

## Statement by the Confederation of British Industry on EMU (20 July 1999)

**Caption:** On 20 July 1999, the Confederation of British Industry (CBI) issues a statement explaining why and on what terms it would be in favour of the United Kingdom participating in the third stage of Economic and Monetary Union (EMU) and adopting the euro.

**Source:** CBI Policy Statement (20 July 1999). [ON-LINE]. [London]: CBI, Updated 1999[24.08.2005]. Disponible sur <http://www.cbi.org.uk>.

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**URL:** [http://www.cvce.eu/obj/statement\\_by\\_the\\_confederation\\_of\\_british\\_industry\\_on\\_emu\\_20\\_july\\_1999-en-1ad15afe-70f6-4827-9028-b7435af8e5c7.html](http://www.cvce.eu/obj/statement_by_the_confederation_of_british_industry_on_emu_20_july_1999-en-1ad15afe-70f6-4827-9028-b7435af8e5c7.html)

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## CBI Policy Statement (20 July 1999)

(This was the position adopted by the CBI in 1999. The CBI has not since issued a revised position statement as this matter is no longer at issue)

The CBI is in favour in principle of UK entry into European economic and monetary union once key conditions for success are in place. The CBI's present policy is not committed to a specific entry date. It will continue to review with its members over the forthcoming years the issue of the appropriate conditions and date of entry.

UK membership of EMU has the potential to deliver significant benefits to the UK economy. In particular it would:

- Enable British companies to participate fully in a more complete and competitive single market.
- Remove from the UK economy the harmful impact of exchange rate volatility versus the euro.

A commitment to UK membership of EMU would also reinforce the UK government's ability to play a full and leading role in Europe, arguing for the reforms needed to ensure full realisation of EMU's potential.

There remain however key conditions which need to be achieved to ensure the economic success of the EMU project and to minimise the risks. These are:

- Further progress towards sound fiscal conditions in all major euro-zone countries.
- A shift in labour market policies in eurozone countries towards more flexibility rather than more intervention.

In addition the timing of British entry will need to be determined in the light of reasonable cyclical convergence between the UK and other EU economies, and would need to be at an appropriate exchange rate. This exchange rate could only be decided nearer the date of entry.

Given these considerations, the UK government should maintain its in principle commitment to British membership of EMU, and should:

- Work within the EU to urge progress on the policies needed to ensure EMU's success, specifically in the areas of sound fiscal policy and continued product and labour market liberalisation.
- Continue with the practical preparations needed to ensure that entry can follow swiftly once a decision in a referendum is made
- Review regularly whether the conditions for UK entry are favourable
- Encourage an informed debate about all aspects of UK membership of the EMU.