Conclusions of the special meeting of the Rome European Council: excerpt on EMU (27 and 28 October 1990)

Caption: Following the Rome European Council which took place on 27 and 28 October 1990, the Heads of State and Government of the Twelve set the date for the start of the second stage of Economic and Monetary Union (EMU) as 1 January 1994.

Source: European Council - Presidency Conclusions (Rome, 27.-28.10.1990), SN 304/2/90. Brussels: Council of the European Communities, October 1990.

URL:
http://www.cvce.eu/obj/conclusions_of_the_special_meeting_of_the_rome_european_council_excerpt_on_emu_27_and_28_october_1990-en-c5d1ea9f-3b16-40d3-bff1-b005f7d1690c.html

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Rome European Council (27 and 28 October 1990)
Conclusions of the Presidency

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Conference on Economic and Monetary Union

The European Council in Madrid fixed the date for the start of the first phase of Economic and Monetary Union; in Strasbourg and Dublin it set the timetable for the Intergovernmental Conference and the ratification of its results. It now notes with satisfaction the important developments that have occurred in the wake of theses decisions.

The European Council takes note of the results of the preparatory work that constitutes the basis for the Intergovernmental Conference.

For the final phase of Economic and Monetary Union eleven Member States consider that the work on the amendment of the Treaty will be directed to the following points:

- for Economic Union, an open market system, that combines price stability with growth, employment and environmental protection; and is dedicated to sound and sustainable financial and budgetary conditions and to economic and social cohesion. To this end, the ability to act of the Community institutions will be strengthened;

- for Monetary Union, the creation of a new monetary institution comprising Member States' central banks and a central organ, exercising full responsibility for monetary policy. The monetary institution's prime task will be to maintain price stability; without prejudice to this objective, it will support the general economic policy of the Community. The institution as such, as well as the members of its Council, will be independent of instructions. It will report to the institutions which are politically responsible.

With the achievement of the final phase of Economic and Monetary Union, exchange rates will be irrevocably fixed. The Community will have a single currency – a strong and stable ecu – which will be an expression of its identity and unity. During the transitional phase, the ecu will be further strengthened and developed.

The second phase will start on 1 January 1994 after:

- the single market programme has been achieved;

- the Treaty has been ratified; and, by its provisions:

- a process has been set in train designed to ensure the independence of the members of the new monetary institution at the latest when monetary powers have been transferred,

- the monetary financing of budget deficits has been prohibited and any responsibility on the part of the Community or its Member States for one Member State's debt precluded,

- the greatest possible number of Member States have adheres to the exchange rate mechanism.

The European Council recalls that, in order to move on to the second phase, further satisfactory and lasting progress towards real and monetary convergence will have to be achieved, especially as regards price stability and the restoration of sound public finances.

At the start of the second phase, the new Community institution will be established. This will make it possible, in particular:

- to strengthen the co-ordination of monetary policies;

- to develop the instruments and procedures needed for the future conduct of a single monetary policy;

- to oversee the development of the ecu.

At the latest within three years from the start of the second phase, the Commission and the Council of the monetary institution will report to the ECOFIN Council and to the General Affairs Council on the functioning of the second phase and in particular on the progress made in real convergence, in order to prepare the decision concerning the passage to the third phase, which will occur within a reasonable time. The General Affairs Council will submit the dossier to the European Council.

The Treaty may lay down transitional provisions for the successive stages of economic and monetary union according to the circumstances of the different countries.

The United Kingdom is unable to accept the approach set out above. But it agrees that the overriding objective of monetary policy should be price stability, that the Community’s development should be based on an open market system, that excessive budget deficits should be avoided, and that there should be no monetary financing of deficits nor the assumption of responsibility on the part of the Community or its Member States for one Member State’s debts. The United Kingdom, while ready to move beyond stage one through the creation of a new monetary institution and a common Community currency, believes that decisions on the substance of that move should precede decisions on its timing. But it would be ready to see the approach it advocates come into effect as soon as possible after ratification of the necessary Treaty provision.

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