


Procedure file

Basic information	
INI - Own-initiative procedure	1998/2140(INI)
The constitutional consequences of the EMU in the context of enlargement	
Subject 8.20.08 Enlargement's economic and monetary point of view	
Procedure completed	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INST Institutional Affairs		25/05/1998
		PSE BARROS MOURA José	
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs, Security and Defense Policy	The committee decided not to give an opinion.	
	ECON Economic and Monetary Affairs, Industrial Policy		23/09/1998
		PPE HERMAN Fernand H.J.	

Key events			
19/06/1998	Committee referral announced in Parliament		
20/01/1999	Vote in committee		Summary
20/01/1999	Committee report tabled for plenary	A4-0030/1999	
10/02/1999	Debate in Parliament		
11/02/1999	Decision by Parliament	T4-0101/1999	Summary
11/02/1999	End of procedure in Parliament		
28/05/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/2140(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54; Rules of Procedure EP 050
Stage reached in procedure	Procedure completed

Documentation gateway

Committee report tabled for plenary, single reading	A4-0030/1999 OJ C 150 28.05.1999, p. 0004	20/01/1999	EP	
Text adopted by Parliament, single reading	T4-0101/1999 OJ C 150 28.05.1999, p. 0275-0348	11/02/1999	EP	Summary

The constitutional consequences of the EMU in the context of enlargement

The euro needs to be underpinned by a "federal-style" budgetary system and a common economic and fiscal policy, the Committee says in a report adopted by a large majority. Its author, José BARROS MOURA (PES, P), believes that monetary union needs a federal type of budgetary system "or at least an institutional and financial mechanism" to enable it to deal with crises affecting one or more Member States. He also wants members of the euro zone to align their tax systems more closely, especially in the areas of the taxation of savings and corporation tax. The committee fears, in the run-up to enlargement, that the structures underpinning Economic and Monetary Union are too weak, lacking political authority and democratic accountability. The new Intergovernmental Conference to be held before enlargement and the next round of Treaty reforms will provide an opportunity to increase the EP's and the Commission's role in economic policy formulation, make Council decision-making more effective with qualified-majority voting and ensure that policy is properly coordinated. The report stresses that the euro is the first currency capable of challenging the supremacy of the US dollar since the Second World War but to achieve this the euro zone must become a single, autonomous player internationally, represented by a "trinity" of the Council, Commission and ECB. Mr BARROS MOURA also advocates a basic set of social policy standards as a political counterweight to monetary union and points to the Treaty commitment to promoting high employment. After the report was adopted by 19 votes to three, with one abstention, Mr BARROS MOURA declared that the committee had "helped clarify the political attitude to the single currency and proved that the euro is a great success".

The constitutional consequences of the EMU in the context of enlargement

The Parliament approved the proposed Resolution, drafted by José BARROS MOURA (PES, P). The Resolution sets down ways of making decision-making more democratic and transparent, in an enlarged EU with a single currency. The Parliament considers that the qualitative change in relations between national sovereignties and EU powers represented by the transition to a common currency must be accompanied by practical opportunities to establish and guarantee, at European level, co-ordinated economic policies capable of promoting solidarity, economic and social cohesion and equal opportunities between the citizens of all the Member States. The Parliament believes that the confirmation hearings should be applied to : - the members of the Executive Board of the ECB; - the nominees by the Commission and the ECB for the Economic and Financial Committee; - the nominees by the Commission and the ECB for the Community Observer Office in the IMF until an amendment to the IMF rules governing representation is adopted. It expects that, in the event of rejection by Parliament of a candidate, the said nominee will withdraw his candidacy, and calls upon the Presidents of the institutions concerned to indicate their response to this institutional rebalancing seeking to partially remedy the democratic deficit. Within the area of economic union, it considers that further reforms will be necessary with regard, among other things, to the co-ordination of specific national economic and social policies in order to guarantee democratic public debate (involving increased co-ordination between the national parliaments and the EP) on Europe's economic choices. The Parliament is also of the view that given the increasing role played by the informal Euro-11 meetings within the ECOFIN Council outside the general institutional framework of the European Union, there is a pressing need to reach an inter-institutional agreement between the EP, the Council and the Commission leading to more democratic decision-making procedures being applied between these institutions with regard to the formulation and adoption of the annual broad economic guidelines. The EP considers that it should have increased powers in relation to EMU, except in the case of decisions taken by the ECB as an independent body, which should be the object of appropriate information and dialogue; that the co-operation procedure should be replaced by the co-decision procedure for all decisions of a legislative nature, particularly those concerning the implementing provisions for the multilateral surveillance procedure, the prohibition on privileged access and the system of advances to states; and that measures to harmonise denominations and coins could become subject to consultation procedure.?