

The ECB's relations with international organisations and fora

The purpose of this article is to describe the relations that the ECB has developed so far with international organisations (e.g. the IMF, the OECD and the BIS) and fora (e.g. the G7, the G10 and the G20). From an institutional perspective and with regard to issues of relevance to Economic and Monetary Union (EMU), the ECB represents the European Community at the international level together with the ECOFIN Council, in line with the distribution of competences and other rules laid down in the Treaty establishing the European Community (Treaty). Depending on respective competences and specific arrangements, the national central banks (NCBs) of the euro area and the European Commission also participate in international meetings. The ECB takes part in international co-operation whenever the Eurosystem's tasks are involved. The ECB's presence at the meetings of international organisations and fora has so far been ensured by following a pragmatic approach – i.e. one that minimises the adaptation of the rules and/or practices governing these organisations and fora – and is, therefore, likely to evolve over time. From a policy perspective, the ECB's main contribution to international co-operation consists in the exchange of information and views with non-euro area policy-makers. The ECB is also involved in the surveillance by independent organisations, such as the IMF and the OECD, of the economic developments and policies of the euro area, as well as in the definition of best practices designed to improve the efficiency and transparency of public governance. These co-operation activities do not impinge on the independence of the ECB and are without prejudice to its primary objective, which is to maintain price stability.

I Introduction

Central banks have traditionally been involved in international economic, monetary and financial co-operation. This has taken place through their participation in international organisations and fora either of an intergovernmental nature (e.g. the International Monetary Fund (IMF) and informal fora like the Group of Seven (G7)) or based on central bank co-operation (e.g. the Bank for International Settlements (BIS) and the Governors of the Group of Ten). The establishment of the ECB made it necessary to devise arrangements that permit its involvement in international co-operation, both from an institutional and from a policy perspective.

Devising such arrangements has been and remains a unique task for three main reasons. First, the existing array of international organisations and fora was designed to promote co-operation among sovereign states that have full competence for the conduct of their economic, monetary and financial policies. The increase in membership of international organisations and fora during the post-war period could easily be accommodated within the prevailing institutional settings. By contrast, the decision

by the euro area countries to transfer their monetary sovereignty to the ECB, as a supranational institution, posed some highly novel questions in the present institutional framework for international relations. Second, individual euro area countries remain responsible for the economic policies other than monetary and exchange rate policies, even though co-ordination mechanisms have been strengthened at the European Community level (e.g. in the areas of fiscal and structural policy). This means that the involvement of the ECB, the European Community and individual EU Member States in the process of international co-operation varies depending on the mandates of the relevant international organisations and fora. Third, not only the ECB, but also the other components of the Eurosystem, namely the NCBs, take part to varying degrees in international organisations and fora, depending on the participation in the latter of their respective countries. Therefore, achieving a consistent representation of the Eurosystem presented unique challenges.

The purpose of this article is to describe the current arrangements for the involvement of the ECB in international co-operation. This

article complements two other contributions on the external relations of the ECB, namely the articles in the February and October 2000 issues of the ECB Monthly Bulletin, which

focused on ECB relations with EU accession countries and ECB relations with institutions and bodies of the European Community.

2 Institutional setting and policy content of the ECB's international relations

Institutional setting of the ECB's international relations

The ECB's involvement in international co-operation is based on rules provided for by the Treaty establishing the European Community (Treaty) and the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB). These rules are supplemented by the principles included in the Presidency Conclusions adopted by the European Council at its meetings in Luxembourg in December 1997 and in Vienna in December 1998 ("Conclusions of the European Council"). This set of provisions, as listed in the box at the end of this article, is reviewed below.

The Treaty confers upon the ECB and the ECOFIN Council well-defined responsibilities in the fields of international co-operation and representation of the European Community at the international level with regard to issues of relevance to Economic and Monetary Union (EMU). The relevant provisions are laid down in Article III of the Treaty. Until now, Article III has only been used to conclude agreements between the European Community and certain non-EU countries on monetary and exchange rate matters (Article III (3)).¹ The other relevant provisions, including those pertaining to decisions on the position and the representation of the European Community at the international level, have not been used thus far. Current arrangements for the international representation of the Community are based on the principles adopted by the European Council at its meetings in December 1997 and December 1998. In line with the December 1997 Conclusions of the European Council, the

ECB and the ECOFIN Council "will fulfil their tasks in representing the Community at the international level in an efficient manner and in compliance with the distribution of powers laid down in the Treaty".

For its part, the Statute of the ESCB stipulates how the Eurosystem shall be represented at the international level. In this respect, it is for the Governing Council of the ECB to take the relevant decisions (Articles 6 (1) and 12 (5)). The ECB and, subject to the approval of the Governing Council, the NCBs are entitled to participate in international monetary institutions. The ECB, which is represented externally by either the President or his nominee, is in a position to act at the international level, since it has legal personality. The pragmatic solutions devised thus far to allow for the participation of the ECB and the NCBs in international organisations and fora are described in Section 3 of this article.

The ECB is involved in international co-operation where the tasks entrusted to the Eurosystem are concerned. However, the precise nature of such involvement hinges on the types of tasks concerned and may range from the exclusive representation of policy positions of the European Community to the formulation of the ECB's own positions alongside those of other policy-makers in the Community. Five cases are reviewed below.

First, whenever international co-operation concerns the single monetary policy, the ECB

¹ This is the case for the three Council Decisions concerning monetary relations with the Principality of Monaco, the Republic of San Marino and Vatican City, as well as the two Council Decisions on exchange rate matters relating to the Cape Verde escudo and the CFA franc and Comorian franc.

is the sole institution entitled to represent policy positions of the European Community, since the single monetary policy is an exclusive competence of the ECB's decision-making bodies (i.e. the Governing Council and the Executive Board).

Second, with regard to the overall framework pertaining to the exchange rate of the euro, the Treaty provides for close interaction between the ECB and the ECOFIN Council, as laid down in Article 111 (1) to (3). When applying these provisions, the voting rights of the Member States which have not yet adopted the euro are suspended. Moreover, the Eurogroup regularly reviews exchange rate developments in line with its shared responsibilities for the single currency. The Eurogroup is an informal body composed of the finance ministers of euro area Member States; the European Commission and, upon invitation, the ECB participate in Eurogroup meetings. The responsibility shared by the ECB and the Eurogroup for issues related to the euro exchange rate concerns consultation with third parties – for example at the G7 level – and communication policy. This implies participation in G7 meetings of both the President of the ECB and the President of the Eurogroup when matters related to the exchange rate of the euro are discussed. By contrast, the ECB is solely responsible for decisions on foreign exchange operations.

