

# Economic and Monetary Union

## CBI policy statement

**The CBI is in favour in principle of UK entry into European economic and monetary union once key conditions for success are in place. The CBI's present policy is not committed to a specific entry date. It will continue to review with its members over the forthcoming years the issue of the appropriate conditions and date of entry.**

### POTENTIAL BENEFITS

UK membership of EMU has the potential to deliver significant benefits to the UK economy. In particular it would:

- Enable British companies to participate fully in a more complete and competitive single market
- Remove from the UK economy the harmful impact of exchange rate volatility versus the euro.

A commitment to UK membership of EMU would also reinforce the UK government's ability to play a full and leading role in Europe, arguing for the reforms needed to ensure full realisation of EMU's potential.

### CONDITIONS FOR ECONOMIC SUCCESS

There remain however key conditions which need to be achieved to ensure the economic success of the EMU project and to minimise the risks. These are:

- Further progress towards sound fiscal conditions in all major euro-zone countries
- A shift in labour market policies in eurozone countries towards more flexibility rather than more intervention.

In addition, the timing of British entry will need to be determined in the light of reasonable cyclical convergence between the UK and other EU economies, and would need to be at an appropriate exchange rate. This exchange rate can only be decided nearer the date of entry.

### POLICY RECOMMENDATIONS

Given these considerations, the UK government should maintain its in principle commitment to British membership of EMU, and should:

- Work within the EU to urge progress on the policies needed to ensure EMU's success, specifically in the areas of sound fiscal policy and continued product and labour market liberalisation
- Continue with the practical preparations needed to ensure that entry can follow swiftly once a decision in a referendum is made
- Review regularly whether the conditions for UK entry are favourable
- Encourage an informed debate about all aspects of UK membership of the EMU.

### CBI CONSULTATION PROCESS

In July 1999, the CBI completed a second major consultation exercise on the issue of membership of EMU involving both our representative councils and a survey of membership opinion. Following this exercise, the CBI policy statement – set out on this page – was agreed at CBI National Council and published July 20 1999.

More detailed information can be downloaded from the CBI's website: [www.cbi.org.uk](http://www.cbi.org.uk)

#### Further information

CBI contact: Information Centre  
Tel: 0171 395 8247  
Email: [enquiry.desk@cbi.org.uk](mailto:enquiry.desk@cbi.org.uk)