

## 'The single currency: D-Day in Madrid' from La Libre Belgique (15 December 1995)

**Caption:** On 15 December 1995, the daily newspaper La Libre Belgique comments on the issues to be addressed at the meeting of the Heads of State or Government of the Fifteen at the Madrid European Council to be held on 15 and 16 December.

**Source:** La Libre Belgique. 15.12.1995, n° 349. Bruxelles. "Monnaie unique: jour J à Madrid", auteur:van Caloen, Ariane; Lamfalussy, Christophe , p. 1; 7.

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## The single currency: D-Day in Madrid

### The Fifteen meet in the Spanish capital

From our special correspondents in Madrid

This Friday in Madrid, the European Union is beginning a summit at which the Fifteen will take note of the difficult agenda before them — establishing the final plan for the transition to the single currency and convening an intergovernmental conference for March 1996 — but have no wish to satisfy Europeans' hopes on the issue of tackling unemployment, an area that is still within the remit of the Member States.

As is always the case, the gist of the communiqué that will be issued on Saturday was prepared a long time ago and it would be surprising if the Heads of State or Government should stray from it. They prefer to escape for a couple of days from the popular protest movements that are hitting France but also Belgium and even Luxembourg.

In reality, a mountain of reports awaits the European leaders — eight drafted by the Council and fifteen by the European Commission. It is so bad that a Belgian diplomat wondered how much time they would actually have to read them, since they were in Paris on Thursday for the signing of the Bosnian peace agreement and will return home on Saturday evening with a very full domestic political agenda.

### EURO OR ECU?

It is on Friday morning that the Heads of State or Government are due to adopt the plan for the single currency, at a joint meeting with the Finance Ministers. If all goes well, they are expected to give the green light to the plan proposed by the European Monetary Institute, the embryo of the future European Central Bank. In doing so they will confirm that the Monetary Union will be launched on 1 January 1999 with the irrevocable fixing of exchange rates of the currencies in the EMU. They might also confirm that a decision will be taken in the spring of 1998 as to the countries that will form this 'hard core' on the basis of the convergence criteria. This is unless the French put a spanner in the works by insisting on the end of 1997, which, on the eve of the summit, seemed very unlikely. Disagreement over the timetable would be unfortunate. It would come at a time when social conflict in France has sparked off the debate on postponing the EMU.

It could, as Commission President Jacques Santer has said, weaken the credibility of the European integration process.

Following what was agreed at the Cannes Summit last June, the Fifteen also have to decide on a name for the new currency. As we know, the Germans are against 'ecu', which they consider does not project the image of a strong currency. They would be more in favour of 'euro', which is the favourite even if it does not inspire great enthusiasm among either the general public or politicians. On Wednesday the French once again expressed their partiality for 'ecu'.

The Madrid Summit will also convene the start of the intergovernmental conference for the reform of the Maastricht Treaty, planned for 29 and 30 March next year in Turin. Most countries, including Germany and France, agree that the conference should not last more than a year. They believe that the ensuing ratification — seven or eight referendums are expected to be held — should not coincide with British elections scheduled for spring 1997, nor spill over into 1998, which is when the Fifteen are to decide which countries will have a seat on the first single currency train.

As far as the rest is concerned, institutional reform is an unknown, as shown by the joint letter from Jacques Chirac and Helmut Kohl. 'At this level of generality,' says a senior diplomat, 'there is little dissent. As the German proverb says, the devil is in the detail.'

A majority of countries intend to reduce the number of votes taken by unanimity — which can cause

deadlock — though few readily favour qualified majority voting. The think tank that prepared the conference is therefore considering compromise solutions which would allow larger states to keep their casting vote in a Europe which will inevitably be gradually enlarged to over twenty members.

As it happens, the candidates are becoming impatient. Six Central and Eastern European countries, three Baltic countries, Cyprus and Malta are all waiting in the wings, not forgetting the former Yugoslav republics, which, from Zagreb to Belgrade, now intend to establish closer ties with the European Union. But the Union is not sure how it will adapt its old formulae — its agricultural handouts, operating rules and regional subsidies — when membership doubles.

## **ENLARGEMENT**

Even in the capitals of Eastern Europe it is recognised that enlargement will not come easily. As the Polish Ambassador to the EU, Jan Kulakowski, admitted last week, ‘It is not in our interest to join a Community that has not resolved its internal problems.’

One of the most acute problems is unemployment. Despite the adoption in Brussels in December 1993 of Jacques Delors’ White Paper on Growth, Competitiveness and Employment, no summit has managed to release all the funds needed to implement the 14 major projects that were selected. Belgium hopes that in Madrid, the Fifteen will give priority to genuinely European projects such as the Paris–Brussels–Amsterdam–Cologne high-speed train link that crosses the country. The Belgian railway authority has set the bar high: it expects to get 50 billion Belgian francs out of Europe.

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