

De Nederlandsche Bank

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President

Dr G. Baer  
Bank for International Settlements  
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CH-4002 BASLE  
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Datum

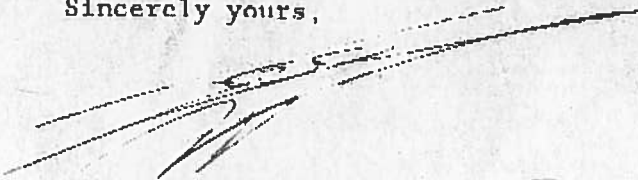
17 March 1989

Draft-report on Economic and Monetary Union in the European Community

Dear Mr. Baer,

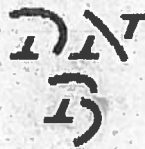
Please find enclosed the amendments I want to propose to the draft-report dated 2nd March 1989. I am also sending a copy to Mr. Padoa-Schioppa.

Sincerely yours,



Begeleiding-Telefax

Tel fax cover note



De Nederlandsche Bank  
Amsterdam  
The Netherlands

1989 III 17 14:27

Aan / To \_\_\_\_\_  
 Bedrijf \_\_\_\_\_  
 Company \_\_\_\_\_  
 Ter attentie van \_\_\_\_\_  
 For the attention of \_\_\_\_\_

**Bank for International Settlements**

**Dr G. Baer**

Telefax nr \_\_\_\_\_  
 Telefax nr \_\_\_\_\_

Van / From \_\_\_\_\_  
 Afdeling \_\_\_\_\_  
 Department \_\_\_\_\_  
 Naam \_\_\_\_\_  
 Name **dr W. Duisenberg, president**  
 Kenmerk \_\_\_\_\_  
 Our reference \_\_\_\_\_  
 Naam procuratiehouder \_\_\_\_\_  
 Nam of authorized signatory **drs D.H. Boot**

Datum **17-3-1989**  
 Date \_\_\_\_\_  
 Handtekening procuratiehouder \_\_\_\_\_  
 Authorized signature \_\_\_\_\_

Pagina's / Page **5**  
 Aantal (inclusief deze pagina) \_\_\_\_\_  
 Number (including this page) \_\_\_\_\_

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Handtekening procuratiehouder \_\_\_\_\_

Amsterdam, 17th March 1989

Report on Economic and Monetary Union in the European Community  
draft dated 2nd March 1989

Amendments proposed by dr Duisenberg

Part II

Par 37, general criteria

After the second dash insert a new paragraph:

- ②
- in case of non-compliance by member states the Commission should have the responsibility to take action with the purpose to make the member state comply. The nature of possible actions should be further explored.

Par 38

② The sentence stating that "an involvement of the European Parliament and national parliaments in the co-ordination process could be considered ..." to be replaced by the following:

Any policy decisions at the Community level binding member countries in the field of their public finance constitute actions for which in democracies responsibility vis-a-vis parliament is clearly required. This also applies to any action or lack of action on the part of the Commission in the case of non-compliance by member countries. Since such actions are to be taken at the Community level and bind member countries' governments, responsibility can only be to European parliament.

Part III

Par 47

③ delete last sentence

- 2 -

Par 66

Replace 4-th dash by following paragraph:

- What in the view of these members is essential is coordination of intervention policies rather than the technique of common interventions. This coordination can provide the necessary training ground while avoiding the unnecessary complication caused by instituting an additional intervention window.

Delete last paragraph.

Par. 68, page 48

Second dash: add: The Commission should have the responsibility to bring before the Council any non-compliance by member states and should propose action if necessary.

Par 69

Delete fourth paragraph (Beginning: Firstly ...)

add to par 69; page 49

Any majority decision by the ESCB presupposes action by member states to ensure that central bank governors in their position of member of the European Central Bank Council should act independent of their government.

Par 59, page 41: delete first full paragraph ("The desirability ...")

add to the end of the Report a new Chapter:

8. Suggested follow-up procedure

73. If the European Council can accept this report as a basis for the further development towards Economic and Monetary Union, the following procedure is suggested.

*Then, do not re-type this text.*

- 3 -

74. The Council and the Committee of Governors are invited to take the decisions necessary to implement the first stage.

75. The competent Community bodies are invited to make concrete proposals on the basis of this report concerning the second and the final stage, to be subsequently embodied in a revised Treaty. These proposals should contain a further elaboration and concretisation where necessary of the present report. They should serve as the basis for future negotiations on a revised Treaty in an intra-governmental conference to be called for by the European Council.

76. In following this procedure, negotiations on a revised Treaty will take place on a basis which will already have been agreed as far as possible in substance by those immediately responsible in member countries. At the same time progress in policy coordination in the first stage as well as implementation of the internal market is allowed to create a momentum favourable for the negotiations.

77. The decision to let the revised Treaty come into force will be taken with due regard to the results achieved in the first stage.

Bt147M