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PRESS RELEASE

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No. 17/1973

April 6, 1973

FOR IMMEDIATE RELEASE

EC MONETARY COOPERATION FUND BEGINS OPERATIONS

Washington, DC -- April 6, 1973 -- The European Monetary Cooperation Fund, a first step toward the European Community's goal of economic and monetary union by 1980, became a reality today.

Provisionally located in Luxembourg, the Fund will supervise the day-to-day operation of maintaining the nine member countries' exchange rates, run the more than \$1 billion credit for monetary support, arrange settlements of these credit operations, settling transactions in the EC's "units of account." The Fund will be administered by the Community's central bankers and supervised by the nine Finance Ministers.

The declaration concerning the Fund by the EC Council of Ministers at its April 2-3 meeting is annexed.

DECLARATION CONCERNING THE EUROPEAN MONETARY COOPERATION FUND

I

1. The Ministers have instructed the Permanent Representatives together with the Commission to examine, in the light of the Commission's Opinion of March 1, 1973, what arrangements could be adopted in order to ensure the proper functioning of the European Monetary Cooperation Fund under the conditions laid down by the Decision of April 8, 1965, Article 10 of which stipulates that:

"The Governments of the Member States are willing to locate in Luxembourg, or to transfer thereto, other Community bodies and departments, particularly those concerned with finance, provided that their proper functioning can be assured.

"To this end, they request the Commission to present to them annually a report on the current situation concerning the location of Community bodies and departments and on the possibility of taking new steps to give effect to this provision, account being taken of the need to ensure the proper functioning of the Communities."

2. In the light of the study by the Permanent Representatives, the Representatives of the Governments of the Member States will take a decision on the location of the Fund by June 30, 1973, at the latest.

3. Without prejudging the decision referred to in (2) above, there should meanwhile be, to the extent that the Fund's tasks may require, appropriate administrative support in Luxembourg.

II

In the light of the above, the Council adopts the Regulation setting up a European Monetary Cooperation Fund.

The Regulation establishing a European Monetary Cooperation Fund will enter into force on April 6, 1973.

This Fund, which will have legal personality, is to promote, within the limits of its powers:

- the proper functioning of the progressive narrowing of the margins of fluctuation of the Community currencies against each other;
- intervention in Community currencies on the exchange markets;
- settlements between Central Banks leading to a concerted policy on reserves.

During an initial stage, the Fund will be responsible for:

- the concerted action necessary for the proper functioning of the Community exchange system;
- the multilateralization of positions resulting from interventions by Central Banks in Community currencies and the multilateralization of intra-Community settlements;
- the administration of the very short-term financing provided for by the Agreement between the Central Banks of the enlarged Community of April 10, 1972, and of the short-term monetary support provided for in the Agreement between the Central Banks of the Community of February 9, 1970, to which the Central Banks of Denmark, Ireland, and the United Kingdom acceded with effect from January 8, 1973, and their regroupment in a renewed mechanism.

With regard to the management of the Fund, the administration and management body will be a Board of Governors, made up of members of the Committee of Governors of the Central Banks of the Member States of the EEC [European Economic Community]. A Member of the Commission will take part in meetings of the Board of Governors.

In the performance of its duties, the Board of Governors will have to work in the context of the general economic policy guidelines laid down by the Council. A management report will also have to be drawn up twice a year, on June 30 and December 31, for the attention of both the Council and the Commission.