Third, in the area of payment systems the ECB may formulate positions at the international level on issues related to the Eurosystem's responsibility for promoting the smooth and efficient operation of payment and settlement systems. In formulating such positions, the ECB takes into account whether the functioning of payment systems may affect the implementation of the single monetary policy, systemic stability and the establishment of a level playing-field between participants and cross-border payments both within the EU and with other countries. The euro area NCBs, which participate in international organisations and fora alongside the ECB, may also express views reflecting their own responsibility and experience in

managing and overseeing domestic payment and settlement systems.

Fourth, the Statute of the ESCB imposes a general obligation on the ECB, in undertaking the tasks of the Eurosystem, to co-operate in statistical matters with international organisations. This provision, which takes into account the fact that statistical work is carried out within a global context, allows the ECB to formulate positions along with other competent Community bodies (e.g. Eurostat).

Fifth, in the area of prudential supervision and financial stability the ECB may participate in the relevant international meetings and state its positions alongside those of the national authorities that have competence in this field (e.g. NCBs and national supervisory agencies). In doing so, the ECB adds a euro area perspective to the discussions.

Policy content of the ECB's international relations

The ECB's involvement in international co-operation consists mainly in the mutual exchange of information and views with other policy-makers within multilateral organisations and fora. In this context, the peer review of the economic developments and policies in major economic areas is particularly important, as it enhances the ECB's ability to analyse the impact of external developments on the economy of the euro area. Given its voluntary and non-binding nature, this form of co-operation activity does not impinge on the ECB's independence.

Exchanges of information and views are complemented by surveillance carried out by independent organisations such as the IMF and the Organisation for Economic Co-operation and Development (OECD). These organisations regularly monitor and assess economic developments in and the policies of their member countries. Whenever the single monetary policy of the euro area is under review, the ECB is the

sole counterpart in discussions with these organisations. International surveillance adds to the transparency of the ECB as the assessments of euro area economic policies are made available to the public.

The ECB also participates, within its areas of competence, in the efforts of the international community to develop common understandings on a number of best practices and rules designed to improve the efficiency and transparency of policy-making. Best practices, which are to be implemented in each individual country on a voluntary basis, are usually laid down in core principles, standards and codes. The identification of best practices encourages emulation and transparency among policy-makers, thus making the notion of good public governance a central component of international co-operation.

It should be stressed that the ECB is not involved in ex ante international

co-ordination of its monetary policy with the policies carried out by non-euro area countries. This could easily become incompatible with its mandate – which is to maintain price stability in the euro area – and its status of independence. Attempts to co-ordinate ex ante would not only blur the specific responsibilities of individual policy-makers, but also reduce their accountability. Similar considerations apply to exchange rate policy co-ordination between large economic areas. In line with this view, the European Council stressed at its meeting in Luxembourg in December 1997 that the exchange rate of the euro is not a target to be set independently, but the outcome of the economic fundamentals of the euro area relative to those of other economies. Following this line of reasoning, the European Council concluded that the ECOFIN Council might formulate “general orientations” for the exchange rate policy of the euro area (Article 111 (2) of the Treaty) only in exceptional circumstances.

3 The international relations of the ECB

The European Community’s institutional setting for economic and monetary policies in general, and the provisions governing the international relations of the ECB in particular, have, of course, no direct impact on the statutes and/or internal rules governing international organisations and fora. Over the past two years some adjustments have been made to the rules and procedures on which international relations are based, since the previous framework was not tailored to the involvement of a monetary union as large as the euro area. Until now such adjustments have largely been based on pragmatism. This is in line with the Conclusions of the European Council in Vienna in December 1998, according to which “a pragmatic approach might be the most successful which could minimise the adaptation of current rules and practices provided, of course, that such an approach

resulted in an outcome which recognised properly the role of the euro”.

The following is a review of current practice in co-operation between the ECB and international organisations and fora. The information provided in this section is supplemented by the table at the end of this article, which outlines the main features of these organisations and fora.

The International Monetary Fund

The Articles of Agreement of the International Monetary Fund entrust it with the task of promoting, inter alia, international monetary co-operation, exchange rate stability, international trade and economic growth. The scope of its mandate places the IMF at the centre of the international

monetary and financial system. In view of the importance of member countries' economic policies to the stability of the global economic system, surveillance lies at the heart of the IMF's activities. Surveillance consists in monitoring and assessing economic and financial developments and policies of member countries in the context of consultations with member countries under Article IV of the IMF Articles of Agreement (Article IV consultations). Surveillance also comprises an assessment of the global implications of national policies in an increasingly integrated world economic and financial system (multilateral surveillance).

Given the respective mandates of the IMF and the ECB, it was considered essential for the ECB to be represented at the IMF on those issues which fall within the ECB's fields of competence. The decision by the IMF Executive Board on 21 December 1998 to grant observer status to the ECB provided a pragmatic solution that did not require a change in the IMF's Articles of Agreement, which restrict membership to countries. This arrangement extends a standing invitation to the ECB to participate as an observer in all IMF Executive Board meetings dealing with issues of direct relevance to the ECB. In addition, the ECB Observer may be invited on an ad hoc basis to IMF Executive Board meetings dealing with issues recognised by the IMF and the ECB to be of mutual interest. Moreover, the President of the ECB is invited to attend, as an observer, meetings of the International Monetary and Financial Committee (IMFC, formerly the Interim Committee). The IMFC meets twice a year in the context of the Spring and Annual Meetings of the IMF to advise and report to the Board of Governors on the supervision of the international monetary and financial system. It also provides policy guidance to the work of the IMF Executive Board.

The standing invitation to the ECB to attend IMF Executive Board meetings as an observer relates to the following agenda items:

- Article IV consultations on the monetary and exchange rate policies of the euro area;
- Article IV consultations with individual euro area Member States;
- the role of the euro in the international monetary system; and
- multilateral surveillance, i.e. biannual discussion of the World Economic Outlook and the International Capital Markets Report and regular discussions on world economic and market developments.

