

COUNCIL

COUNCIL DECISION

of 13 December 1996

in accordance with Article 109 j (3) of the Treaty establishing the European Community, on entry into the third stage of economic and monetary union

(96/736/EC)

THE COUNCIL OF THE EUROPEAN UNION,

meeting in the composition of the Heads of State or Government,

Having regard to the Treaty establishing the European Community, and in particular Article 109j (3) thereof,

Having regard to the report from the Commission,

Having regard to the report from the European Monetary Institute,

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

Having regard to the recommendations of the Council of 11 November 1996, under Article 109j (2) of the Treaty,

Whereas the procedure and timetable for taking decisions on the passage to the third stage of economic and monetary union (EMU) are laid down in Article 109j of the Treaty; whereas Article 109j (1) of the Treaty lays down that the reports prepared by the Commission and the European Monetary Institute shall include an examination of the compatibility between each Member State's national legislation, including the statutes of its national central bank, and Articles 107 and 108 of the Treaty and the Statute of the European System of Central Banks (ESCB) and shall also examine the achievement of a high degree of sustainable convergence by reference to the fulfilment by each Member State of four criteria relating to price stability, the government financial position, exchange rates and long-term interest rates; whereas Protocol 6 to the Treaty lays down the details of the convergence criteria referred to in Article 109j of the Treaty;

Whereas according to Article 109j (2) of the Treaty, the Council, on the basis of these reports, assessed on

11 November 1996, for each Member State, whether it fulfilled the necessary conditions for the adoption of a single currency and whether a majority of the Member States fulfilled these conditions;

Whereas, in accordance with paragraph 1 of Protocol 11 to the Treaty, the United Kingdom has notified the Council that it does not intend to move to the third stage in 1997;

Whereas, in accordance with paragraph 1 of Protocol 12 to the Treaty, the Danish Government has notified the Council that it will not participate in the third stage;

Whereas the Council, in its recommendation of 11 November 1996, pursuant to Article 109j (2) of the Treaty, concluded that at present there is not a majority of Member States fulfilling the conditions for the adoption of the single currency and therefore recommended the Council, meeting in the composition of the Heads of State or Government, to decide that there is no such majority of Member States, that consequently the Community will not enter the third stage of EMU in 1997 and that the procedure laid down in Article 109j (4) of the Treaty will be applied as soon as possible in 1998;

Whereas Member States' national legislation, including the statutes of national central banks, is being adapted with a view to ensuring full compatibility with Articles 107 and 108 of the Treaty and the Statute of the ESCB; whereas such adaptations need to ensure full compatibility with the Treaty at the latest at the date of the establishment of the ESCB;

Whereas progress has been made by Member States towards convergence, in particular as regards convergence of inflation and interest rates, exchange-rate stability and with other preparations for EMU, though more needs to be done, notably on government financial positions; whereas, according to the second indent of Article 109j (1) of the Treaty, the sustainability of the government financial position will be apparent from having achieved a government budgetary position without a deficit that is

⁽¹⁾ Opinion delivered on 28 November 1996 (not yet published in the Official Journal).

excessive as determined in accordance with Article 104c (6) of the Treaty; whereas, according to Council Decisions of 26 September 1994, 10 July 1995 and 27 June 1996; taken pursuant to Article 104c (6) of the Treaty, 12 Member States have an excessive government deficit; whereas no majority of Member States has achieved a sufficiently high degree of sustainable convergence;

Whereas, according to Article 109j (4) of the Treaty, if by the end of 1997 the date for the beginning of the third stage has not been set, the third stage shall start on 1 January 1999; whereas the European Council confirmed in Madrid in December 1995 that 1 January 1999 will be the starting date for the third stage of EMU in accordance with the convergence criteria, timetable and procedures laid down in the Treaty; whereas, on the same date, the European Council confirmed that as early as possible in 1998, it will be decided which Member States fulfil the necessary conditions for the adoption of the single currency; whereas in Florence in June 1996 the European Council re-confirmed that the third stage of EMU will begin on 1 January 1999, as agreed in the Madrid European Council,

HAS ADOPTED THIS DECISION:

Article 1

From an assessment for each Member State whether it fulfils the necessary conditions for the adoption of a

single currency, it follows that there is not a majority of Member States fulfilling the conditions therefor.

Article 2

The Community will not enter the third stage of EMU in 1997.

The procedure laid down in Article 109j (4) of the Treaty will be applied as early as possible in 1998.

Article 3

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

Done at Dublin, 13 December 1996.

For the Council,

*meeting in the composition of Heads of
State or Government*

The President

J. BRUTON