policy trends and their implications for overall economic policy. The Economic Policy Committee shall be consulted for the surveillance exercise in this context.

Article 6

When potential or actual economic developments in one or more Member States threaten the Community economy, the Council, upon proposal by the Commission and after consultation of the Monetary Committee, shall proceed to an examination of the economic situation. Such examination may result in the formulation of country-specific recommendations with a view to promoting the necessary policy corrections.

Article 7

When events outside the Community threaten to have serious consequences for the Community economy, the Council, upon proposal by the Commission and after consultation of the Monetary Committee, shall meet to consider possible measures. Where monetary or exchange rate policy is concerned, the Committee of Governors of the Central Banks of the Member States of the European Community shall be consulted.

Article 8

In order to ensure better consistency between monetary and other economic policies, the Committee of Governors of the Central Banks of the Member States of the European Community shall support the multilateral surveillance exercise. Its Chairman shall be invited to participate in the Council meetings.

Article 9

The Chairman of the Council and the Commission shall report regularly on the results of multilateral surveillance to the European Council and to the European Parliament.

Governments shall bring the results of the multilateral surveillance to the attention of their national parliaments so that it can be taken into account in national policy making.

Article 10

On the basis of a report submitted by the Commission, the Council shall periodically examine the progress made in multilateral surveillance through the application of this Decision. This report shall also be transmitted to the European Parliament.

Article 11

The following acts are hereby repealed:

1. Council Decision 74/120/EEC of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States of the European Community [1].

2. Council Directive 74/121/EEC of 18 February 1974 on stability, growth and full employment in the Community [2].

Artikel 12

This Decision is addressed to the Member States.

[1] OJ No L 63, 5. 3. 1974, p. 16.
[2] OJ No L 63, 5. 3. 1974, p. 19.

Recommendation for a Council Decision amending Decision 64/300/EEC on cooperation between the Central Banks of the Member States of the European Economic Community

COM(89) 467 final

(Submitted by the Commission on 26 September 1989)

(89/C 283/08)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 105 and the first indent of Article 145 thereof,

Having regard to the recommendation from the Commission of 1989,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the European Council, at its meeting in Madrid on 26 and 27 June 1989, decided that the first stage of the implementation of Economic and Monetary Union is to begin on 1 July 1990;

Whereas Article 102a of the Treaty as well as the implementation of the first stage of the Economic and Monetary Union calls for an increased degree of convergence in economic performance towards non-inflationary growth and of economic and social cohesion between the Member States;

Whereas greater convergence should be promoted with a view to achieving domestic price stability, which is at the same time a necessary condition for stable exchange rates, in accordance with the requirements of the European Monetary System;

Whereas the implementation of the first stage of Economic and Monetary Union will focus on completing the internal market and in particular removing all obstacles to financial integration, on strengthening the process of coordination of monetary policies, on intensifying cooperation between Central Banks on other matters falling within their competence and, in this connection, should give consideration to extending the scope of the Central Banks' autonomy;

Whereas arrangements for the formulation of monetary policy in an Economic and Monetary Union should provide for adequate autonomy for the institutions and for commitment to price stability, which is essential to the success of that Union;

Whereas, in view of the objective of Economic and Monetary Union, the tasks and role of the Committee of Governors of the Central Banks of the Members States of the European Community should be extended and reinforced,