Decision of the Brussels European Council on the Member States fulfilling the conditions for the adoption of the single currency (3 May 1998)

Caption: On 3 May 1998, following the extraordinary Brussels European Council, the Heads of State or Government of the Fifteen draw up a list of the 11 countries (Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland) which meet the conditions required for transition to the third stage of Economic and Monetary Union (EMU) and for the adoption of the single currency on 1 January 1999.

Source: Official Journal of the European Communities (OJEC). 11.05.1998, n° L 139. [s.l.]. "Council Decision of 3 May 1998 in accordance with Article 109j(4) of the Treaty", p. 30-35.

URL:
http://www.cvce.eu/obj/decision_of_the_brussels_european_council_on_the_member_states_fulfilling_the_conditions_for_the_adoption_of_the_single_currency_3_may_1998-en-d345e06b-22a5-4a98-af96-1e6ddedf72b6.html

Publication date: 20/12/2013

Council Decision of 3 May 1998 in accordance with Article 109j(4) of the Treaty

(98/317/EC)

THE COUNCIL OF THE EUROPEAN UNION, meeting in the composition of Heads of State or Government,

Having regard to the Treaty establishing the European Community, and in particular Article 109j(4) thereof,

Having regard to the report from the Commission,

Having regard to the report from the European Monetary Institute,

Having regard to the recommendations from the Council of 1 May 1998,

Having regard to the opinion of the European Parliament [(1)],

(1) Whereas, in accordance with Article 109j(4) of the Treaty, the third stage of economic and monetary union (EMU) shall start on 1 January 1999;

(2) Whereas, in accordance with Article 109j(2) of the Treaty, on the basis of reports presented by the Commission and the European Monetary Institute on the progress made in the fulfilment by the Member States of their obligations regarding the achievement of EMU, the Council has assessed on 1 May 1998, for each Member State, whether it fulfils the necessary conditions for the adoption of the single currency and has recommended to the Council, meeting in the composition of the Heads of State or Government, the following findings:

Belgium

In Belgium, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the European System of Central Banks (ESCB).

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Belgium in the year ending in January 1998 stood at 1,4 %, which is below the reference value,

- Belgium is not the subject of a Council decision on the existence of an excessive government deficit,

- Belgium has been a member of the exchange-rate mechanism (ERM) for the last two years; in that period, the Belgian franc (BEF) has not been subject to severe tensions and Belgium has not devalued, on its own initiative, the BEF bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Belgium was, on average, 5,7 %, which is below the reference value.

Belgium has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Belgium fulfils the necessary conditions for the adoption of the single currency.

Germany

In Germany, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Germany in the year ending in January 1998 stood at 1,4 %, which is below the reference value,

- Germany is not the subject of a Council decision on the existence of an excessive government deficit,

- Germany has been a member of the ERM for the last two years; in that period, the German mark (DEM) has not been subject to severe tensions and Germany has not devalued, on its own initiative, the DEM bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Germany was, on average, 5,6 %, which is below the reference value.

Germany has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Germany fulfils the necessary conditions for the adoption of the single currency.

Greece

In Greece, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Greece in the year ending in January 1998 stood at 5,2 %, which is above the reference value,

- the Council decided on 26 September 1994 that an excessive government deficit exists in Greece and this Decision has not been abrogated,

- the currency of Greece did not participate in the ERM in the two years ending in February 1998; during this period, the Greek drachma (GRD) has been relatively stable against the ERM currencies but it has experienced, at times, tensions which have been counteracted by temporary increases in domestic interest rates and by foreign exchange intervention. The GRD joined the ERM in March 1998,

- in the year ending in January 1998, the long-term interest rate in Greece was, on average, 9,8 %, which is above the reference value.

Greece does not fulfil any of the convergence criteria mentioned in the four indents of Article 109j(1).

Consequently, Greece does not fulfil the necessary conditions for the adoption of the single currency.

Spain

In Spain, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Spain in the year ending in January 1998 stood at 1,8 %, which is below the reference value,

- Spain is not the subject of a Council decision on the existence of an excessive government deficit,

- Spain has been a member of the ERM for the last two years; in that period, the Spanish peseta (ESP) has not been subject to severe tensions and Spain has not devalued, on its own initiative, the ESP bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Spain was, on average, 6,3 %, which is below the reference value.

