

**RESOLUTION OF THE COUNCIL AND OF THE REPRESENTATIVES OF THE
GOVERNMENTS OF THE MEMBER STATES**

of 21 March 1972

on the application of the Resolution of 22 March 1971 on the attainment by stages of
economic and monetary union in the Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES
AND THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES,

Desiring, after the fixing of new exchange relationship within the Community, to pursue the application of the Resolution of the Council and of the Representatives of the Governments of the Member States¹ of 22 March 1971 on the attainment by stages of economic and monetary union in the Community, in the context of the parallel development of monetary integration, and of the convergence of economic policies and the development of concerted action in the regional, structural and social fields;

Having regard to the Recommendation of 12 January 1972 of the Commission to the Council;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament,

HAVE ADOPTED THIS RESOLUTION:

I

The following provisions are adopted in order to strengthen the effectiveness of the Council Decision² of 22 March 1971 on the strengthening of coordination of short-term economic policies of the Member States:

1. Whenever a Member State is planning measures or decisions which differ from the guidelines governing economic policy set out by the Council, consultation shall take place within the coordination group referred to in paragraph 2 prior to the adoption of such measures or decisions. A Member State or the Commission may, where those measures or decisions give rise to serious reservations, request that such consultation shall take place within the Council, which shall meet within eight days.

2. In order to exchange on a reciprocal and continuing basis information regarding their short-term economic and financial policies, and to coordinate those policies within the guidelines governing economic policy set out by the Council, a group shall be attached to the Council consisting of a single special representative of the relevant Minister or Ministers of each Member State, and a representative of the Commission. The Chairman of the Short-Term Economic Policy Committee, the Monetary Committee and the Budgetary Policy Committee shall, as appropriate, attend the meetings of that group.

The group shall cooperate closely with the Committee of Permanent Representatives, in particular with regard to the preparation of the three Council meetings dealing with the coordination of economic policy, and the Council meetings dealing with the prior consultation provided for in paragraph 1.

3. The Commission, after obtaining the opinions of the relevant committees, shall submit to the Council as soon as possible a draft directive aimed at promoting stability, growth, and full employment in the Community.

II

In order to initiate without delay such actions as are necessary in the regional or structural fields for the ultimate attainment of economic and monetary union, the Council agrees in principle that:

1. The European Agricultural Guidance and Guarantee Fund (EAGGF) may from 1972 onwards be used for measures to foster regional development;
2. A Regional Development Fund should be set up, or some alternative system for regional development be introduced, using the appropriate Community resources.

The Council requests the Commission to place before it proposals in accordance with paragraph 4 of Part III of the Resolution of 22 March 1971. The Council shall, before 1 October 1972, take the necessary decisions on the proposals submitted by the Commission.

¹ OJ No C 28, 27.3.1971, p. 1.

² OJ No L 73, 27.3.1971, p. 12.

III

1. As a first step towards the creation of its own monetary zone within the framework of the international system, the Council requests the Central Banks of the Member States, using to the full the margins of fluctuation allowed on a world wide scale by the International Monetary Fund, to reduce by stages the difference which exists at any given time between the highest and the lowest rates of exchange of the currencies of the Member States.

To this end, the Central Banks are requested, during a first phase when the procedures are applied on an experimental basis, to intervene on the respective foreign exchange markets in accordance with the principles set out below:

- (a) from a date to be fixed by the Governors of the Central Banks, interventions are to be carried out in Community currencies, and on the basis of the margins recorded on that date on the foreign exchange markets;
- (b) as the limits move closer to each other the margins referred to in subparagraph (a) are to be reduced and not further extended;
- (c) by 1 July 1972 at the latest the difference which exists at any given time between the spot exchange rates of two Member States is not to exceed 2.25 %.

In accordance with the Resolution of 22 March 1971 the longer term objective remains the elimination of any margin of fluctuation between the currencies of the Community.

2. To this end, the Central Banks are requested to intervene on the foreign exchange markets of their countries in accordance with the principles set out below:

- in Community currencies, if their exchange rates on the relevant foreign exchange market reach the maximum limit of fluctuation allowed under paragraph 1;
 - in US dollars, if the dollar exchange rate on the relevant foreign exchange market reaches the maximum limit of fluctuation allowed under the rules of the International Monetary Fund;
 - within those limits of fluctuation, only after a joint decision of the Central Banks.
3. The Central Banks are requested to settle any balances resulting from interventions in Community currencies within one month, unless otherwise agreed by the Committee of Governors of Central Banks, the method of settlement being determined in the light of the reserve asset structure of the debtor country.
4. In the present circumstances, the Council considers it important that Monetary Committee and the Committee of Governors of Central Banks should, in accordance with paragraph 8 of Part III of the Resolution of 22 March 1971, submit not later than 30 June 1972 a report on the organization, functions and statutes of a European Monetary Cooperation Fund.
- The Council shall give a ruling on the conclusions of this report before the end of 1972.
5. In order to be able to discourage any excessive inflow of capital, and to neutralize the harmful effects of this on internal liquidity, the Council adopts the Directive on the Regulation of the international flow of capital and the neutralization of its undesirable effects on internal liquidity, proposed by the Commission on 23 June 1971.

IV

The Council has agreed that the proposals submitted by the Commission in order to attain the first stage of economic and monetary union, and in particular those relating to fiscal harmonization and the progressive development of a European capital market, will be set down as a matter of priority on the agenda of the Council; the Council will give a ruling on these proposals within six months from the date on which they are set down on its agenda.