

Conclusions of the Dublin European Council: extract on EMU and the IGC (13 and 14 December 1996)

Caption: At the end of the Dublin European Council of 13 and 14 December 1996, the Fifteen adopt various measures relating to Economic and Monetary Union (EMU), employment and the Intergovernmental Conference (IGC) responsible for the revision of the treaties.

Source: Bulletin of the European Union. December 1996, n° 12. Luxembourg: Office for Official Publications of the European Union. "Conclusions of the Dublin European Council: excerpt on Economic and Monetary Union and IGC (13 and 14 December 1996)".

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Publication date: 20/12/2013

Dublin European Council (13 and 14 December 1996) Conclusions of the Presidency

[...]

II - Economic and monetary union

1. Economic and monetary union

I.3. The European Council welcomes the further decisive progress which has been made in the preparations for EMU, which will begin on 1 January 1999:

- the structure of the new exchange-rate mechanism has been agreed;
- the urgent aspects of the legal framework for the use of the euro have been finalized for early adoption;
- the principles and main elements of the Stability and Growth Pact for ensuring budgetary discipline in EMU have been agreed.

The European Council therefore urges the institutions, public authorities and economic agents to intensify their preparations for the starting date of 1 January 1999.

The European Council welcomes the excellent report (Annex) of the Council (economic and financial affairs) on preparations for Stage III of EMU, which is fully in line with the conclusions of Madrid and Florence, and it pays tribute to the contributions, in their respective fields of competence, from the Commission and the European Monetary Institute (EMI). The contents of this report are subject to parliamentary reservations.

In particular the European Council:

- endorses the conclusions on the new exchange rate mechanism (ERM2) as proposed by the Ecofin Council and the EMI. It invites the Ecofin Council to prepare for the European Council in June 1997 a draft Resolution setting out the fundamental elements of ERM2, following the precedent set in 1978 in relation to the present ERM. The EMI is invited to prepare, in parallel, a draft for an inter-central bank agreement, for submission to the European Central Bank and the central banks of the Member States not forming part of the euro area;

- underlines the need to ensure durable budget discipline in Stage III of EMU and welcomes the agreement reached on the Stability and Growth Pact. It requests the Ecofin Council to examine intensively the Commission proposals for two Regulations, one on the strengthening of the surveillance and coordination of budgetary positions and the other on speeding up and clarifying the implementation of the excessive deficit procedure. It invites the Commission to put forward a proposal for a Regulation on non-participating Member States. Furthermore, it invites the Ecofin Council to prepare a draft Resolution on the Stability and Growth Pact to be adopted by the European Council in June 1997, recording the commitments of the Member States, the Commission and the Council to a strict application of the Treaty and the legal provisions on budgetary stability. The European Council notes that after it has adopted the Resolution, the Council will adopt the respective Regulations;

- welcomes the agreement by the Ecofin Council on the two Regulations establishing the legal framework for the euro which are being made public by the Presidency. It invites the Council to adopt the first Regulation based on Article 235 of the EC Treaty without delay. The second Regulation will be adopted by the Council as early as possible in 1998, once the decision on the Member States participating in the euro area has been taken.

The Council, meeting in the composition of Heads of State or Government, has taken its decision under

Article 109j(3) of the EC Treaty and confirms that the procedure laid down in Article 109j(4) will be applied as early as possible in 1998, with a view to the commencement of the third stage of EMU on 1 January 1999. In this context, the European Council welcomes the intentions of the Member States to further reduce budgetary imbalances in 1997 with a view to achieving the high degree of sustainable convergence required for participation in the single currency and it underlines the need for durable convergence in the third stage.

The European Council underlines the importance of exchange-rate stability for the process of convergence and the smooth operation of the internal market and accordingly warmly welcomes the entry into the ERM of the Finnish markka on 12 October 1996 and the re-entry of the Italian lira on 24 November 1996.

The European Council underscores the need to make the euro tangible for citizens. In this regard, it welcomes the designs for the euro bank notes presented by the European Monetary Institute. It also welcomes the arrangements being made by the Commission for the design competition for the coins; this will allow the choice to be made during the Dutch Presidency.

The Heads of State or Government decided to reappoint Baron Alexandre Lamfalussy as President of the European Monetary Institute as of 1 January 1997 until 30 June 1997. They decided to appoint Dr Willem Frederik Duisenberg, President of De Nederlandsche Bank, as President of the European Monetary Institute as of 1 July 1997 until the establishment of the European Central Bank.