Spain has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Spain fulfils the necessary conditions for the adoption of the single currency.

France

France has taken all the necessary steps to make its national legislation, including the statute of the national central bank, compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in France in the year ending in January 1998 stood at 1,2 %, which is below the reference value,

- France is not the subject of a Council decision on the existence of an excessive government deficit,

- France has been a member of the ERM for the last two years; in that period, the French franc (FRF) has not been subject to severe tensions and France has not devalued, on its own initiative, the FRF bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in France was, on average, 5,5 %, which is below the reference value.

France has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, France fulfils the necessary conditions for the adoption of the single currency.

Ireland

In Ireland, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Ireland in the year ending in January 1998 stood at 1,2 %, which is below the reference value,

- during the second stage of EMU, Ireland was not the subject of a Council decision on the existence of an excessive government deficit,

- Ireland has been a member of the ERM for the last two years; in that period, the Irish pound (IEP) has not been subject to severe tensions and the IEP bilateral central rate has not been devalued against any other Member State's currency; on 16 March 1998, at a request of the Irish authorities, the bilateral central rates of the IEP against all other ERM currencies were revalued by 3 %,

- in the year ending in January 1998, the long-term interest rate in Ireland was, on average, 6,2 %, which is below the reference value.

Ireland has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Ireland fulfils the necessary conditions for the adoption of the single currency.

Italy

In Italy, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Italy in the year ending in January 1998 stood at 1,8 %, which is below the reference value,

- Italy is not the subject of a Council decision on the existence of an excessive government deficit,

- Italy rejoined the ERM in November 1996; in the period from March 1996 to November 1996, the Italian lira (ITL) appreciated vis-à-vis the ERM currencies; since it re-entered the ERM, the ITL has not been subject to severe tensions and Italy has not devalued, on its own initiative, the ITL bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Italy was, on average, 6,7 %, which is below the reference value.

Italy fulfils the convergence criteria mentioned in the first, second and fourth indents of Article 109j(1); as regards the criterion mentioned in the third indent of Article 109j(1), the ITL, although having rejoined the ERM only in November 1996, has displayed sufficient stability in the last two years. For these reasons, Italy has achieved a high degree of sustainable convergence.

Consequently, Italy fulfils the necessary conditions for the adoption of the single currency.

Luxembourg

Luxembourg has taken all the necessary steps to make its national legislation, including the statute of the national central bank, compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Luxembourg in the year ending in January 1998 stood at 1,4 %, which is below the reference value,

- during the second stage of EMU, Luxembourg was not the subject of a Council decision on the existence of an excessive government deficit,

- Luxembourg has been a member of the ERM for the last two years; in that period, the Luxembourg franc (LUF) has not been subject to severe tensions and Luxembourg has not devalued, on its own initiative, the LUF bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Luxembourg was, on average, 5,6 %, which is below the reference value.

Luxembourg has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Luxembourg fulfils the necessary conditions for the adoption of the single currency.

The Netherlands

In the Netherlands, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in the Netherlands in the year ending in January 1998 stood at 1,8 %, which is below the reference value,

- the Netherlands is not the subject of a Council decision on the existence of an excessive government deficit,

- the Netherlands has been a member of the ERM for the last two years; in that period, the Dutch guilder (NLG) has not been subject to severe tensions and the Netherlands has not devalued, on its own initiative, the NLG bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in the Netherlands was, on average, 5,5 %, which is below the reference value.

The Netherlands has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, the Netherlands fulfils the necessary conditions for the adoption of the single currency.

Austria

In Austria, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Austria in the year ending in January 1998 stood at 1,1 %, which is below the reference value,

- Austria is not the subject of a Council decision on the existence of an excessive government deficit,

- Austria has been a member of the ERM for the last two years; in that period, the Austrian schilling (ATS) has not been subject to severe tensions and Austria has not devalued, on its own initiative, the ATS bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Austria was, on average, 5,6 %, which is below the reference value.

Austria has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Austria fulfils the necessary conditions for the adoption of the single currency.

Portugal

In Portugal, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Portugal in the year ending in January 1998 stood at 1,8 %, which is below the reference value,

- Portugal is not the subject of a Council decision on the existence of an excessive government deficit,

- Portugal has been a member of the ERM for the last two years; in that period, the Portuguese escudo (PTE) has not been subject to severe tensions and Portugal has not devalued, on its own initiative, the PTE bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Portugal was, on average, 6,2 %, which is below the reference value.