In all these discussions of the IMF Executive Board, representatives of the euro area member countries respect the allocation of competences provided for by the Treaty. In practical terms this means, first, that insofar as the monetary policy of the euro area is concerned the ECB Observer presents the policy positions of the European Community, and, second, that with regard to exchange rate matters, the Executive Director representing the Eurogroup Presidency and the ECB Observer both present the Community position, reflecting the regular exchange of views which takes place at the euro area level, e.g. at meetings of the Eurogroup.

Since the introduction of the euro, Article IV consultations with euro area member countries have been split into two parts which are distinct in terms of scope and timing. One part of the Article IV process concerns monetary and exchange rate issues of the euro area. The second part deals with individual euro area countries and their economic policies other than monetary and exchange rate policies (e.g. fiscal or structural policies). This two-pronged approach reflects the adaptation of IMF procedures which was made necessary by the new division of competences within the euro area.

As for the first part, i.e. monetary and exchange rate issues of the euro area, an IMF delegation visits the ECB twice a year to discuss recent developments and relevant policy matters. In this context, the IMF mission also holds discussions on economic

developments and policies (e.g. fiscal and structural policies) in the euro area as a whole, which are of relevance for monetary policy and exchange rate developments, with European Community bodies which have a co-ordinating role for these national policies (e.g. in the framework of the Broad Economic Policy Guidelines and the Stability and Growth Pact) such as the European Commission, the Economic and Financial Committee and the Eurogroup. At the Executive Board meeting dealing with the IMF staff report, the ECB Observer presents the position of the Eurosystem, while the representative of the country holding the EU Presidency conveys the position of the Eurogroup. In the second part of the Article IV process, which concerns the economic policies of individual member countries, the IMF continues to visit the individual countries to meet the respective policy-makers at the national level.

Given the implications that global economic and financial developments might have for the assessment of risks to price stability in the euro area, the ECB Observer participates in IMF Executive Board meetings which deal with multilateral surveillance. It should be added that in the preparation of the IMF's International Capital Markets Report an IMF team visits the ECB to discuss financial market issues.

Apart from the standing invitation, the ECB Observer may be invited to attend on an ad hoc basis for agenda items which both the ECB and the IMF consider to be of mutual interest for the performance of their respective mandates. It has now become common practice for the ECB Observer to be invited to attend Article IV discussions concerning EU Member States which have not yet adopted the euro, given that the ECB is involved in monetary policy co-ordination procedures with the NCBs of these Member States. Another example of ad hoc participation was the last quinquennial review by the IMF Executive Board of the valuation of the Special Drawing Rights

(SDRs), which resulted in a change from a country-based to a currency-based approach in order to take fully into account the introduction of the euro.

The ECB is also involved in certain IMF initiatives to strengthen the international financial architecture whenever these concern the areas of competence of the ECB. This was the case for the Code on Good Practices on Transparency in Monetary and Financial Policies, which contains broad principles for the transparency and accountability of authorities in the field of monetary policy and related central bank tasks, such as payment systems and supervision. The ECB and the national central banks of the euro area have actively contributed, together with the BIS and a representative group of central banks and experts, to the design of the Code and the preparation of the Supporting Document. Similarly, the ECB is involved in the current process at the IMF of developing guidelines on the management of foreign exchange reserves. These guidelines will also be aimed at reducing the vulnerability of emerging market countries to financial crises.

In this context, it has been agreed that the IMF will prepare a "Report on the observance of standards and codes" (ROSC) dealing with the ECB's monetary and payment systems policies in the euro area. Such ROSCs are currently being prepared by the IMF and some member countries as part of broader efforts by the international community to foster the implementation of internationally agreed standards and codes. These reports assess the observance by countries of these standards and codes in order to identify potential weaknesses that may contribute to economic and financial vulnerability. Several countries, among them some euro area countries, have committed themselves to undergo this exercise in order to "lead by example". The ROSC of the ECB will complement reports prepared by individual euro area countries which do not deal with policies within the ECB's fields of competence.

The ECB has developed working relationships with the IMF in other areas. In particular, the ECB actively participates in the application and development of international statistical standards, such as the IMF's Balance of Payments Manual (5th edition), within the framework of the System of National Accounts 1993. Working relationships have also been developed in the framework of the Special Data Dissemination Standard (SDDS), which was established in 1996 to ensure the provision of timely, reliable and comprehensive data by member countries to the public and to the IMF for surveillance purposes.

The Organisation for Economic Co-operation and Development

The OECD is an intergovernmental organisation which currently comprises 29 countries. It provides a forum for its members to consult each other, compare experiences and co-operate in order to achieve the highest possible sustainable growth and to improve economic and social well-being in line with the principles of a market economy. In pursuing these tasks, the OECD covers all areas of public policy, including monetary and other economic policies. The ECB takes part in any OECD activities which concern the tasks of the Eurosystem.

As in the case of the IMF, OECD membership is restricted to countries. However, the European Community is permanently represented at and takes part in the work of the OECD in accordance with Article 13 of the OECD Convention and the related Supplementary Protocol No. 1. Accordingly, since 1999 the ECB has participated – as part of the delegation of the European Community alongside the European Commission – in all OECD meetings in which it has an interest. The ECB and the Commission express their own views within their respective fields of competence. The OECD Committees and Working Parties in which the ECB participates include the following:

- Economic and Development Review Committee;
- Economic Policy Committee and its working parties; and
- Financial Markets Committee.

The Economic and Development Review Committee (EDRC) was established in 1961 with primary responsibility for conducting, on a regular basis, reviews of the economic situation and policies of each OECD member country. Such reviews lead to the publication, under the direct responsibility of the EDRC, of economic surveys which include a number of policy recommendations. Member countries may then take these policy recommendations into account on the basis of the principle of self-assessment.

While the EDRC held informal seminars on EMU in 1999 and 2000, a formal EDRC review of the euro area will be undertaken for the first time in 2001. In line with IMF practice, the review of the euro area will mainly focus on monetary policy and exchange rate issues and will cover macroeconomic (mainly fiscal) and structural policies only insofar as they have an impact on the euro area as a whole. Consequently, the review will complement the reviews of individual euro area countries without replacing them. As part of the preparation of the 2001 review, an OECD delegation visited the ECB in autumn 2000 in order to assess both the single monetary and exchange rate policies and the economic situation in the euro area.

