

## **P5\_TA(2003)0338**

### **Euro-zone**

#### **European Parliament resolution on the international role of the euro zone and the first assessment of the introduction of banknotes and coins (COM(2002) 332 - 2002/2259(INI))**

*The European Parliament,*

- having regard to the Communication from the Commission on the euro area in the world economy - developments in the first three years (COM(2002) 332),
  - having regard to the Communication from the Commission on the euro - the introduction of banknotes and coins one year after<sup>1</sup>,
  - having regard to the motion for a resolution by Ilda Figueiredo on the effects of the introduction of the euro (B5-0640/2002),
  - having regard to the motion for a resolution by Franz Turchi on the EUR 1 and 2 banknotes (B5-0016/2003),
  - having regard to the European Central Bank report entitled "Review of the international role of the euro" (December 2002)<sup>2</sup>,
  - having regard to its resolution of 4 July 2001 on means to assist economic actors in switching to the euro<sup>3</sup>,
  - having regard to its resolution of 12 March 2003 on the state of the European economy – preparatory report with a view to the Commission recommendation on broad economic policy guidelines<sup>4</sup>,
  - having regard to the Final report of 21 October 2002 of Working Group VI on Economic Governance of the Convention on the future of Europe<sup>5</sup>,
  - having regard to Rules 47(2) and 163 of the Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A5-0169/2003),
- A. whereas the creation of the euro is a major success story of European integration leading to greater prosperity and a European identity; whereas the benefits of the single currency clearly outweigh any disadvantages,

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<sup>1</sup> OJ C 36, 15.2.2003, p. 2.

<sup>2</sup> ISSN 1725-2210.

<sup>3</sup> OJ C 65 E, 14.3.2002, p. 162.

<sup>4</sup> P5\_TA(2003)0089.

<sup>5</sup> CONV 357/2002.

- B. whereas the euro zone's recovery from the economic downturn is slow, and growth prospects remain unclear in a climate of geopolitical uncertainty,
- C. whereas the credibility of the euro zone is based on a sound institutional framework comprising an independent monetary authority pursuing a policy of price stability and coordination of macro-economic policies by participant Member States; whereas, however, the growing interdependence of the euro zone and the global challenges posed to its economy have highlighted the deficiencies of the current coordination mechanisms,
- D. whereas the current international representation of the euro zone and its representation in international policy-making institutions is insufficient, given that the euro area is the second largest economic area in the world,
- E. whereas the euro zone's attractiveness to investors will be significantly boosted by the full implementation of the Financial Services Action Plan and the implementation of the Broad Economic Policy Guidelines by Member States; whereas this effect will be enhanced in the medium term when new Member States join the EU and hopefully introduce the euro,
- F. whereas public and business confidence in the new currency has been greatly helped on the one hand by the fact that the ECB has largely achieved its stability target and, secondly, by the fact that the physical introduction of euro cash was successfully completed in 2002,
- G. whereas the euro changeover has been used to bring about a limited increase in the prices of goods and services for everyday use (albeit smaller than that psychologically perceived by consumers), which was compounded at the same time by other factors; whereas there are other complaints by consumers, namely excessive price increases in some basic goods, the issue of euro cent coins and the need for smaller denomination bank notes,

### ***The international role of the euro zone***

1. Calls for an enhanced representation of the euro zone in international policy-making institutions, given the euro zone's importance in the world, its leading position as development aid donor and the involvement of the EU in international financial and economic initiatives;
2. Calls for the designation of a single representative of the euro area to ensure that the eurogroup can work efficiently to achieve better coordination of economic and employment policies; calls for a proposal on how to reach the best formulation for this institutional role, one possibility being to formalise it in the person of a vice-president of the Commission who would also need to be the Commissioner responsible for Economic and Monetary Affairs, entrusted with the power to act as euro area representative; considers that a provision to this effect should be incorporated in the future Constitutional Treaty;
3. Believes that this representative should be given broad powers to speak and act on behalf of euro zone countries in all important multilateral financial and economic fora, particularly in the G7 group of finance ministers, the IMF and the World Bank; calls on those institutions to eventually give this representative appropriate decision-making

powers; considers that, in this case, the interests of euro zone Member States already represented would be better served by a single voice;

