'Summit in Spain to lay down the road-map for Europe’s future' from the Luxemburger Wort (15 December 1995)

Caption: On 15 December 1996, the daily newspaper Luxemburger Wort outlines the issues surrounding the Madrid European Council, with particular regard to the establishment of an Economic and Monetary Union (EMU).

Source: Luxemburger Wort. Für Wahrheit und Recht. 15.12.1995, n° 286; 148. Jg. Luxembourg: Imprimerie Saint-Paul. "Gipfel in Spanien soll Fahrplan für Europas Zukunft festlegen", p. 2.

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Summit in Spain to lay down the road-map for Europe’s future

EU gearing up for new departure: in Madrid the deadlines to be coordinated for monetary union, reform and enlargement

by T. Freudenberg

At their 54th summit meeting, to be held this Friday and Saturday in Madrid, the Heads of State or Government of the European Union wish to agree on a name for the planned new European currency. It seems likely that “Euro” will be chosen. Another point to be agreed is the date by which the members of the Monetary Union will be required to meet the strict entry criteria. Another major theme to be addressed is action to combat unemployment. There are 18 million jobless in the European Union and pressure is growing for governments to put forward and implement real action programmes. As regards reform of the Union, in preparation for its enlargement to over 25 members, a study group has put together some proposals.

Almost every time the Heads of Government of the European Union gather for their twice-yearly summit, the participants and their assistants refer in advance to the ‘clear and unambiguous signal’ which must go out from this particular meeting. Rarely has that assertion been so justified as in the run-up to the Madrid summit beginning today. Europe is at what may be the most crucial turning-point in its history: if it goes one way, it could be set to grow from today’s 15 to 25 or more members; if it goes the other, it may be split into a multiple-class EU.

At a special meeting in September the Heads of Government defined the four tasks which must be addressed in the near future. These were to bring about the monetary union on which agreement had been reached in Maastricht, to reform the EU Treaty in such a way that the Union, so revisited, becomes capable of action, to negotiate a further enlargement and finally to establish a new funding concept for an EU which, in the years beyond 2000, will include yet more poor countries dependent on subsidies from the common treasury. If they are to achieve all this, the Heads of Government will at today’s gathering, in addition to agreeing on a name for the common currency, have to focus above all on the question of deadlines: they will have to determine the timetable for deciding who will form part of the monetary union as from 1 January 1999.

Europe’s currency experts have made it clear that they will need at least a year for the final preparations for the common currency. This means that the decision, which is to be based on 1997 economic data, will have to be taken in late 1997 or early 1998. For Germany’s Finance Minister, Theo Waigel, there can however be no question of dealing in estimates; this is why he is insisting on ‘actuals’, which will not be available until a few months later. Paris, on the other hand, wants a decision no later than December since parliamentary elections are scheduled for March and it would like to keep common currency issues out of the campaign.

Latest indications do, however, point to concessions from the French, who might be prepared to go along with a date in early May, that is a few weeks after the elections. But this would then leave very little time for the work that has to be done by the end of the year. Another factor also favours an early date: in December a decision could still be taken under the presidency of Luxembourg, one of the definite participants in the common currency, whereas in the first half of 1998 the United Kingdom, which as one of the most determined opponents of monetary union is working quite openly to delay its advent, takes over the EU presidency.

Another rendez-vous has already been set: the intergovernmental conference tasked with agreeing a programme of EU reform is to meet in Turin at the end of March 1996. Its chances of success are at the present time rated fairly low in Brussels. A study group has, admittedly, submitted very recently a 50-page catalogue of reform proposals, but these have been almost entirely rejected by the United Kingdom. For this reason alone it is an open question when the conference will complete its proceedings, though many would like it to have wound up by mid-1997. And yet this timescale is particularly crucial. ‘In a moment of weakness,’ as some politicians now see it, Cyprus and Malta were given a promise that negotiations on their accession would begin six months on from then. At the same time, it is barely conceivable that at least some

Central and Eastern Europeans will not by that time be sitting at the negotiating table.

This time pressure is causing a lot of concern. While it is true that only a start-date for the enlargement negotiations has been set, but no date for their completion, the fact is that negotiations will have to proceed in parallel on renewal of the basis on which the EU is funded, the present arrangement expiring at the end of the decade. The EU's citizens will have to be told that, in an enlarged Union, they will have either to pay more into the Brussels coffers or receive less from them. The entire reform programme is thus beginning to look more and more like an enormous package. In the absence of progress on 'Maastricht II', aimed at ensuring an enlarged EU is still capable of action, and without better financial provision for Brussels, there can be no prospect of enlargement.

It may be that at today's gathering in Madrid yet another link is established. It seems that certain Heads of Government wish to get it across to their colleagues that in the absence of a timely and successful switch to the common currency, they would not agree to an enlargement of the Union. This is meant above all as a warning to the German authorities, which in speeches and in visits to the Eastern neighbours have always been loud in their assertions of support for their admission into the EU. Germany's Finance Minister, Theo Waigel, has clearly not yet succeeded in convincing his partners that in insisting on a deferred decision on membership of the common currency, he is not trying to push back the entire process of monetary union.

The programme facing the Heads of Government today and tomorrow in Madrid is a heavy one. As at all summits in recent years, the issue of unemployment will also be addressed at length. It is increasingly recognised that if the EU is to retain its credibility with European citizens it must succeed in coming up with convincing, successful answers to this problem. The fundamental theme of the Madrid summit nevertheless remains the Union road map for the years ahead. Whether all its members will be able to travel that particular road is, however, being called increasingly into question. Already at their meeting of last week in Baden-Baden, the Federal Chancellor, Helmut Kohl, and his French opposite number Jacques Chirac made a call for a clause to be included in the Treaty — as part of the EU reform — that would allow individual Member States to act separately in pursuit of aims that cannot be achieved with all members of the Union.