The Economic Policy Committee (EPC) focuses on the global economic situation, with particular emphasis on the implications of developments in three major OECD regions (the United States, the euro area and Japan). By examining a wide range of issues related both to economic outlooks and to policy requirements in the OECD area, the EPC provides OECD members with a comprehensive assessment. The EPC is supported by a number of Working Parties. Working Party No. 3 (WP3), in particular, monitors and assesses major macroeconomic developments (e.g. exchange

rate developments, imbalances in the external and/or budget positions, systemic financial risks). Working Party No. 1 (WPI) focuses on economic issues and policies of a more structural nature (e.g. the links between policies and long-term growth, the criteria for the surveillance of public expenditure, the role of automatic stabilisers). The Short-Term Economic Prospects (STEP) Working Group assists the EPC in formulating economic projections.

Finally, the ECB's involvement in OECD activities also includes participation in the Financial Markets Committee (FMC), which examines structural developments in OECD financial markets.

Informal fora for finance ministers and central bank governors

G7 finance ministers and central bank governors

As part of the broader framework of co-operation within the G7, finance ministers and central bank governors have met regularly to discuss key international economic and financial issues. Their meetings are mainly concerned with economic and financial developments and prospects in their respective countries, exchange rate issues and the global economy. In addition, they address issues of common interest related to international monetary and financial policy. These informal exchanges of views may help the participants to achieve a greater understanding of the different issues involved, which may also be of use in the discussion and decision-making process of international organisations such as the IMF, the World Bank or the OECD. As such, it may provide guidance for or give political impetus to the work of these organisations. The main results of the discussions are regularly summarised in joint statements following the meetings.

Up to the launch of Stage Three of EMU, participation in the meetings of G7 finance ministers and central bank governors was

restricted to the respective national authorities of the G7 countries. With the transfer of core competences related to monetary and exchange rate policy from the national to the Community level, adequate arrangements needed to be devised to take into account this new allocation of competences within the euro area. As part of this adaptation of existing practices, it was agreed that both the President of the ECB and the President of the Eurogroup should participate in those parts of the meetings that deal with macroeconomic surveillance and exchange rate issues. Although the three central bank governors of the euro area G7 countries (France, Germany and Italy) do not participate in this part of the meetings, they do take part when the G7 discusses other issues, e.g. the international financial architecture and debt initiatives in favour of highly indebted poor countries.

As far as the monetary policy of the euro area is concerned, the President of the ECB presents the views of the Eurosystem. The President of the Eurogroup participates in the discussions on other economic developments and policies in the euro area. Given the shared responsibility of the ECB and the Eurogroup for exchange rate matters, the views presented at G7 meetings reflect prior consultations within the euro area.

G7 consultations on exchange rate matters may also lead to co-operation in this area, as exemplified by the concerted intervention carried out on 22 September 2000 and by the G7 statement published on 23 September 2000 after the meeting of G7 ministers and governors in Prague.

G10 ministers and governors

Closely linked to the activities of the IMF is the work of the G10 ministers and governors, the origin of which dates back to the creation of the General Arrangements to Borrow (GAB) in 1962. Since GAB resources complement the IMF's ordinary resources, issues discussed at meetings of G10 ministers

and governors are closely related to IMF policy matters. In recent years, their main focus has been on the prevention and management of international financial crises, including encouraging the involvement of the private sector, and on consolidation in the financial sector. The ECB participates as an observer in the biannual meetings of ministers and governors, which are organised in the context of the Spring and Annual Meetings of the IMF. The meetings are complemented by quarterly meetings at the deputy level, which the ECB also attends as an observer.

G20 ministers and governors

In their statement of 25 September 1999, G7 finance ministers and central bank governors announced the creation of the Group of 20 (G20). This new informal forum of finance ministers and central bank governors was set up to involve key emerging market countries in the dialogue on international economic and financial policy issues. It aims to facilitate an open exchange of views on those matters and thus promote consensus-building on issues discussed by the relevant decision-making bodies, such as the IMF or the World Bank.

The ECB and the EU Presidency are members of the G20. Both participated in the two meetings of G20 ministers and governors which have taken place thus far (December 1999 and October 2000) as well as in the preparatory meetings at the deputy level. The participation of both the ECB and the EU Presidency makes it possible to bring a euro area-wide perspective to the issues under consideration. The contributions to the G20 discussion by the ECB and/or the EU Presidency are co-ordinated, to the extent appropriate, in line with the allocation of competences provided for by the Treaty.

The G20 has addressed several issues, ranging from means to reduce the vulnerability of countries to financial crises to the opportunities and challenges posed by globalisation. In respect of the former, the

G20 keeps under review the adoption by emerging market economies of exchange rate regimes that are consistent with their specific macroeconomic and financial conditions. Likewise, the importance of prudent liability management is still being considered. In addition, the G20 has started a dialogue with private sector representatives on the adequate involvement of private creditors in crisis prevention and resolution. Finally, the G20 has taken an active stance with regard to the implementation of international standards and codes by committing its members to lead by example in undertaking ROSCs and "Financial Sector Assessment Programs".

Financial Stability Forum

The Financial Stability Forum (FSF) was set up in February 1999 by the G7 finance ministers and central bank governors. Its main objectives are to assess vulnerabilities affecting the international financial system and to identify action to promote international financial stability through enhanced information exchange and international co-operation in financial supervision and surveillance. Support for the FSF is provided by a secretariat located at the BIS. A member of the Executive Board of the ECB attended the early FSF meetings as an observer and has attended FSF meetings as a regular member since June 2000 in his capacity as Chairman of the Committee on Payment and Settlement Systems.

The FSF has published concrete recommendations on highly leveraged institutions (HLIs), on volatile capital flows, and on offshore financial centres (OFCs) and has urged national authorities and international financial institutions to take the necessary steps for their implementation. It has also reviewed developments in the insurance industry relevant to financial stability and is encouraging further work in this area. In the context of ongoing work to foster the implementation of international standards and codes, the FSF has identified

12 key standards and codes most relevant to sound and well-functioning financial systems. The FSF is currently working on the development of international guidance on deposit insurance schemes and is analysing the implications of electronic finance for supervision, regulation and market functioning.

