

EC INTERNAL MARKET LAW

concerning § 12 and § 13 of the course

Diagram 9¹

An Overview of the Economic and Monetary Union

Economic Union	Monetary Union
<p>Art. 121(1) FEU Treaty²: Member States shall regard their <i>economic policies</i> as a <i>matter of common concern</i> and <i>coordinate</i> them <i>within the Council</i>, in accordance with the provisions of art. 120³</p> <p>Art. 120 FEU Treaty: Member States shall conduct their economic policies with a view to contributing to the achievement of the objectives of the Union, as defined in article 3 EU Treaty, and <i>in the context of the broad guidelines of the economic policies</i>. M.S. and Union shall act in accordance with the <i>principle of an open market economy with free competition</i>.</p>	<p>Art. 127(1) phrase 1, 2 FEU Treaty⁴: The <i>primary objective</i> of the ESCB shall be <i>price stability</i>. Without prejudice to this objective, the ESCB shall support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union as laid down in art. 3 EU Treaty.</p> <p>Art. 126(1) FEU Treaty⁵: Member States shall <i>avoid excessive government deficits</i>.</p>
<p>European Stability and Growth Pact</p> <p>European Council at Amsterdam 17.6.1997: <i>Political</i> commitment of the M.S. to the objective of balanced public budgets and budget surplus in the medium term</p> <p><i>Legally binding</i> provisions on the procedure according to art. 99 EC Treaty (now art. 121 FEU Treaty) are laid down in regulations 1466/97 and 1467/99</p>	<p>Common currency as third stage of the Monetary Union</p> <p><i>Start</i> of the third stage at 01.01.1999, according to art. 121(4) EC Treaty - no earlier start according to art. 121(3), because not enough M.S. met the requirements</p> <ul style="list-style-type: none">- Council Decision 98/317 from 03.05.1998: 11 M.S. meet the requirements (until 2001, Greece participated according to the exceptional rule in art. 122(1, 3) EC Treaty)- 2007: Slovenia joins the Monetary Union- 2008: Cyprus and Malta join the Monetary Union- 2009: Slovakia joins the Monetary Union <p><i>Substantial requirements</i> for the participation (see art. 140(1) sub-sect. 1 phrase 3 FEU Treaty⁶): a <i>high degree of sustainable convergence</i> by reference to the following criteria, put in concrete terms in the <i>Protocol on the convergence criteria</i>:</p> <ul style="list-style-type: none">- <i>price stability</i>: inflation not exceeding by more than 1,5 % that of the 3 M.S. with the lowest inflation- <i>sustainability of the government financial position</i>: long-lasting avoidance of excessive government deficits- <i>stability of exchange rates</i>: observance of the normal fluctuation margins (within the EMS) for at least 2 years- <i>convergence of interest-rates levels</i>: long-term interest-rates not exceeding by more than 2 % that of the 3 M.S. with the lowest inflation.
<p>Coordination of the economic policies within the Council, art. 121(1, 2) FEU Treaty</p> <p>Monitoring of the economic development and policies of the M.S., art. 121(3-6) FEU Treaty</p>	<p>Institutional safeguard by the ESCB, art. 129 et seq., 282 FEU Treaty⁷</p> <ul style="list-style-type: none">- comprising ECB and national central banks (in addition, the ECB and the central banks of the Euro states constitute the <i>Eurosystem</i>)- directed by the main decision-making institutions of the ECB (Governing Council, Executive Board)- not subjected to instructions, art. 130 FEU Treaty <p>Monitoring and enforcement of the budgetary discipline, art. 126 FEU Treaty</p>

¹ Made by Dr. Irene Kesper.

² Formerly (before the Treaty of Lisbon came into force) art. 99(1) EC Treaty.

³ Formerly art. 98 EC Treaty.

⁴ Formerly art. 105(1) phrase 1, 2 EC Treaty.

⁵ Formerly art. 104(1) EC Treaty.

⁶ Formerly art. 121(1) sub-sect. 1 phrase 3 EC Treaty.

⁷ Formerly art. 107 et seq. EC Treaty.