



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 25.02.1998
COM(1998) 110 final

**Proposal for a
COUNCIL DECISION
on the detailed provisions concerning the composition of the
Economic and Financial Committee**

(presented by the Commission)

EXPLANATORY MEMORANDUM

Stage three of Economic and Monetary Union will begin on 1 January 1999. The Treaty requires that the existing Monetary Committee be dissolved at the start of stage 3 and that an Economic and Financial Committee (EFC) be set up. In accordance with the requirements of the Treaty, the Commission is presenting a proposal for a Council Decision on the detailed provisions concerning the composition of the Economic and Financial Committee.

1. General considerations

Two specific measures are required for the establishment of the Economic and Financial Committee as follows:

- in accordance with Article 109c(3), **detailed provisions concerning the composition of the EFC** shall be adopted by the Council, acting by qualified majority on a proposal from the Commission and after consulting the ECB and the Monetary Committee; the President of the Council shall inform the European Parliament of such a decision.
- **the rules governing the EFC** shall be adopted by the Council after receiving an opinion from the Commission in accordance with Article 153 of the Treaty. Hence, the right of initiative lies with the Council, with the Commission having a consultative role.

This Communication only deals with the first such measure and contains a proposal for a Council Decision on the detailed provisions concerning the composition of the EFC. The adoption of such a Decision is obligatory before the start of stage 3.

In preparing the proposal for a Council Decision, the Commission has drawn upon Article 109c(2) of the Treaty which states that "*The Member States, the Commission and the ECB shall each appoint no more than two members of the Committee.*" Further clarification was provided by the Luxembourg European Council (12 and 13 December 1997) which concluded in a Resolution on Economic Policy Coordination as follows: "*The Economic and Financial Committee, which will bring together senior officials from the national central banks and the ECB as well as from finance ministries, will provide the framework within which the dialogue (between the Council and the European Central Bank) can be prepared and continued at the level of senior officials*"¹.

¹ The existing Statutes of the Monetary Committee predate stage 2 of EMU. They are laid down in Council Decision of 18 March 1958 amended by Council Decision of 2 April 1962, by Article 29 of the Act of Accession of 22 January 1972, by Council Decision of 25 March 1976 (76/332/EEC) and by subsequent Acts of Accession (most recently by those of Austria, Finland and Sweden). The Statutes contain both the rules of procedure of the Monetary Committee (e.g. voting, election of the Chairman), as well as the rules on the composition.

2. Comments on the Articles

Article 1

This Article provides that the Member States, the Commission and the ECB shall each appoint two members: thus the EFC will have 34 members. This is the same rule as applies to the Monetary Committee with the addition of representatives from the European Central Bank. Alternate members may also be appointed.

Article 2

The tasks of the Economic and Financial Committee are set out in Article 109c(2) of the Treaty. These include reviewing the economic and financial situation of the Member States and of the Community and reporting regularly thereon to the Council and to the Commission, in particular on financial relations with third countries and international institutions. The Economic and Financial Committee shall also contribute to the preparation of the work of the Council, *inter alia*, preparing decisions required as part of multilateral surveillance and the broad economic guidelines of Article 103 of the Treaty, and decisions required as part of the excessive deficit procedure of Article 104c of the Treaty. Given the nature and importance of these tasks, it is essential that members of the Committee and alternate members be selected from among experts possessing outstanding competence in the economic and financial field.

Article 3

In light of the Resolution on Economic Policy Coordination adopted by the Luxembourg European Council of 12 and 13 December 1997, Member States shall appoint members from among senior officials of the administration and national central banks. The advantage of such a rule is that continuity will be ensured in the move from stage 2 to stage 3 of EMU. In addition, the Committee will benefit from the expertise of representatives of the national central banks. Finally, the rule will ensure that there is uniform membership from participating Member States and Member States with a derogation.

Article 4

This Decision shall apply as from 1 January 1999 and the Monetary Committee will be dissolved as of that date.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 109c(3) thereof,

Having regard to the proposal from the Commission²,

Having regard to the opinion of the European Monetary Institute³,

Having regard to the opinion of the Monetary Committee⁴,

- (1) Whereas the Treaty provides that an Economic and Financial Committee should be set up at the start of the third stage of economic and monetary union;
- (2) Whereas the Treaty requires the Council to adopt detailed provisions concerning the composition of the Economic and Financial Committee; whereas the Member States, the Commission and the European Central Bank are each to appoint no more than two members of the Committee;
- (3) Whereas the tasks of the Economic and Financial Committee are set out in Article 109c(2) of the Treaty; whereas as part of those tasks the Economic and Financial Committee is to keep under review the economic and financial situation of the Member States and of the Community and to report regularly thereon to the Council and to the Commission, in particular on financial relations with third countries and international institutions; whereas the Economic and Financial Committee is to contribute to the preparation of the work of the Council, *inter alia*, for recommendations required as part of multilateral surveillance and the broad economic guidelines set down in Article 103 of the Treaty, and for decisions required as part of the excessive deficit procedure set down in Article 104c of the Treaty; whereas given the nature and importance of those tasks, it is essential that members of the Committee and alternate members be selected from among experts possessing outstanding competence in the economic and financial field;

² OJ

³ OJ

⁴ OJ

- (4) Whereas in its Resolution⁵ on Economic Policy Coordination in stage 3 of EMU, the European Council of Luxembourg of 12 and 13 December 1997 concluded that the Economic and Financial Committee will provide the framework within which the dialogue between the Council and the European Central Bank can be prepared and continued at the level of senior officials; whereas those officials will come from the national central banks and the European Central Bank as well as from national administrations;
- (5) Whereas the membership of the Committee of officials from the European Central Bank and national central banks shall be without prejudice to Article 107 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1

The Member States, the Commission and the European Central Bank shall each appoint two members of the Economic and Financial Committee. They may also appoint alternate members of the Committee.

Article 2

The members of the Committee and the alternates shall be selected from among experts possessing outstanding competence in the economic and financial field.

Article 3

The members appointed by the Member States shall be selected from among senior officials from the administration and the national central bank.

Article 4

This Decision shall apply as from 1 January 1999.

Done at Brussels,

For the Council
The President

⁵ OJ C 35, 2.2.1998, p. 1.

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