Portugal has achieved a high degree of sustainable convergence by reference to all four criteria.

Consequently, Portugal fulfils the necessary conditions for the adoption of the single currency.

Finland

In Finland, national legislation, including the statute of the national central bank, is compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Finland in the year ending in January 1998 stood at 1,3 %, which is below the reference value,

- Finland is not the subject of a Council decision on the existence of an excessive government deficit,

- Finland has been a member of the ERM since October 1996; in the period from March 1996 to October 1996, the Finnish markka (FIM) appreciated vis-à-vis the ERM currencies; since it entered the ERM, the FIM has not been subject to severe tensions and Finland has not devalued, on its own initiative, the FIM bilateral central rate against any other Member State's currency,

- in the year ending in January 1998, the long-term interest rate in Finland was, on average, 5,9 %, which is below the reference value.

Finland fulfils the convergence criteria mentioned in the first, second and fourth indents of Article 109j(1); as regards the convergence criterion mentioned in the third indent of Article 109j(1), the FIM, although having entered the ERM only in October 1996, has displayed sufficient stability in the last two years. For these reasons, Finland has achieved a high degree of sustainable convergence.

Consequently, Finland fulfils the necessary conditions for the adoption of the single currency.

Sweden

In Sweden, national legislation, including the statute of the national central bank, is not compatible with Articles 107 and 108 of the Treaty and the Statute of the ESCB.

Regarding the fulfilment of the convergence criteria mentioned in the four indents of Article 109j(1) of the Treaty:

- the average inflation rate in Sweden in the year ending in January 1998 stood at 1,9 %, which is below the reference value,

- Sweden is not the subject of a Council decision on the existence of an excessive government deficit,

- the currency of Sweden has never participated in the ERM; in the two years under review, the Swedish crown (SEK) fluctuated against the ERM currencies reflecting among others the absence of an exchange rate target,

- in the year ending in January 1998, the long-term interest rate in Sweden was, on average, 6,5 %, which is below the reference value.

Sweden fulfils the convergence criteria mentioned in the first, second and fourth indents of Article 109j(1) but does not fulfil the convergence criterion mentioned in the third indent thereof.

Consequently, Sweden does not fulfil the necessary conditions for the adoption of the single currency;

(3) Whereas the Council, meeting in the composition of Heads of State or Government, after having made an overall evaluation for each Member State, taking into account the above reports of the Commission and the European Monetary Institute, the opinion of the European Parliament and the Council's recommendations of 1 May 1998, considers that Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland fulfil the necessary conditions for the adoption of the single currency;

(4) Whereas Greece and Sweden do not at this stage fulfil the necessary conditions for the adoption of the single currency; whereas Greece and Sweden will consequently have a derogation as defined in Article 109k of the Treaty;

(5) Whereas, in accordance with paragraph 1 of Protocol 11 of the Treaty, the United Kingdom has notified the Council that it does not intend to move to the third stage of EMU on 1 January 1999; whereas, by virtue of this notification, paragraphs 4 to 9 of Protocol 11 lay down the provisions applicable to the United Kingdom if and so long as the United Kingdom has not moved to the third stage;

(6) Whereas, in accordance with paragraph 1 of Protocol 12 of the Treaty and the Decision taken by the Heads of State or Government in Edinburgh in December 1992, Denmark has notified the Council that it will not participate in the third stage of EMU; whereas, by virtue of this notification, all Articles and provisions of the Treaty and the Statute of the ESCB referring to a derogation shall be applicable to Denmark;

(7) Whereas, by virtue of the above notifications it was not necessary for the Council to make an assessment under Article 109j(2) concerning the United Kingdom and Denmark,

HAS ADOPTED THIS DECISION:

Article 1

Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland fulfil the necessary conditions for the adoption of the single currency on 1 January 1999.

Article 2

This Decision is addressed to the Member States.

Article 3

This Decision shall be published in the *Official Journal of the European Communities*.

Done at Brussels, 3 May 1998.

For the Council
The President

T. BLAIR

(1) Opinion delivered on 2 May 1998 (not yet published in the Official Journal).