The Bank for International Settlements and central bank fora

A major objective of the BIS is to promote the co-operation of central banks, as laid down in Article 3 of the Statute of the BIS. The ECB takes part in all BIS-based co-operation activities, including associated statistical work. In particular, the President of the ECB participates in the meetings of the Governors of the Group of Ten (G10 governors), which usually take place at the BIS headquarters on a bimonthly basis. This forum discusses key international economic, monetary and financial issues (e.g. economic trends both in industrial countries and in emerging market economies, potential threats to global financial stability and longer-term monetary and financial developments). Meetings are increasingly being opened to the central banks of those emerging market economies which are of systemic importance. The G10 governors also act as a hub for a number of permanent committees and ad hoc working parties. Four permanent committees in which the ECB takes part are of particular relevance:

- the Basel Committee on Banking Supervision;
- the Committee on Payment and Settlement Systems;
- the Committee on the Global Financial System; and
- the Gold and Foreign Exchange Committee.

The ECB has observer status at the meetings of the Basel Committee on Banking Supervision (BCBS). The BCBS, which is a permanent forum for co-operation between the G10 countries, is an internationally

recognised standard setter for banking regulation, supervision and best practices. The BCBS is currently revising the regulatory framework for the capital adequacy of banks (Basel Accord). The ECB contributes to this process by providing comments as it did on the occasion of a first consultative paper released in 1999. Given the importance of the work carried out by the BCBS for the activities of the ECB and the Eurosystem in the field of prudential supervision and financial stability, the ECB participates in some of the BCBS Working Groups, such as the Electronic Banking Group, the Capital Group, the Research Task Force and the Risk Management Group. The last three of these are currently involved in the preparation of the new capital framework.

The ECB is member of the Committee on Payment and Settlement Systems (CPSS), which has been chaired by a member of the Executive Board of the ECB since June 2000. The CPSS is at the forefront of efforts to promote efficient and robust payment and settlement arrangements. This is to be achieved by fostering an awareness of risks, by developing minimum standards or best practices and by providing a forum for co-operation among central banks in the field of oversight. Co-operation with other groups including the International Organisation of Securities Commissions (IOSCO) and other G10 committees takes place regularly in order to deal with issues of common concern. In recent years, the CPSS has also developed relationships with other central banks, particularly those of emerging market economies, in order to extend its work outside of the G10.

The ECB is also a member of the Committee on the Global Financial System (CGFS). The activities of the CGFS are designed to identify and assess potential sources of stress in the global financial environment, to understand the functioning of financial markets and to promote their efficiency and stability. The CGFS also contributes to the transparency of financial markets by designing, producing and publishing financial statistics with the

support of the BIS. In recent years, the CGFS has also been encouraging participation by non-G10 central banks.

Finally, the ECB is a member of the Gold and Foreign Exchange Committee (GFEC), a group of senior central bank representatives which regularly reviews developments in financial markets, focusing in particular on foreign exchange markets.

In November 1999 the Board of Directors of the BIS invited the ECB to become a member

of the BIS by means of a share subscription, which took place the following month. The ECB's membership of the BIS required an amendment to the Statute of the BIS. The definition of "central bank" contained in Article 56 of the Statute of the BIS was changed so as also to encompass the ECB. As a full BIS member, the ECB has voting and representation rights at the Annual General Meetings of the BIS.

For the box and table referred to in this article, please see the following pages.

Box

Selected Articles from the Treaty establishing the European Community (Treaty) and the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB), and excerpts from the Conclusions of the European Council

N.B.: The provisions of the Treaty and the Statute of the ESCB refer to the “Community” and the “ESCB”, which also comprise those EU Member States – and their national central banks – which have not yet adopted the euro. However, the Treaty (Article 122 (3)), the Statute of the ESCB (Article 43 (1)) and the relevant provisions of the Protocols on the United Kingdom and Denmark stipulate that the provisions pertaining to Economic and Monetary Union (EMU) do not apply to the Member States which have not yet adopted the euro. As a result, this article de facto refers to the notions of the “euro area” and the “Eurosystem” even when it uses, in accordance with Community language, the terms “Community” and the “ESCB”.

Selected articles from the Treaty

Article 111 (3) (on the conclusion by the Community with one or more States or international organisations of possible agreements on monetary or foreign exchange regime matters)

111 (3) (...) where agreements concerning monetary or foreign exchange regime matters need to be negotiated by the Community with one or more States or international organisations, the Council, acting by a qualified majority¹ on a recommendation from the Commission and after consulting the ECB, shall decide the arrangements for the negotiation and for the conclusion of such agreements. These arrangements shall ensure that the Community expresses a single position. The Commission shall be fully associated with the negotiations. Agreements concluded in accordance with this paragraph shall be binding on the institutions of the Community, on the ECB and on Member States.

Article 111 (4) (on the position to be taken at the international level and external representation with regard to issues of particular relevance to EMU)

111 (4) (...) the Council shall, on a proposal from the Commission and after consulting the ECB, acting by a qualified majority¹ decide on the position of the Community at international level as regards issues of particular relevance to economic and monetary union and, acting unanimously, decide its representation² in compliance with the allocation of powers laid down in Articles 99 and 105.³

¹ *In Article 122 (5) of the Treaty, qualified majority is defined as two-thirds of the votes of the representatives of the Member States which adopted the euro, weighted in accordance with Article 205 (2). This means that, in this case, the voting rights of those Member States of the Community which have not yet adopted the euro are suspended, so that the Council’s decisions correspond to the decisions of the euro area Member States.*

² *In Article 122 (5) of the Treaty, unanimity is defined as the unanimity of the Member States which have adopted the euro. In accordance with the Treaty of Nice approved on 12 December 2000 by the Intergovernmental Conference on institutional reform, decisions on representation shall also fall under qualified majority voting. The Treaty of Nice will enter into force after its ratification by the EU Member States.*

³ *Article 99 provides for the allocation of powers among EU Member States, the ECOFIN Council, the European Commission and the European Council with regard to the economic policies of the Member States. Article 105 defines the tasks of the European System of Central Banks.*

Selected articles from the Statute of the ESCB

Articles 3, 4 and 5 (1) (on the tasks entrusted to the ESCB and the ECB, which define the scope for involvement of the ECB in international co-operation)

Article 3 (on the tasks of the ESCB)

3.1. In accordance with Article 105 (2) of this Treaty, the basic tasks to be carried out through the ESCB shall be:

- to define and implement the monetary policy of the Community;
- to conduct foreign-exchange operations consistent with the provisions of Article 111 of this Treaty;
- to hold and manage the official foreign reserves of the Member States;
- to promote the smooth operation of payment systems.

