

INSTITUT MONETAIRE LUXEMBOURGEOIS

LE DIRECTEUR GÉNÉRAL

Luxembourg, le 5 avril 1989

Réf.: I. 89/10-PJ/MJP

Monsieur Jacques DELORS
Président
Commission des Communautés Européennes
200, rue de la Loi
B - 1049 BRUXELLES

Dear President,

I refer to the revised draft of the Committees report on EMU (CSEMU/14/89 dated 31st March 1989) and I would like to thank the rapporteurs for the benedictine work they have done since our last meeting.

Among the points of substance which could sofar not be resolved by our discussions, is the issue of "participation" which is now dealt with in paragraph 46.

The present versions for this paragraph reflect positions which could typically lead to a final text that would have to state a variety of positions in the Committee. By itself this would not be a catastrophe since we have accepted the reflection of divided views on the idea of an ERF which, at face value, is more an element of timing and technique than a question of principle.

I think that the serious concerns contained in the present versions of paragraph 46 could be reflected eventually in a text which might be acceptable to all members of the Committee.

The important point, in my view, is to draw the attention of the European Council to the fact that on this question of "participation" the Community is at crossroads

with regard to its past philosophy and that the choice of a multispeed progression in institutional issues is of very considerable seriousness for the political quality and cohesion of the Community as a whole.

If this point comes out clearly, the members of the Committee may not need to substitute their diverging positions now in the report, to the political positions the Heads of Governments are competent and able to take when this report will be discussed in Madrid and thereafter.

I have tried to draft a text along these lines and I join it to this letter. If it fails to form the basis for a consensus, my satisfaction will be that this failure will underline the seriousness of the issue.

Yours very sincerely,

A handwritten signature in cursive script, appearing to read 'Pierre Jaans', with a vertical line extending upwards from the top of the signature.

(Pierre Jaans)

Annex

Pierre Jaans

Annex

Proposed text for paragraph 46

46. Participation

There is one Community, with one set of institutions common to all member countries. In the monetary area, however, not all member states have participated in past or present arrangements based on Council Decisions such as the "Snake" or its successor, the ERM.

The Committee therefore considered the possibility that some member states might take institutional steps in the direction of EMU before others were in a position to do so.

Such an approach would however be outside the framework and general philosophy of the present Treaty, which does not provide for institutions in which not all member countries would participate with equal rights and obligations.

The Committee was of the opinion that an amendment of the Treaty which would consecrate the principle that institutional progress towards EMU could start with a group of Member countries and evolve under the (exclusive) (ultimately decisive) management of these countries, would be a very fundamental political choice, with no precedent in the history of the Community and with possibly far-reaching consequences for its future.

A decision to embark in this direction might offer in the short term the advantage to start the process of EMU more quickly for certain countries. In the longer term it might, however, also carry the risk of becoming a source of political division and a hampering factor for an effective evolution of the Community as a whole towards better balance and greater economic homogeneity.