2. SEM 2000 (Sound and efficient management)

I.4. The European Council endorsed the Council conclusions of 2 December 1996 on the report of the Personal Representatives Group on Sound Financial Management.

It reaffirmed its support for the Commission's SEM 2000 initiative and generally welcomed the recommendations in the report, which constitute a substantial action programme to improve the financial management of EU expenditure in partnership between the Commission and the Member States.

The European Council invited the Council and the Commission to report on progress in implementing the recommendations to its meeting in December 1997.

III - Employment

1. Growth and employment in Europe - the way forward

I.5. To fight against unemployment is the prime responsibility of the Member States but also a priority task of the Union. The European Council had an in-depth discussion on the growth and employment strategy, based on the joint report from the Council and the Commission on employment, the Commission's progress report on the initiative for 'Action on employment: a Confidence Pact'; and the joint contribution by the social partners on the Confidence Pact which they adopted in Dublin on 29 November. In its deliberations it has also taken account of the proposals in President Chirac's Memorandum on a European Social Model with a view to giving greater emphasis to the human dimension of the Union.

The European Council, building on the Essen strategy, endorses the analysis contained in the joint report and urges the Member States to pursue this strategy with determination and consistency. It calls for continued support for this strategy by all relevant actors at European, national and local level, including the social partners and reaffirms the importance of equal opportunities.

To underline its commitment to this strategy the European Council has adopted the Dublin Declaration on Employment (Annex), which reflects the recommendations in the joint report on the need for:

- a continuation of the macroeconomic strategy for economic growth and employment in line with agreed

economic policy guidelines;

- increased efforts to modernize the markets for goods and services and to exploit new sources of employment;
- a focusing on labour market efficiency and on investment in human resources;
- making taxation and social protection systems more employment friendly;
- strengthening the interplay between macroeconomic and structural policies in the Member States' multiannual employment programmes.

It invites the Commission and the Member States, especially in the framework of the new Employment and Labour Market Committee and the Economic Policy Committee, to develop further the instruments for the effective monitoring and evaluation of employment and labour market policies and the identification of good practice. In particular, common employment indicators should be further developed and the possibilities of benchmarking should be assessed.

The European Council welcomes the positive reaction to the initiatives on territorial employment pacts and urges swift implementation of the 60 projects proposed by the Member States.

The European Council stresses once again the essential role of the internal market in promoting growth and employment in the Union. Enhancing the competitiveness of small and medium sized enterprises has a crucial role to play to this effect. Whilst noting the progress that has been accomplished in this area, it remains concerned with the delays in the transposition and implementation of a number of directives. It takes note of the Commission's intention to submit before the Amsterdam European Council an action plan and a timetable covering all necessary measures that must be taken to ensure that the full potential benefit of the internal market is achieved before the beginning of Stage III of EMU.

The European Council noted the Commission report on the development of tax systems, which was drawn to its attention by the Ecofin Council, underlining the need for further work on this issue. The European Council welcomed the Commission's intention to continue the discussions in a tax policy group, paying particular attention to the effects of this policy on employment.

The European Council welcomes the Commission's plans in relation to innovation and the development of the information society as important inputs for the future development of the Union's competitiveness. Investment in education and training is crucial for securing equal opportunities for all citizens to participate in and benefit from the information society. The European Council believes that there should be regular monitoring and evaluation of the Union's competitiveness against world best practice along the lines of the conclusions on benchmarking adopted by the Industry Council.

The European Council reiterates the importance of regulatory simplification and requests, in this context, the extension of the Simpler Legislation for the Internal Market (SLIM) initiative. It emphasizes that the effort to reduce administrative costs for enterprises, particularly small and medium-sized enterprises, is necessary for Member States as well as the Community institutions and invites the Council to follow up in this respect its resolution on legislative and administrative simplification in the internal market.

Postal services form an essential component of the communications infrastructure in the Union. The development of the internal market for postal services bears huge significance in economic and social terms. The European Council welcomes the intensive efforts made to date to effect relevant measures, but notes with regret that the Council has not reached a common position. It asks the Council to take a decision by the end of the year, taking account of the work already done at its meeting on 28 November 1996.

The European Council asks the European Parliament, the Council and the Commission to take all steps so that an immediate decision to liberalize postal services can be taken. The universal service in the postal

sector must remain assured.