(...)

3.3. In accordance with Article 105 (5) of this Treaty, the ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

Article 4 (on advisory functions)

In accordance with Article 105 (4) of this Treaty:

- (a) the ECB shall be consulted:
 - on any proposed Community act in its fields of competence;
 - by national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 42;
- (b) the ECB may submit opinions to the appropriate Community institutions or bodies or to national authorities on matters in its fields of competence.

Article 5 (1) (on the collection of statistical information)

5.1. In order to undertake the tasks of the ESCB, the ECB, assisted by the national central banks, shall collect the necessary statistical information either from the competent national authorities or directly from economic agents. For these purposes it shall co-operate with the Community institutions or bodies and with the competent authorities of the Member States or third countries and with international organisations.

(...)

Article 6 (1) (2) (on the involvement of the Eurosystem in international co-operation)

6.1. In the field of international cooperation involving the tasks entrusted to the ESCB, the ECB¹ shall decide how the ESCB² shall be represented.

6.2. The ECB¹ and, subject to its approval, the national central banks² may participate in international monetary institutions.

¹ As laid down in Article 12 (5) of the Statute of the ESCB, the ECB Governing Council shall take the decisions referred to in Article 6.

² As laid down in Article 43 (1) of the Statute of the ESCB, Article 6 shall not confer any rights or impose any obligations on the national central banks of the EU Member State which have not adopted the euro.

Article 13 (2) (on the external representation of the ECB)

13.2. (...) the President or his nominee shall represent the ECB externally.

Article 23 (on the external operations)

The ECB and national central banks may:

- establish relations with central banks and financial institutions in other countries and, where appropriate, with international organizations;

(...)

Excerpts from the Presidency Conclusions of the European Council at the meeting in Luxembourg on 12 and 13 December 1997

(...)

45. As regards the implementation of the provisions on exchange policy, it is understood that general exchange policy guidelines vis-à-vis one or more non-Community currencies will be formulated only in exceptional circumstances in the light of the principles and policies defined in the Treaty.

46. The Council and the European Central Bank will fulfil their tasks in representing the Community at international level in an efficient manner and in compliance with the distribution of powers laid down in the Treaty. The Commission will be associated with external representation insofar as necessary to enable it to fulfil the role assigned to it by the Treaty.

(...)

Annex 1 to the Presidency Conclusions, “Resolution of the European Council on economic policy co-ordination in Stage 3 of EMU and on Treaty Articles 109 and 109 (b)” [renumbered as Articles 111 and 113].

(...)

8. (...) It is important to make full use of the Treaty provisions to ensure an exchange of information and views between the Council and the ECB on the exchange rate of the euro. While in general exchange rates should be seen as the outcome of all other economic policies, the Council may, in exceptional circumstances, for example in the case of a clear misalignment, formulate general orientations for exchange-rate policy in relation to non-EC currencies in accordance with Article 109 (2) [renumbered as Article 111 (2)] of the Treaty. These general orientations should always respect the independence of the ESCB and be consistent with the primary objective of the ESCB to maintain price stability.

9. The Council should decide on the position of the Community at international level as regards issues of particular relevance to economic and monetary union, in accordance with Article 109 (4) [renumbered as Article 111 (4)]. These positions will be relevant both to bilateral relations between the EU and individual third countries and to proceedings in international organisations or informal international groupings. The scope of this provision is necessarily limited as only euro area Member States vote under Article 109 [renumbered as Article 111].

10. The Council and the European Central Bank will carry out their tasks in representing the Community at international level in an efficient manner and in compliance with the allocation of powers laid down in the Treaty. On elements of economic policy other than monetary and exchange-rate policy, the Member States should continue to present their policies outside the Community framework, while taking full account of the Community interest. The Commission will be involved in external representation to the extent required to enable it to perform the role assigned to it by the Treaty.

Representation in international organisations should take account of those organisations’ rules. With particular regard to the Community’s relations with the International Monetary Fund, they should be predicated upon the provision in that Fund’s Articles of Agreement that only countries can be members of that institution. The Member States, in their capacities as members of the IMF, should help to establish pragmatic arrangements which would facilitate the conduct of IMF surveillance and the presentation of Community positions, including the views of the ESCB, in IMF fora.

(...)

Excerpts from the Presidency Conclusions of the European Council at the meeting in Vienna on 11 and 12 December 1998

(ii) Europe as a Global Player

Speaking with one Voice

14. The introduction of the euro will be a major event for the international monetary system. It is imperative that the Community should play its full role in international monetary and economic policy co-operation within fora like the G7 and the International Monetary Fund. (...) The ECB, as the Community body competent for monetary policy, should be granted an observer status at the IMF board. The views of the European Community/EMU on other issues of particular relevance to the EMU would be presented at the IMF board by the relevant member of the Executive Director's office of the Member State holding the euro Presidency, assisted by a representative of the Commission. The European Council invites the Council to act on the basis of a Commission proposal incorporating this agreement.

15. The coherence and effectiveness of the Community require that it shall be able to speak with one voice on issues of particular relevance to economic and monetary union. The European Council encourages the Commission, the Council and the Member States to take the necessary action to ensure a timely and effective preparation of common positions and common understandings which can be presented to third parties in international fora.

(...)

Annex 2 to the Presidency Conclusions, "Report to the European Council on the state of preparation for Stage 3 of EMU, in particular the external representation of the Community"

(...)

3. The external representation in Stage Three of EMU will imply changes in the current organisation of international fora. Therefore, third countries and institutions will need to be persuaded to accept the solutions proposed by the European Union. The Council considers that a pragmatic approach might be the most successful which could minimise the adaptation of current rules and practices provided, of course, that such an approach resulted in an outcome which recognised properly the role of the euro.

