

## Comments by the Danish delegation on the economic and monetary union (March 1971)

**Source:** Archives historiques de l'Union européenne, Florence, Villa Il Poggiolo. Dépôts, DEP. FMM. Elargissement. Négociations pour l'adhésion des pays candidats, 05/01/1971 - 12/01/1972, FMM 47.

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**Publication date:** 05/09/2012

## Danish comments on the resolution by the Council and representatives of the Governments of the Member States on the economic and monetary union (March 1971)

Mr. Chairman,

My Government has taken note with satisfaction of the resolution adopted by the Council and the representatives of the Member Governments on the 8th and 9th of February on the economic and monetary union. We think it will prove to be an important step towards the further development of the European Communities. It is also important, that this question has now reached a solution, so that the Communities may devote their full efforts to the negotiations on the enlargement.

I am well aware that the candidate countries have not yet received the official text of the resolution, and my comments at this time therefore can be only preliminary. I have none the less felt a need to give these comments because of the importance of the subject and the attention given to it in our own public debate, and because the next ministerial meeting agreed on with Denmark will take place 3 months from now.

Mr. Chairman, our comments are as follows.

1) Denmark will probably enter the economic and monetary co-operation with certain problems of adjustment which are a heritage from the number of years in which Denmark has been outside the Community. Our active and positive participation in the economic and monetary co-operation presupposes that these adjustment problems are solved in the transitional period in a way which to a reasonable extent takes account of Danish interests, in particular our need to improve the balance of payments position.

2) My Government supports the idea of a close monetary co-operation because we recognize the importance thereof for the establishment of the common market including the common agricultural policy. Common positions in international monetary co-operation is a natural consequence of this co-operation. We assume that the Community policies in this respect will be a continuation of the outward looking and co-operative attitude which has marked the monetary policies of the Member States.

3) As regards the aims set out in part III concerning harmonization of certain taxes, I should like to refer to my statement at our meeting on the 15th December. I wish to add as regards the taxation of interest from fixed-interest bonds and dividends that in our view this is a question which like other questions of taxation cannot be looked at from a merely technical point of view or as a question to be decided solely on the basis of what is desirable in order to facilitate trade and capital movements. The choice between the various methods of taxation is used by all countries as a means to achieve a certain desired social balance. We certainly see the practical advantages of the harmonization of these taxes, but we could not accept that any such harmonization would disturb the social aims pursued by the use of such taxes.

Denmark has an unusually large and widespread circulation of bearer bonds issued by real estate mortgage institutions. Therefore the harmonization of taxation of interest of such bonds may entail considerable technical problems which we should like to discuss with the Commission.

4) My Government agrees that the distribution of competence and responsibility between the common institutions and the Member Governments must be determined on the basis of what is necessary for the effective functioning of the union. If strengthening of the central Community institutions may be the result of future decisions this should in our view go hand in hand with a strengthening of European parliamentary control.

5) In the conclusions of the preliminary report by the group under M. Pierre Werner, it is said that certain of the steps which must be taken to reach the final aim imply a change of the Treaty of Rome. In the final remarks of the resolution it is said, that the steps which have to be taken to implement the economic and monetary union may be taken either on the basis of the present Treaty, on the basis of Article 235 or on the basis of Article 236 of the Treaty of Rome. We should be interested in discussing with the Commission the implications of these various possibilities.

6) Allow me, Mr. Chairman, finally to express the hope that it will be possible - at least after the signature of the accession treaties - gradually to involve the candidate countries in the economic and monetary co-operation, so that they will have a better chance to participate fully from the moment when they join the Community. We think this is important, because, as far as we understand the resolution, decisions are to be taken in 1973 - when we hope to be members - which will be of particular importance for the nature and formulation of the future co-operation.

Thank you, Mr. Chairman.