The European Council recognizes the importance of the implementation of the trans-European Networks. It agrees with the proposal by the Portuguese and Spanish Governments that priority project No 8 in list 1 from the Essen European Council will become the multimodal link between Portugal/Spain and the rest of Europe.

2. Subsidiarity and proportionality

I.6. The European Council reaffirms the importance of ensuring that the institutions apply subsidiarity and proportionality thoroughly to all legislative proposals. It welcomes the Commission's 1996 'Better lawmaking' report on the application of subsidiarity and proportionality, on simplification and on consolidation of legislation. The European Council invites the Commission to provide a progress report before the end of 1997.

IV - The Intergovernmental Conference

I.7. The European Council welcomed the general outline for a draft revision of the Treaties submitted by the Presidency. This makes it possible for the negotiations to move now into their final phase.

The European Council has also taken note of the recent letter from the German Chancellor and the French President, which will be an important contribution to the further work of the Conference.

The European Council reaffirms the importance of completing the Conference at Amsterdam in June 1997. The Presidency document provides a good basis for the work which lies ahead. As the document makes clear, delegations remain free to advocate their own proposals and to press their concerns in further negotiations.

As it moves now into its final decisive phase, the Conference must seek to achieve a balanced outcome in all areas which will measure up to the aims and ambitions which the European Council has set for it. It is essential that the Union be equipped to face the challenges ahead as it prepares for the 21st century.

The European Council notes with approval the progress at the Conference in identifying Treaty changes which would make the Union more responsive to the concerns of its citizens and it reaffirms the aims which it set out at Florence in this regard.

The European Council notes with approval the particular importance which the Presidency document attaches to the area of justice and home affairs. The European Council has agreed today on a number of important decisions under the existing Treaty provisions which are set out in Section V of the present conclusions. It asks the Intergovernmental Conference, taking account of the outline draft for Treaty revision presented by the Presidency, to work to reach agreement on a strengthened capacity for action in relation to visas, asylum, immigration, the crossing of external borders, the fight against drugs and international crime including terrorism, offences against children and trafficking in persons. Europol should have operative powers working in conjunction with the national authorities to this end. These issues are of the most serious concern to citizens in all Member States and the Union must be given the means to act effectively in these areas.

The European Council also reaffirmed the aim which it set in Florence of developing the external action of the Union. The Union must enhance its capacity to ensure that its external action is coherent and effective in all its aspects, and it must improve its decision making procedures if it is to play a role in the world commensurate with its responsibilities and its potential. The European Council noted the approaches which the Presidency has identified in its document in relevant areas including the options for establishing a new function to enhance the visibility of the CFSP and the strengthening of links with the WEU.

Institutional issues will be central to the next phase of the negotiations. The Union needs to improve its

ability to take decisions and to act. This is already true today and it will be even more necessary as the Union moves to enlarge its membership further. The Union must have comprehensible, transparent and democratic procedures and strong and effective institutions which enjoy legitimacy in the eyes of its citizens.

The European Council notes that the Presidency document, responding to a view of many delegations that certain issues can be settled definitively only at a later stage in the Conference, does not include texts in Treaty form on the issue of flexibility and on certain sensitive institutional questions, although it offers an analysis of the issues and identifies options. In the next phase of the Conference solutions must be found on all institutional issues, including in particular the size of the Commission, the role of the European Parliament, the collective association of national parliaments, the voting mechanisms in the Council and the functioning of the Court of Justice, while respecting the balances which have always been an important feature of European construction.

The European Council also notes the progress made thus far in examining the proposals for Treaty provisions which would permit more flexible approaches leading to enhanced cooperation in appropriate areas, subject to agreed conditions. This issue is of great importance and the European Council asks the Conference to devote particular attention to it.

The European Council emphasizes strongly that the future of the Union and the success of the further enlargement to which it has committed itself will depend on a satisfactory resolution of all of these questions.

The European Council asks the Conference to develop the important proposal to amend the Treaties to establish it as a clear principle that no citizen of a Member State of the Union may apply for asylum in another Member State, taking into account international treaties.

The European Council notes also the proposal submitted jointly by three delegations, since the presentation of the Presidency document, for the Treaty to include the specific character of the outermost regions of the Union and it asks that it be examined by the Conference.

Finally, the European Council asks the Conference, on the basis of the preparatory work already carried out, to continue to work to present a significantly simplified version of the Treaties with a view to making them more readable and comprehensible to the Union's citizens. This must be done in a way which does not reopen the *acquis* of the Treaties, preserves the pillar structure and does not delay the outcome of the Conference.

[...]