4. Stresses the importance of continuous dialogue on exchange rates amongst economic currency-area representatives in multilateral fora; believes that the single representative could faithfully act as the necessary link between Council positions and multilateral economic policy guidelines, while at the same time presenting a single voice on behalf of the euro zone economies which is consistent with the euro area countries' common stance in the European Financial Committee;
5. Considers that the ECB, despite its policy of neutrality with regard to the international use of the euro, should closely monitor developments in this field and take the necessary measures if the financial and monetary stability of the euro zone is threatened; in particular, believes that attention should be paid to the official use of the euro by the public and financial sectors of non-euro zone countries;
6. Calls for a feasibility study to evaluate whether invoicing commodities and energy supplies in euros - in order to avoid the double price/exchange rate volatility - is beneficial to the euro zone, and, if so, for measures to promote this; therefore, also calls for active measures aimed at increasing international trade invoicing in euros so as to benefit euro zone exporters and importers, by giving more certainty to commercial transactions and simplifying administrative procedures;
7. Stresses the need to monitor the use of euro cash as a parallel currency in some third countries and regions; believes this to be necessary, as out-of-area use of euro cash could affect the currency's value and produce misleading statistical signals in terms of the growth of monetary aggregates;
8. Calls on new Member States to comply with their commitments related to the euro area and to continue with their efforts to reform their economies and to fulfil the Copenhagen criteria;

### ***The economy of the euro zone***

9. Urges Member States increasingly to regard their economic policies as a matter of common concern as established in the current Treaty, and to realise that in an enlarged euro area there will thus be a need for greater emphasis on coordination of economic policies and a consistent implementation of the Broad Economic Policy Guidelines; welcomes the streamlining process introduced by the Commission with a view to consolidating and synchronising the time frames of economic and employment policy guidelines;
10. Calls on Member States to maintain budgetary positions of close to balance or in surplus throughout the economic cycle, and as long as this has not yet been achieved, to take all necessary steps to ensure an annual improvement in the cyclically-adjusted budget position of at least 0.5% of GDP; asks for budgetary positions to be evaluated in a flexible way in accordance with the guidelines set by the Commission in its Communication of 27

November 2002 to the Council and the European Parliament on strengthening the coordination of budgetary policies<sup>1</sup>;

11. Calls for compliance with the previous commitments made in Spring Councils in order to stress the need to reach the Lisbon strategy's competitiveness goals; calls for the promotion of a culture of entrepreneurship that takes into account the importance of SMEs for the euro zone economy as employment creators; calls for greater private and public investment aimed at increasing productivity levels by the rapid adoption of technological discoveries, particularly in areas such as human capital and R&D; believes this will ultimately create a level playing field that will enable the ECB to react more quickly to shocks;
12. Calls for action to facilitate labour mobility, both geographical and occupational, especially by implementing the Skills and Mobility Action Plan, by promoting the recognition of qualifications and the transfer of social security and pension rights, by eliminating tax obstacles to the cross-border provision of occupational pensions, by reducing bureaucracy, by removing obstacles to mobility, and by promoting lifelong learning and on-the-job-training, especially in language skills;
13. Expects that the overall review of the ECB's policies in its fifth year of operations will successfully balance the concerns regarding its first-pillar strategy and thus make the management of monetary policy more effective; considers that liberalisation of markets and structural reforms will help to reduce the inflationary pressures if, and only if, they are accompanied by other measures; calls for a debate on the reasons for the important inflation differentials between euro zone Member States;
14. Calls for the completion of both the Financial Services Action Plan (FSAP) and the Risk Capital Action Plan (RCAP); notes that there are still differences in the costs of cross-border banking transactions in the euro zone which - despite the steps that have been taken - play a part in distorting citizens' perception of the single market;
15. Expresses its disquiet at the trend in payments for services and bank commissions in the euro zone and at the implementation of the regulation on cross-border payments; calls on the Commission to make a complete assessment of the trend in bank commissions and charges, identifying cases in which increases, especially in domestic payments, have been excessive and charges levied illegally on cross-border payments;

#### ***Initial assessment of the introduction of banknotes and coins***

16. Congratulates Member States on the successful physical introduction of euro notes and coins; expresses, however, its disappointment about the inflationary pressures produced by the changeover, and the trouble caused to euro zone consumers, particularly in the services sector; calls for an investigation into these malpractices and for the appropriate legal action through independent studies if misuse is proven; calls for action to find ways of preventing these problems for future euro zone members;
17. Considers that more small denomination notes (5 and 10 euro) are needed when withdrawals are made from ATMs (automatic teller machines); expresses its doubts about

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<sup>1</sup> COM(2002) 668.

the issue of the 500 euro note and the link to money laundering; calls for a working party on the use of the euro, set up by the Commission and the ECB, to address the need for a 1 euro bank note; believes that Member States should remain free to decide whether or not to distribute 1 euro cent coins, which consumers and retailers in some areas seem to agree are a nuisance; finally, calls for the progressive elimination of dual price display as soon as possible, in order to accelerate the mental changeover of citizens to the euro;

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18. Instructs its President to forward this resolution to the Commission and the Council and to the governments and parliaments of the Member States.