

P5_TA(2003)0091

Convergence Report 2002 — Sweden

**European Parliament resolution on the Commission report: Convergence Report 2002 — Sweden
(COM(2002) 243 — C5-0326/2002 — 2002/2170(COS))**

The European Parliament,

- having regard to the Commission report (COM(2002) 243 — C5-0326/2002),
 - having regard to the Convergence Report 2002 by the ECB,
 - having regard to its Resolution of 20 November 2002 on the progress made by each of the candidate countries towards accession ⁽¹⁾,
 - having regard to its resolution of 30 April 1998 on the Convergence Report of the European Monetary Institute and the document from the Commission entitled 'Euro 1999 — 25 March 1998 — Report on progress towards convergence and its recommendation with a view to the transition to the third stage of Economic and Monetary Union ⁽²⁾,
 - having regard to its position of 18 May 2000 on the proposal for a Council decision in accordance with Article 122(2) of the Treaty for the adoption by Greece of the single currency on 1 January 2001 ⁽³⁾,
 - having regard to Rule 47(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A5-0037/2003),
- A. whereas on 1 January 1999, 11 Member States entered into the third stage of Economic and Monetary Union, and three years later introduced euro notes and coins in place of their national monies, marking an major step forward in the political and economic integration of Europe,
- B. whereas at that time, two Member States were considered as not fulfilling the convergence criteria, thus becoming Member States with a derogation; whereas the Commission and the ECB are obliged to examine regularly the progress towards meeting the criteria achieved by a Member State with a derogation, and whereas, following such an examination in 2000, there is currently only one Member State with a derogation,
- C. whereas Member States with a derogation are obliged, sooner or later, to introduce the single currency in the absence of a special arrangement,
- D. whereas Sweden will hold a referendum on the introduction of the euro on 14 September 2003,
- E. whereas the Commission and the ECB are likely to be called upon to assess Sweden's convergence soon thereafter,
- F. whereas considerable uncertainty remains as regards the interpretation of some of the criteria, especially the exchange rate criterion,

⁽¹⁾ P5_TA(2002) 536.

⁽²⁾ OJ C 152, 18.5.1998, p. 33.

⁽³⁾ OJ C 59, 23.2.2001, p. 236.

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- G. whereas the assessment of Sweden is likely to have a considerable impact on subsequent countries wishing to introduce the euro,
- H. whereas 10 new Member States are expected to join the EU in 2004, none of which have sought or been granted any special arrangements in the field of Economic and Monetary Union,
- I. whereas the new Member States will thus become Member States with a derogation once they join the EU,

General Observations

1. Considers that the recent political turmoil surrounding the stability and growth pact has had a negative impact on the public perception of the euro, especially in those countries still outside the euro area;
2. Considers, however, that the adjustments made by the Commission whereby a budget deficit is recognised to have a structural component and a component related to the business cycle are a step in the right direction because by emphasising the 'stability' component of the pact, they likewise strengthen the 'growth' component;
3. Recalls that public support for the euro is crucial as those countries that have not yet introduced the euro will do so only after having consulted their citizens through referenda;
4. Welcomes, therefore, the decision to implement the stability and growth pact in a more flexible way; reaffirms in this context that it remains open-minded as to possible changes to the pact, but considers that there is a danger of these being seen by the public as solutions to short-term problems rather than a result of a coordinated policy action;

Member States with Derogations

5. Recalls that the introduction of the euro in some Member States will be subject to a referendum; realises and recognises that the outcome of each such referendum is likely to have a political impact on democratic legitimacy which cannot be overturned nor overruled by reference to the Treaty;
6. Recalls that the introduction of the euro is part of the Treaty obligations which a Member State with a derogation must respect sooner or later;
7. Welcomes, therefore, Sweden's decision to hold a referendum on the introduction of the euro this year, and hopes that other Member States outside the eurozone will do so as soon as possible, too;
8. Agrees with the Commission's assessment that Sweden does not currently fulfil all the convergence criteria;
9. Recalls in this context that all the legislation relating to the third stage of EMU is part of the acquis that all Member States without special arrangements in this field are obliged to implement, and also that a Member State with a derogation is required to take the necessary steps at the national level to guarantee the independence of the national central bank;
10. Considers, nonetheless, that given the well-established principle of the supremacy of EC Law, Member States are obliged not to apply rules which are in conflict with EC legislation; stresses therefore that legal convergence in practice can be achieved even before the national legal provisions have been amended;

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11. Considers that there is considerable uncertainty concerning the interpretation and application of the exchange rate criteria and that many different opinions have been offered;

12. Recalls, in this context, that the exchange rate criteria was interpreted with a considerable flexibility for four of the first wave countries;

13. Consequently calls 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;

14. Underlines in that regard the importance of a pragmatic interpretation of the criteria, in particular 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;

15. Considers that, apart from fulfilling the convergence criteria, Sweden must actively pursue structural reform and take measures to boost competition in order to prepare for eurozone membership; considers that this is especially necessary in the case of Sweden as the changeover to the euro will bring with it complete price transparency to a country where the general price level is higher than in most eurozone countries;

16. Calls on the Commission to present a study on how the legal framework for the introduction functioned during the changeover process in the twelve countries so that adaptations, should they be necessary, could be made for future changeovers; considers that the Commission in particular should focus on whether the legislation is satisfactorily drafted to prevent the changeover from resulting in price increases, as well as examine whether the current denominations of euro coins and notes are appropriate;

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17. Instructs its President to forward this resolution to the Council, the Commission, the parliaments of the Member States, and the parliaments of the candidate countries.

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Public finances in EMU — 2002

European Parliament resolution on the Commission communication to the Council and the European Parliament on public finances in EMU — 2002 (COM(2002) 209 — C5-0324/2002 — 2002/2168(COS))

The European Parliament,

— having regard to the Commission communication (COM(2002) 209 — C5-0324/2002),

— having regard to the Commission communication to the Council and the European Parliament on strengthening the coordination of budgetary policies (COM(2002) 668),