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TO IMMEDIATE LUXEMBOURG  
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OF 121655Z JUNE 91  
AND TO IMMEDIATE UKREP BRUSSELS

MIPT

EUROPEAN COUNCIL: EMU

FOLLOWING IS TEXT OF DRAFT CONCLUSIONS.

CONFERENCE ON ECONOMIC AND MONETARY UNION

1. THE EUROPEAN COUNCIL WELCOMES THE IMPORTANT WORK THAT HAS BEEN CARRIED OUT BY THE INTER-GOVERNMENTAL CONFERENCE ON ECONOMIC AND MONETARY UNION, AND COMMENDS THE PRESIDENCY ON ITS HANDLING OF THE CONFERENCE.

2. IT WELCOMES THE AGREEMENT THAT CONVERGENCE OF MEMBER STATES' ECONOMIES IS ESSENTIAL FOR A SUCCESSFUL AND DYNAMIC ECONOMIC AND MONETARY UNION. IT CALLS ON MEMBER STATES TO DRAW UP AND ADOPT, WHERE NECESSARY AND AS SOON AS PRACTICABLE, AND WITHIN THE FRAMEWORK OF THE CONVERGENCE DECISION OF 12 MARCH 1990, MULTIANNUAL ADJUSTMENT PROGRAMMES INTENDED TO ENSURE LASTING CONVERGENCE, IN PARTICULAR WITH REGARD TO PRICE STABILITY AND BALANCED PUBLIC FINANCES. IT REQUESTS THE ECOFIN COUNCIL AND THE COMMISSION TO ASSESS AND MONITOR THE IMPLEMENTATION OF SUCH PROGRAMMES AND REPORT BY NO LATER THAN THE END OF JUNE 1992.

3. THE EUROPEAN COUNCIL NOTES WITH SATISFACTION THE PROGRESS MADE BY THE INTER-GOVERNMENTAL CONFERENCE IN IDENTIFYING POSSIBLE TREATY AMENDMENTS DESIGNED TO PROMOTE CONVERGENCE, IN PARTICULAR THROUGH:

- STRENGTHENED MULTILATERAL SURVEILLANCE PROCEDURES, AND IN PARTICULAR TO BUILD ON THE MULTIANNUAL CONVERGENCE PROGRAMMES:

- CONVERGENCE CONDITIONS - RELATING TO PRICE STABILITY, BUDGET BALANCES, INTEREST RATES AND MARKET FLEXIBILITY - FOR DETERMINING MOVES FROM ONE STAGE TO ANOTHER:

- RECOGNITION THAT ANY MOVE TO THE FINAL STAGE REQUIRES PRIOR ACHIEVEMENT OF PRICE STABILITY ON A DURABLE BASIS, BUDGET DEFICITS REDUCED TO LEVELS WHICH ARE SUSTAINABLE IN THE LONG TERM AND CONSISTENT WITH MONETARY STABILITY: THE ACHIEVEMENT OF MARKET FLEXIBILITY: A HIGH DEGREE OF ALIGNMENT OF SHORT AND LONG TERM INTEREST RATES ON THE CAPITAL MARKETS: AND SUCCESSFUL PARTICIPATION IN THE NARROW BAND OF THE EMS EXCHANGE RATE MECHANISM FOR TWO YEARS.

4. THE EUROPEAN COUNCIL SIMILARLY COMMENDS THE PRESIDENCY'S WORK IN FOCUSING DISCUSSION ON THE CONTENT OF STAGE 2 OF ECONOMIC AND MONETARY UNION, AND REAFFIRMS THAT A NEW COMMUNITY MONETARY INSTITUTION SHALL BE SET UP AT THE BEGINNING OF THE SECOND STAGE, ASSUMING THE DUTIES OF THE COMMITTEE OF GOVERNERS OF THE CENTRAL BANKS OF THE MEMBER STATES. THE EUROPEAN COUNCIL NOTES AGREEMENT THAT THE INSTITUTION'S TASK IN STAGE 2, RESPECTING THE PRINCIPLE THAT RESPONSIBILITY FOR DEFINING AND CARRYING OUT MONETARY POLICY WILL REMAIN WITH THE AUTHORITIES OF MEMBER STATES DURING STAGE 2 SHALL BE:

- TO PROMOTE THE SMOOTH OPERATION OF THE EMS, AS MEMBERSHIP OF THE EXCHANGE RATE MECHANISM EXTENDS TO ALL COMMUNITY CURRENCIES:

- TO FACILITATE THE DEVELOPMENT AND HARDENING OF THE ECU, ENSURING THAT FROM THE BEGINNING OF STAGE 2 IT DOES NOT DEVALUE AGAINST ANY CURRENCY PARTICIPATING IN THE EXCHANGE RATE MECHANISM:

- TO STRENGTHEN COOPERATION AMONG THE CENTRAL BANKS OF THE MEMBER STATES: AND

- TO PROMOTE THE COORDINATION OF THE MONETARY POLICIES OF THE MEMBER STATES WITH THE AIM OF ENSURING PRICE STABILITY.

