


Procedure file

Basic information	
COS - Procedure on a strategy paper (historic) 2002/2170(COS)	Procedure completed
Economic and monetary Union EMU: convergence report 2002 for Sweden. Report	
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates 5.20.02 Single currency, euro, euro area	
Geographical area Sweden	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		19/06/2002
		ELDR SCHMIDT Olle	
Council of the European Union European Commission	Commission DG Economic and Financial Affairs	Commissioner	

Key events			
22/05/2002	Non-legislative basic document published	COM(2002)0243	Summary
02/09/2002	Committee referral announced in Parliament		
19/02/2003	Vote in committee		Summary
19/02/2003	Committee report tabled for plenary	A5-0037/2003	
11/03/2003	Debate in Parliament		
12/03/2003	Decision by Parliament	T5-0091/2003	Summary
12/03/2003	End of procedure in Parliament		
10/03/2004	Final act published in Official Journal		

Technical information	
Procedure reference	2002/2170(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper

Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/16492

Documentation gateway

Non-legislative basic document	COM(2002)0243	22/05/2002	EC	Summary
Committee report tabled for plenary, single reading	A5-0037/2003	19/02/2003	EP	
Text adopted by Parliament, single reading	T5-0091/2003 OJ C 061 10.03.2004, p. 0152-0303 E	12/03/2003	EP	Summary

Economic and monetary Union EMU: convergence report 2002 for Sweden. Report

PURPOSE : to adopt the 2002 Convergence Report on Sweden. **CONTENT :** in the 2000 convergence report the Commission assessment was that Sweden already fulfilled three of the convergence criteria (on price stability, the government budgetary position and the convergence of interest rates) but that it did not fulfil the exchange rate criterion. The assessment on legal convergence made in the 2000 convergence report concluded that legislation in Sweden was not compatible with the Treaty and the ESCB Statute. The relevant legislation in Sweden has remained unchanged since the last convergence report in May 2000. Developments in 2001 and 2002 have made evident the absence of detailed legislation on profit allocation and extraordinary payments of the Riksbank to the Treasury, safeguarding that the Riksbank retains the financial means necessary for implementing all ESCB-related tasks. In the view of the assessment in the 2000 convergence report and the new developments, the legislation in this field in Sweden is assessed not to be compatible with the Treaty and the ESCB Statute. - The average inflation rate in Sweden during the 12 months to April 2002 was 2.9%, below the reference value of 3.3%. The Swedish 12-month average inflation rate has been below the reference value throughout the period from December 1996. Sweden continues to fulfil the criterion on price stability. - The Council decision of 10 July 1995 on the existence of an excessive deficit in Sweden was abrogated in 1998 (Council decision of 1 May 1998). The government finances were turned around from a deficit of 1.6% of GDP in 1997 to a surplus of 1.9% in 1998 and have been in surplus each year since then. In 2001, a government surplus of 4.8% of GDP was achieved. The government debt ratio peaked in 1994 and it fell below the 60% of GDP reference value in 2000. It was 55.9% of GDP in 2001. Sweden continues to fulfil the criterion on the government budgetary position. - The Swedish krona has not participated in the ERM II during the review period and it has fluctuated quite markedly against the euro and the Danish krone. Hence, as was the case at the time of the 2000 assessment of convergence, Sweden does not fulfil the exchange rate criterion. - The average yield on ten-year Swedish benchmark bonds during the 12 months to April 2002 was 5.3%, below the reference value of 7.0%. The Swedish long-term interest rate has been below the reference value throughout the period from December 1996. Sweden continues to fulfil the criterion on long-term interest rate convergence. In the light of this assessment the Commission concludes that there should be no change in the status of Sweden as a Member State with a derogation.?

Economic and monetary Union EMU: convergence report 2002 for Sweden. Report

The committee adopted the report by Olle SCHMIDT (ELDR, S) on the Commission's 2002 convergence report on Sweden. Pointing out that the recent political turmoil surrounding the Stability and Growth Pact (SGP) had had a negative impact on the public perception of the euro, especially in those countries still outside the euro area, the report welcomed the decision to implement the Pact more flexibly. It nevertheless warned that any changes to the Pact might be seen by the public as solutions to short-term problems rather than as a result of a coordinated policy action. The committee welcomed Sweden's decision to hold a referendum on the introduction of the euro this year and hoped that other Member States outside the eurozone would follow its example. It agreed with the Commission's assessment that Sweden did not currently fulfil all the convergence criteria and said that Sweden must also actively pursue structural reform and take measures to boost competition in order to prepare for eurozone membership. This was especially important in the case of Sweden, given that the changeover to the euro would bring with it complete price transparency to a country where the general price level was higher than in most euro area countries. Lastly, the Commission was urged to carry out a study into how the legal framework for the introduction of the euro had functioned during the changeover process in the 12 eurozone countries, with a view to adapting it where necessary for future changeovers. The study should focus in particular on whether the legislation had been sufficiently well drafted so as to prevent changeovers from resulting in price increases, and should also examine whether the current denominations of euro coins and notes were appropriate. ?

Economic and monetary Union EMU: convergence report 2002 for Sweden. Report

The European Parliament adopted a resolution drafted by its rapporteur Olle SCHMIDT (ELDR, Sweden) by 395 votes for, 79 against and 50 abstentions on the Commission's report. (Please refer to the document dated 19/02/03.) Parliament also felt that there is considerable uncertainty concerning the interpretation and application of the exchange rate criteria. It recalled that the exchange rate criteria was interpreted with a considerable flexibility for four of the first wave countries. Parliament went on to call on the Commission to make public an authoritative interpretation of the exchange rate criterion, with particular emphasis on how it was interpreted in the past, and what if any changes are needed following the introduction of the euro. A pragmatic interpretation of the criteria is required, particularly in view of the fact that many of the new Member States will have achieved a considerable degree of exchange rate stability by other means than ERM II, for example, through currency board arrangements.?