4. It follows from the Treaty that a distinction has to be made between the representation:

- of the Community at international level as regards issues of particular relevance to economic and monetary union (Article 109 (4) [renumbered as Article 111 (4)]; and
- on matters which do not belong to the Community competence, but on which it may be appropriate for Member States to express common understandings.

5. As regards the first indent of paragraph 4 – the representation of the Community at international level as regards issues of particular relevance to EMU – the Council believes that, while trying to reach early solutions pragmatically with international partners, these solutions should be further developed over time adhering to the following principles:

- the Community must speak with one voice;
- the Community shall be represented at the Council/ministerial level and at the central banking level; and
- the Commission "will be involved in the Community external representation to the extent required to enable it to perform the role assigned to it by the Treaty".

As regards the second indent – matters which do not belong to Community competence – the Council considered it useful to develop pragmatic solutions for the external representation. (...)

Table

Main international organisations and fora involved in economic policy co-operation

Organisation or forum	Established in	Objectives (only those in the field of international co-operation are listed)	Membership or representation	Organisation and other main characteristics
International Monetary Fund (IMF)	1944	<ul style="list-style-type: none"> • To promote international monetary co-operation through a permanent institution which provides the machinery for consultation and collaboration. • To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income. • To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation. • To give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with the opportunity to correct maladjustments in their balance of payments without resorting to measures destructive to national or international prosperity. <p>(Excerpt from the Articles of Agreement, Article I, Purposes)</p>	<p>182 Member States.</p> <p>On 21 December 1998, the IMF Executive Board granted observer status to the ECB.</p>	<p>The IMF decision-making bodies are:</p> <ul style="list-style-type: none"> • The Board of Governors, which meets once a year. Each member country appoints one governor and one alternate, usually its minister of finance and the governor of the central bank. • The International Monetary and Financial Committee (IMFC), which replaced the Interim Committee (IC) in 1999. The IMFC advises and reports to the Board of Governors on issues related to the international monetary and financial system. • The Executive Board, which is responsible for day-to-day business of the IMF. The Boards' chairperson is the Managing Director of the IMF, while the 24 Executive Directors represent specific countries or groups of countries.
Organisation for Economic Co-operation and Development (OECD)	1961	<ul style="list-style-type: none"> • To enable member countries to co-operate with each other so as to achieve the highest sustainable growth and to improve economic and social well-being. • To compare experiences in different countries, in order to find solutions that can be applied within each national context. • To offer advice and make recommendations to member countries, in order to help them to define their policies. • In certain areas (e.g. movements of capital), to arbitrate the negotiation of multilateral arrangements and establish codes to be implemented on a voluntary basis. 	<p>29 Member States:</p> <ul style="list-style-type: none"> • Since 1961: Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States; • Other members: Japan (1964); Finland (1969); Australia (1971); New Zealand (1973); Mexico (1994); the Czech Republic (1995); Hungary, Korea and Poland (1996). <p>The ECB participates in the work of the relevant OECD Committees and Working Groups. In this context, the ECB acts as a separate member of the European Community delegation alongside the Commission.</p>	<ul style="list-style-type: none"> • The OECD's activities cover all areas of government policy (multidisciplinary approach), mainly through the work of around 200 committees. • The supreme authority of the OECD is the Council, which meets at the level of ministers once a year. The Council decides on the OECD budget, which is financed by member countries in accordance with the weight of their economies. The OECD Secretary General chairs the Council meetings and manages the OECD Secretariat.

Organisation or forum	Established in	Objectives (only those in the field of international co-operation are listed)	Membership or representation	Organisation and other main characteristics
G7 ministers and governors	1985	<ul style="list-style-type: none"> To be a forum for the informal exchange of views on macroeconomic and exchange rate developments and on issues related to economic and financial policies. The latter are often linked to discussions held in international institutions. Consensus reached among G7 members may provide political guidance to the process of international economic policy co-operation. 	<p>Finance ministers and central bank governors of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.</p> <p>The ECB President and the President of the Eurogroup represent the euro area when macroeconomic policy and exchange rate issues are discussed.</p>	<ul style="list-style-type: none"> The work of G7 finance ministers and central bank governors forms part of the broader political G7/G8 (including Russia) forum of Heads of State or Government, which started in 1975 in Rambouillet with six members: France, the United States, the United Kingdom, Germany, Japan and Italy; Canada joined in 1976. The G7/G8 Heads of State or Government have established a “network” of ministerial groupings in different areas (e.g. foreign affairs, environmental issues and employment). G7 finance ministers, which were established in 1986, form part of this framework. As an informal forum, the G7/G8 has no permanent secretariat. The chair rotates every year. The G7 country holding the chair provides secretarial support for the meetings. G7 finance ministers may meet without central bank involvement, e.g. in order to prepare their contribution to G7/G8 summits of Heads of State or Government.
G10 ministers and governors	1963	<ul style="list-style-type: none"> To make resources available to the IMF under the General Arrangements to Borrow (GAB). The GAB were set up in 1962, when ten IMF Member States (together with Switzerland, not then an IMF member) agreed to make resources available to the IMF beyond their quotas. To provide a forum for discussion of international monetary questions, which are often linked to issues of relevance to the IMF. 	<p>Finance ministers and central bank governors of 11 countries: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States.</p> <p>The ECB President attends the meetings with observer status.</p>	<ul style="list-style-type: none"> The BIS, the IMF and the OECD provide secretarial support for the preparation of meetings. Meetings take place twice a year, in the context of the Spring and the Annual Meetings of the IMF and the World Bank. Four meetings at the deputy level prepare the discussions of finance ministers and central bank governors. Ad hoc working groups may be established to study special topics.
G20 ministers and governors	1999	<ul style="list-style-type: none"> To enable informal dialogue to take place among industrialised countries and emerging market economies of systemic importance on key economic and financial policy issues. 	<p>Finance ministers and central bank governors of 19 countries (G7 countries plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey), as well as the President of the ECB and the President of the Eurogroup, who represent the European Community. The President of the World Bank, the Managing Director of the IMF and the Chairmen of the IMFC and the Development Committee are also G20 members.</p>	<ul style="list-style-type: none"> As an informal forum, and like the G7, the G20 has no permanent secretariat. The chair, which is held by Canada for the first two years, provides support for the preparation of the meetings. Meetings of finance ministers and central bank governors are held once a year. Their deputies meet twice a year to prepare these meetings.

