

PHASED PLAN FOR THE ACHIEVEMENT OF AN ECONOMIC AND  
MONETARY UNION

The Council heard an oral report by President Pierre WERNER on the work of the Group instructed by it to draw up a report analysing the different suggestions put forward, and making it possible to bring out the basic options for the phased establishment of the Economic and Monetary Union of the Community.

After a detailed discussion, the Council noted with satisfaction the joint conclusions drawn from the work of the Group, namely that:

- (a) the starting-point of the process to be initiated should lie in carrying out the steps advocated in the Commission's memorandum to the Council of 12 February 1969. This means that the Council must rule between now and the end of 1970 on medium-term quantitative guidelines and on the introduction of medium-term financial aid;
- (b) the ultimate objective, fixed by the Conference of Heads of State or Government, appears to be attainable in the course of the present decade, provided it receives the permanent political support of the Governments;
- (c) the Economic and Monetary Union implies that the main economic policy decisions will be taken at Community level, and therefore that the necessary powers will be transferred from national to Community level. This could eventually lead to the adoption of a single currency which will guarantee the irreversibility of the undertaking;
- (d) between the point of departure and the point of arrival, action will have to be taken simultaneously and progressively on a number of fronts. Some of these measures will necessitate amending the Treaty of Rome, and the preparatory work for this purpose ought to be successfully concluded right from the first stage. However, the present provisions already permit substantial progress to be made;

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- (e) the first stage should begin on 1 January 1971 and be completed by a specified date; a period of three years appears suitable from the technical point of view. This stage is intended to render Community instruments more and more effective and to mark the beginning of the Community's identity within the international monetary system;
- (f) the first stage cannot be considered as an aim in itself; it cannot be dissociated from the overall process of economic and monetary integration. It should therefore be tackled with the determination to attain the final objective;
- (g) this first stage should include a tightening up of consultation procedures by methods yet to be determined; the budgetary policy of Member States should be conducted in the light of the common objectives; some degree of fiscal harmonization must be introduced; monetary and credit policies should be closely co-ordinated and the integration of financial markets stepped up;
- (h) the Community should progressively adopt common standpoints in regard to monetary relations with non-member countries and international organizations. In particular it must not avail itself, in its exchange dealings between member countries, of any provisions that might render the international exchange system more flexible.

The Council has moreover invited the Group presided over by Mr. WERNER to continue its work in the light of the trends that have emerged from the discussion held during the present session and bearing in mind any opinions that might be put forward by the Committee of Governors on specific monetary problems. The Group has been invited to submit its final report in September 1970.