

B. ECONOMIC AND MONETARY UNION

1. The European Council restated its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act and confirmed at the European Council meeting in Hanover. Economic and Monetary Union must be seen in the perspective of the completion of the Internal Market and in the context of economic and social cohesion.

2. The European Council considered that the report by the committee chaired by Jacques DELORS, which defines a process designed to lead by stages to Economic and Monetary Union, fulfilled the mandate given in Hanover and provided a good basis for further work. The European Council felt that its realisation would have to take account of the parallelism

between economic and monetary aspects, respect the principle of "subsidiarity" and allow for the diversity of specific situations.

3. The European Council decided that the first stage of the realisation of Economic and Monetary Union would begin on 1 July 1990.

4. The European Council asked the competent bodies (the ECOFIN and General Affairs Councils, the Commission, the Committee of Central Bank Governors and the Monetary Committee):

- (a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;
- (b) to carry out the preparatory work for the organisation of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and would be preceded by full and adequate preparation.

ERM

- I REAFFIRM TODAY THE UNITED KINGDOM'S INTENTION TO JOIN THE ERM. AND I AM SURE YOU WOULD ALL AGREE THAT THIS MUST BE DONE IN CONDITIONS WHICH STRENGTHEN THE ERM ITSELF AND PROVIDE ASSURANCE THAT AN ENLARGED ERM COULD BE SUSTAINED.
- WHAT ARE THESE CONDITIONS?
- THEY ARE IN FACT SPECIFIED IN STAGE I OF THE DELORS REPORT. THAT PROVIDES FOR:
 - COMPLETION OF THE INTERNAL MARKET
 - ABOLITION OF ALL FOREIGN EXCHANGE CONTROLS AND FULL IMPLEMENTATION OF A FREE MARKET IN FINANCIAL SERVICES
 - AND A STRENGTHENING OF THE COMMUNITY'S COMPETITION POLICY
- IN THOSE CIRCUMSTANCES - AND PROVIDED INFLATION IN BRITAIN HAS INDEED BEEN BROUGHT DOWN SIGNIFICANTLY AS WE INTEND - THE CONDITIONS WOULD CLEARLY EXIST FOR STERLING TO JOIN THE ERM.
- I HOPE THIS POSITIVE STATEMENT WILL BE WELCOME TO YOU.

Charles.

The package, as put forward,

SM

UK list of elements for a Presidency Package

- Merger Control Regulation
- Public Procurement (Excluded Sectors)
- Life Insurance Services
- Resolution on Testing and Certification
- Testing and Certification "Modules" Decision
- Gas Appliances
- Active Implantable Medical Devices
- Binding Tariff Information
- Nutritional Labelling
- Plant Protection Products

18 DECEMBER 1989

ECONOMIC AND FINANCIAL COOPERATION

References: A: Delors Report, April 1989

B: Hahn Level Group report,

October 1987

C: UK report on the Presidency

Approach to the Presidency

Monetary Union, November 1987

D: Report by the Chairman of the

Committee of Experts

November 1987

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CONFIDENTIAL

COMMISSION ACTION PROGRAMME

Action Programme consists of 43 Community Instruments

- 17 legally binding directives

Includes directives on:

- health and safety at work
- hours of work and night work
- holidays and rest periods
- part time and temporary employment

Other desirable European objectives

- minimum wages
- compulsory schemes of worker participation
- Community involvement in collective bargaining and in settlement of disputes

- Welcome

further programme proposed on

- freedom of movement
- health and safety at work
- work on comparability of qualifications
- model projects of training

- But major reservations on number of areas

- will do nothing for the unemployed

Unnecessary regulation of labour market

- hours of work
- part time work
- young people's employment

Employee involvement

[If priorities discussed, should press for areas already agreed at Community level to be tackled first

- health and safety
- freedom of movement
- equal opportunities]