5. THE EUROPEAN COUNCIL REAFFIRMS THE IMPORTANCE IT ATTACHES TO ADHERENCE TO THE TIMETABLE, SET OUT IN STRASBOURG AND DUBLIN, FOR COMPLETION OF THE INTER-GOVERNMENTAL CONFERENCE AND RATIFICATION OF ITS RESULTS BY MEMBER STATES BY THE END OF 1992. IT NOTES WITH SATISFACTION THAT THE GOOD PROGRESS MADE IN THE LUXEMBOURG PRESIDENCY IS FULLY CONSISTENT WITH THIS TIMETABLE.

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EUROPEAN COUNCIL: POSSIBLE DRAFT CONCLUSIONS ON POLITICAL UNION TO BE FED INTO THE LUXEMBOURG PRESIDENCY

The European Council reviewed the work of the Inter-Governmental Conference on political union. It congratulated the Presidency on the good progress made in carrying out the remit given to the Conference by the European Council meeting in Rome in December 1990.

The European Council held a detailed discussion of a number of specific issues arising in the Conference [list issues discussed].

The European Council noted with satisfaction that the Presidency had prepared a composite draft Treaty covering issues raised in the Inter-Governmental Conference. It noted too that a broad consensus existed on certain issues covered in the Conference, while noting that other issues - in addition to those mentioned above - would require further discussion, and that member states would not be able to decide on particular proposals until all the elements of a final agreement were clear.

The European Council urged the Inter-Governmental Conference to carry forward its work, drawing in further negotiations on the framework of the Presidency draft, with the aim of reaching conclusions at its meeting in Maastricht, in order to permit ratification by the end of 1992 in accordance with the timetable set out at its meetings in Strasbourg and Dublin.

DRAFT PRESIDENCY CONCLUSIONS: EUROPEAN COUNCIL: 28/29 JUNE

SINGLE MARKET

1. The European Council stressed the importance to business and the consumer alike of the timely completion of the Single Market programme. Heads of State and Government underlined the need for the Community institutions to work swiftly towards the completion of the Single Market legislative programme by the end of 1992.

2. The European Council agreed that the following areas required particular attention in the second half of 1991:

- energy: further action is needed to eliminate barriers to Community trade in energy and ensure full and fair competition;

- public procurement: substantial progress should be made on the remainder of the legislative programme, particularly the services directives;

- financial services: further progress towards the liberalisation and opening of the financial services sector, with adoption of the Investment Services Directive and the Capital Adequacy Directive; and further progress on the Life and non-Life Insurance Framework Directives;

- pharmaceuticals: adoption of a common position on the rational use of medicines directives and substantial progress towards the establishment of a new Community regulatory procedure;

- transport: progress towards the final stage of aviation liberalisation, and as much liberalisation as possible of shipping cabotage; progress on liberalisation of international bus and coach transport as this lags badly behind other transport sectors; progress on road haulage cabotage and liberalisation.

- technical VAT excise systems: detailed work to conclude agreement on the post 1992 VAT technical system. This should bear in mind the need to allow businesses time to prepare and keep burdens on them to a minimum.

- animal and plant health: in order to allow the industries concerned the maximum time to adapt, rules governing meat and fish health and hygiene and plant health should be agreed as soon as possible.

3. The European Council invited the Internal Market Council to review progress at regular intervals. Heads of State and Government underlined the paramount importance of full and timely implementation, compliance and enforcement of Single Market legislation, without which the success and effectiveness of the Internal Market would be impaired.

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Fall-back language

On trans-European networks, the IMC was asked to continue to try to make progress in agreeing a resolution but the Council confirmed that it would be inappropriate for the resolution to involve any commitment regarding future Community funding.

EC/Electronics

Concerning the current situation in the electronics/IT sector in Europe, the European Council noted that it is primarily for the firms themselves to take the action necessary to improve their international competitiveness. Policies of support for European electronics/IT should be in accordance with the Council conclusions on industrial policy agreed in November 1990. In particular, such policies need to be based on the principles of free trade and open and competitive markets.