

COMMITTEE OF GOVERNORS OF THE CENTRAL BANKS
OF THE MEMBER STATES
OF THE EUROPEAN ECONOMIC COMMUNITY

Confidential

Draft

250th MEETING

BASLE, TUESDAY 11th DECEMBER 1990 AT 9.30 a.m. (1)

Agenda

- I. Approval of the minutes of the 249th meeting(2).
- II. Mandates for the Monetary Policy Sub-Committee, the Foreign Exchange Policy Sub-Committee and the Committee on Financial Matters(3).
- III. Exchange rate arrangements with third countries(4).
- IV. Issues relating to the EMS Agreement:
 - principles concerning prior agreement on interventions in Community currencies(5);
 - extension of the EMS revolving swap mechanism(6);
 - intervention hours(7).
- V. Monitoring of economic and monetary developments and policies in the EEC based on:
 - Preparation by the Foreign Exchange Policy Sub-Committee (Monitoring) and discussion by the Committee of Alternates;
 - Statistical charts and tables(8)(11).
- VI. Adoption of the Committee's report to the EEC Ministers of Finance on developments on the foreign exchange markets of the nineteen countries participating in the concertation procedure during November and the first few days of December 1990(9)(11).
- VII. Common framework for the monitoring of monetary policies:
 - first ex ante exercise devoted to the examination of monetary policy objectives envisaged for 1991;
 - conceptual questions relating to the mutual compatibility of national monetary policies(10)(11).
- VIII. Economic and Monetary Union:
 - exchange of views on the British proposal for introducing the hard ecu(12);
 - follow-up to the informal ECOFIN meeting of 2nd December and work programme relating to the draft Statute.
- IX. Other matters falling within the competence of the Committee:
 - ecu clearing(13).
- X. Date and place of next meeting.

(Please see footnotes on next page)

- (1) The meeting is expected to continue in the afternoon until approximately 4 p.m..
- (2) The draft minutes will be circulated shortly.
- (3) Draft mandates (together with a brief note on the establishment of the Committee on Financial Matters) were circulated on 5th November 1990.
- (4) On the basis of the Foreign Exchange Policy Sub-Committee's Report No. 1 of 14th September 1990 (FXP/90/01) "Issues raised by the Commission's suggestions for an exchange rate arrangement between the Community and third countries" and an additional report from the Sub-Committee in compliance with the mandate which it was given at the Committee of Governors' meeting of 13th November 1990. The report will be circulated shortly.
- (5) This topic was already on the agenda of the Committee's meeting of 15th May 1990 but could not be dealt with because of lack of time. A draft statement was prepared by the Alternates and circulated by the Secretariat on 9th May 1990. A unanimous agreement of the Governors on this text would permit the formalisation of the acceptance of official ecus in intra-Community settlements up to 100%.
- (6) A note from the Secretariat dealing with this issue will be circulated shortly.
- (7) The Chairman of the Foreign Exchange Policy Sub-Committee will make an oral report on the discussion held in the Sub-Committee.
- (8) These documents ("Monitoring Charts", "Concertation Tables" and "Monthly Statistical Series") will be prepared by the Secretariat and will be ready for the Governors in Basle.
- (9) The draft Report prepared by the Secretariat and finalised by the Concertation Group will be circulated to the Governors in Basle.
- (10) The ex ante exercise will be held in accordance with the procedure adopted by the Committee in July 1990. It will be based on Report No. 1 from the Monetary Policy Sub-Committee ("Monetary Policy Intentions for 1991") which was circulated on 2nd November 1990 with a view to the Governors' November meeting. A supplementary note summarising changes in policy intentions which have occurred since the finalisation and transmission of Report No. 1 will be circulated shortly. Furthermore, there will be an oral statement by Monsieur Rey, summarising the discussion in the Committee of Alternates on the Report by the Monetary Policy Sub-Committee and on the conceptual issues as described in the Secretariat's note dated 18th September 1990, "Assessing the mutual compatibility of national monetary policies".
- (11) It is proposed to discuss together the agenda items V, VI and VII.
- (12) The exchange of views will be based on a Report by the Chairman of the Committee of Alternates, summarising the Alternates' discussion on the British proposals for a hard ecu (see the letter from Governor Leigh-Pemberton dated 20th June 1990).
- (13) Draft amendments to the agreement between the BIS and the Ecu Banking Association will be submitted by the Agent for the ecu clearing in due course.