Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

**Resolution 1238 (2001)**[1]

# The euro and the Greater Europe

Parliamentary Assembly

1. The Assembly has assessed the first two years of the European Union's Economic and Monetary Union (EMU) in conformity with Order No. 481 (1992), its Recommendation 1195 (1992) and its Resolution 1109 (1997). It welcomes the recent rise in the value of the euro, since a weak euro adds to inflation, reduces confidence in the economy on the part of citizens and investors and distorts international trade and investment.

2. The Assembly believes that a lastingly strong euro can only result from efforts within the EMU area itself, not from variations in the economic fortunes of other countries or world regions. For the euro to be allowed to fulfil its mission, it must be the expression of true EMU unity in all fields of relevance to it.

3. The Assembly recalls its Recommendation 1195 (1992) on European economic and monetary union, in which it noted that the EMU would "greatly affect all other countries in Europe and beyond" and pointed to the Assembly's duty to "enhance a constructive co-operation between member states of the European Community and the rest of Europe". This is all the more important as the EMU forms an integral part of the Treaty on European Union and as, in the words of Assembly Resolution 1109 (1999) on the implications for Europe of economic and monetary union, the latter "should have as its goal to heal rather than widen the economic divisions in Europe".

4. The Assembly draws attention to the major challenges that await the European Central Bank and EMU governments in connection with the introduction of euro notes and coins, not least in order to assist and protect vulnerable groups such as the elderly, the blind and the young.

*EMU participating countries*

5. The Assembly, in conclusion, calls on EMU participating countries, in the interest of all Council of Europe member states:

5.1. to follow up on their establishment of monetary union by implementing without delay a true economic union;

5.2. to pursue, to this end, convergent fiscal and budgetary policies in harmonised fashion, in order to counter any future economic downturn and in order to enable them to face the major budgetary requirements that will follow from, in particular, EMU governments' pension obligations to their rapidly ageing populations;

5.3. to seek real and substantial convergence and synchronisation between their economies, especially as concerns inflation;

5.4. to step up political co-operation between EMU countries, leading to one voice rather than several speaking on matters relevant to the EMU and permitting improved communication with markets and citizens;

5.5. clearly to state the will, direction and pace towards further political-economic integration so that markets regain confidence, in particular through a reform of EU institutions;

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1. Assembly debate on 24 January 2001 (4th Sitting) (see Doc. 8906, report of the Committee on Economic Affairs and Development, rapporteur: Mr Frey). Text adopted by the Assembly on 24 January 2001 (4th Sitting).

5.6. to pursue with vigour regulatory reform in the EMU area, in sectors ranging from the labour market to those for goods and services, which have often so far not been fully exposed to international competition; and to heed the OECD's recommendations for regulatory reform and its jobs strategy – including measures to enhance intra-EMU area labour mobility;

5.7. to intensify cooperation on EMU matters with the thirteen European Union candidate countries, and to consider in particular their debt situation in view of the conversion of much of their foreign debt into euros;

5.8. to ensure that the European Central Bank remains independent, in conformity with the provisions in the Treaty on European Union, and that it better informs parliamentary instances at European and at national levels as well as the general European public about its policies;

5.9. to assist the European Central Bank in its analytical and forecasting work by providing more speedy, precise and mutually comparable national data than at present;

5.10. to undertake every effort to counter the risk of counterfeit euro bills, the theft of software permitting access to cash dispensers and the distribution of counterfeit bills in outgoing national currencies to unsuspecting citizens or to non-EMU countries.

*European Central Bank (ECB)*

6. The Assembly, concerned for the general efficiency of the ECB:

6.1. welcomes the ECB's intention to publish regular economic forecasts for the EMU area, including those for inflation, and hopes that this will permit the ECB better to justify the underlying reasons for its decisions to citizens and markets, in the interest of higher transparency;

6.2. calls for the establishment of an ECB consumer information office, with the task of informing EMU area citizens about the many aspects of the euro's physical introduction of which they need to be aware.