Table (cont'd)

Organisation or forum	Established in	Objectives (only those in the field of international co-operation are listed)	Membership or representation	Organisation and other main characteristics
Financial Stability Forum (FSF)	1999	<ul style="list-style-type: none"> To assess vulnerabilities affecting the international financial system. To identify and oversee action needed to address vulnerabilities. To improve co-ordination and the exchange of information among the various authorities responsible for financial stability. 	<ul style="list-style-type: none"> G7 countries' national authorities responsible for financial stability (namely ministers of finance, central banks and supervisory agencies). Several organisations and fora (IMF, World Bank, BIS, OECD, Basel Committee on Banking Supervision (BCBS), International Organisation of Securities Commissions (IOSCO), International Association of Insurance Supervisors (IAIS), CGFS and CPSS). Since 15 September 1999, four non-G7 countries: the Netherlands, Singapore, Australia and Hong Kong SAR. <p>The ECB participates in the FSF meetings.</p>	<ul style="list-style-type: none"> The role of the FSF ranges from political guidance for identifying and addressing sources of financial vulnerability to the promotion of standards and codes. The FSF is a forum for enhanced international inter-agency co-operation.
Bank for International Settlements (BIS)	1930	<ul style="list-style-type: none"> To promote co-operation among central banks. To this end, the BIS provides secretarial support to the meetings of G10 governors and the related central bank committees described hereinafter. To provide technical assistance to the central banks of emerging market and transition economies. 	<p>50 central banks are BIS shareholders, i.e. they have rights of representation and voting rights at the BIS Annual General Meeting:</p> <ul style="list-style-type: none"> Until 1996, the central banks of: <ul style="list-style-type: none"> G10 countries (see G10 ministers and governors), Australia, Austria, Bulgaria, the Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Latvia, Lithuania, Norway, Poland, Portugal, Romania, Slovakia, South Africa, Spain and Turkey; Bosnia and Herzegovina, Croatia, Macedonia and Slovenia, which have subscribed BIS shares pending a comprehensive settlement of all outstanding questions in connection with the legal status of the suspended Yugoslav subscription of BIS capital. Since 1996/97, the central banks of Brazil, China, Hong Kong SAR, India, Korea, Mexico, Russia, Saudi Arabia and Singapore. Since 1999, the ECB and the central banks of Argentina, Indonesia, Malaysia and Thailand. 	<ul style="list-style-type: none"> The BIS is owned and controlled by central banks. It has a legal status as a limited company with an issued share capital. The BIS has three administrative bodies: <ul style="list-style-type: none"> the General Meeting; the Board of Directors, the members of which are appointed only by the central banks of G10 countries. Out of 17 members of the Board of Directors, 9 are appointed by those Eurosystem national central banks which are members of the G10; the Management, headed by a General Manager.
G10 governors	1963	<ul style="list-style-type: none"> To act as the main central banking forum for the discussion of international monetary issues. 	Central bank governors of the G10 countries including the President of the ECB.	

Organisation or forum	Established in	Objectives (only those in the field of international co-operation are listed)	Membership or representation	Organisation and other main characteristics
Basel Committee on Banking Supervision (BCBS)	1974	<ul style="list-style-type: none"> To make rules for banks, mainly by means of principles, standards (e.g. on capital adequacy), recommendations and sound practices. To encourage the implementation on a voluntary basis of internationally agreed rules through the adaptation of banking regulation at the national level. 	<p>G10 countries (see G10 ministers and governors). Both central banks and supervisory agencies participate in the Committee.</p> <p>The ECB participates in the meetings of the BCBS with observer status.</p>	<ul style="list-style-type: none"> Contacts with non-G10 countries are ensured through a network of regional committees. In this context, the BCBS also provides training programmes, which facilitate an exchange of ideas and principles, as well as a process of "mutual training" for supervisors worldwide. The BCBS can count on significant resources and on a strong secretariat, which usually drafts the relevant papers. The BCBS relies to a large extent on Working Groups for the conduct of more technical work.
Committee on Payment and Settlement Systems (CPSS)	1990 (The two predecessor Committees date back to 1980 and 1989.)	<ul style="list-style-type: none"> To set standards in order to reduce risks in payment and settlement systems. To this end, the CPSS monitors and analyses developments in domestic payment, settlement and clearing systems, as well as in cross-border and multi-currency settlement schemes. To co-ordinate the oversight functions assumed by G10 central banks with regard to payment systems. 	Central banks of the G10 countries (see G10 ministers and governors), Hong Kong SAR and Singapore, as well as the ECB.	<ul style="list-style-type: none"> The CPSS is increasingly extending its work outside the G10 area. Non-G10 central banks are more and more frequently associated with initiatives of the CPSS and of its sub-groups. The CPSS also co-operates with other standard setters, and maintains contacts with the most important payment system providers and industry associations. A secretariat co-ordinates the CPSS work and drafts the relevant papers. A significant contribution is provided by the participating central banks, also through Working Groups.
Committee on the Global Financial System (CGFS)	1999 (The predecessor Committee was established in 1980.)	<ul style="list-style-type: none"> To identify and assess potential sources of stress in the global financial environment. To further the understanding of the functioning of financial markets and systems. To promote the development of efficient and stable financial markets and systems. To increase the transparency of financial markets and systems through the design, production and publication of statistics through the support of the BIS. 	G10 central banks and the ECB.	<ul style="list-style-type: none"> The central banks of systematically significant economies can be involved on an ad hoc basis. A secretariat co-ordinates the CGFS work and drafts the relevant papers. A significant contribution is provided by the participating central banks, also through Working Groups.
Gold and Foreign Exchange Committee (GFEC)	1962	<ul style="list-style-type: none"> To analyse ongoing developments in the world's financial markets, with particular emphasis on foreign exchange and gold markets. 	G10 central banks and the ECB.	<ul style="list-style-type: none"> The central banks of systematically significant economies can be involved on an ad hoc basis. A secretariat co-ordinates the GFEC work and drafts the relevant papers.