

## Jean-Claude Trichet: Paris seminar on the EU accession process (concluding remarks)

Concluding remarks by Mr Jean-Claude Trichet, President of the European Central Bank, at the Paris seminar on the EU accession process, Paris, 5 March 2004.

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Distinguished guests, ladies and gentlemen,

To conclude this seminar, let me say what a great pleasure it has been for me to be here with you yesterday and today. This seminar has brought together governors, vice-governors and high-level representatives of the 12 accession country central banks, the European Central Bank (ECB) and the 15 national central banks of the European System of Central Banks (ESCB), as well as representatives of the Irish Presidency and the European Commission.

Today's discussions have, in my view, clearly shown how much progress we have already made in exploring many of the key issues that will shape successful monetary cooperation and integration in an enlarged European Union (EU). They also illustrate how much common ground we share on central banking matters here in Europe. Obviously, this is the result of our regular and increasingly close contact over half a decade. And I believe that this permanent dialogue is a very valuable asset for future interaction, particularly in an enlarged ESCB.

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Listening to today's presentations and statements, it struck me how many interlinkages there are between, on the one hand, the policy issues, and on the other, the practical and operational aspects. It is important, and it will always be important, to understand the implementation issues, and to anticipate questions that may arise in day-to-day practice.

Our discussion in the first session, entitled "Monetary and exchange rate policies and the practical functioning of ERM II", illustrated that this is particularly important in the case of ERM II, as our practical and operational experience with ERM II is still somewhat limited and our initial experience from "ERM I", although useful, is not always wholly relevant. Our discussions highlighted both that ERM II is a useful framework to help Member States participating in the mechanism in their efforts to adopt the euro and, also, that participation in ERM II is only one element of the overall policy framework. Participation in ERM II must be complemented by other elements of this overall policy framework.

As we stated in the Policy position of the Governing Council of the ECB on exchange rate issues relating to the acceding countries (published on 18 December 2003), to ensure a smooth participation in ERM II it would be necessary that major policy adjustments - for example with regard to price liberalisation and fiscal policy - are undertaken prior to participation in the mechanism, and that a credible fiscal consolidation path is being followed.

Drawing lessons from one's own experience and from that of others was clearly another *leitmotiv* of today's seminar. Obviously, this is easier said than done. But if a task is difficult, it means that we should simply work harder at it.

Respecting rules is particularly important in the EU institutional framework. Fiscal rules in the European Union are a clear case in point, as the discussion in our second session today entitled "Budgetary discipline in the context of the Stability and Growth Pact" has clearly shown.

Fiscal performance has been rather weak recently in some of the acceding countries. In this context, the multilateral surveillance procedures within the EU framework, and in particular the Stability and Growth Pact, will play a key role in enhancing budgetary discipline. In this area, let me reiterate that the Governing Council of the ECB shares the concerns of the European Commission regarding the conclusions of the ECOFIN Council in November last year. The Commission is the guardian of the Treaty and the ECB respects the Commission's decision to seek legal clarity. Furthermore, we do not see a need to change the Treaty and, in our view, the Stability and Growth Pact in its current form is appropriate. We are in agreement with the Commission that the implementation of the Stability and Growth Pact could be further improved, in particular in terms of the analysis of structural imbalances

and the strengthening of incentives for sound fiscal policies during good economic times. Clarity and enforceability of the fiscal framework should be enhanced.

What holds true for rules in general can also be applied to standards and regulations (which are specific forms of rules). Our discussion in the last session, entitled "Issues related to financial standards, accounting regulations and corporate governance", has made this crystal clear with regard to standards and regulations in the financial and corporate sector. Given the extent of globalisation in today's world, the need for a sound framework for the conduct of business and for appropriate supervision, also in cross-border terms, has never been more pressing.

If I can draw just one general conclusion from all of our discussions today, it is the importance of **being prepared**. Although the forthcoming accession is undoubtedly a major historic achievement, we must continue to thoroughly **prepare** for integration in the future in order to get the timing of policy actions right.

So where do we go from here? Looking ahead over the remainder of 2004 and beyond, there are clearly challenges for which we need to continue to prepare. Challenges and opportunities for all countries represented here today.

- Bulgaria and Romania will of course face the challenge of making further progress towards creating the conditions for EU membership and of completing accession negotiations.
- For the 10 new Member States, the main agenda item will still be full integration into the EU framework. This is particularly the case for integration into Economic and Monetary Union, since all acceding countries will join the EU as Member States with a derogation. That means that, while not yet adopting the euro, they are committed to striving towards the eventual adoption of the euro upon the fulfilment of the convergence criteria laid down in the Treaty. Full integration will also require considerable efforts in other key areas such as the single market.
- As regards the 25 Member States, speeding up the pace of structural reforms would help to improve the longer-term growth potential of the wider EU. Moreover, there is also the important task of moving ahead with the project of a Constitution for Europe. The months and years ahead will be very formative for all of us. And I think decisions will be taken that may well shape Europe for a long time to come.

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Let me conclude by warmly thanking Governor Noyer and the staff of the Banque de France for their excellent preparation of this seminar. I am sure I speak for all participants when I say that we have appreciated your very warm hospitality and splendid organisation both yesterday evening and today. In the name of all fellow members of the Governing Council of the ECB, I would also like to thank all participants, and in particular our colleagues from the accession countries, for coming to Paris to discuss a broad set of issues that are vital to both the future of monetary integration in Europe and the financial stability of our continent.

As I said yesterday evening, this seminar in Paris is the last one in the current configuration. However, there will be other seminars and opportunities for close dialogue with central banks from those countries still negotiating EU membership, and with central banks from countries that may become accession countries in the future.

Thank you.