

## Hôtel Matignon press release on the European Monetary System (29 December 1978)

**Caption:** On 29 December 1978, French Prime Minister, Raymond Barre, declares himself to be in favour of the gradual withdrawal of monetary compensatory amounts (MCAs) in the context of the implementation of the European monetary system (EMS).

**Source:** La politique étrangère de la France. Textes et documents. dir. de publ. Ministère des Affaires étrangères. 4e trimestre 1978. Paris: La Documentation Française. "Communiqué de l'Hôtel Matignon sur le Système monétaire européen (29 décembre 1978)", p. 153.

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29 December 1978

With regard to the European Monetary System, the Hôtel Matignon would recall that, on 5 December 1978, the European Council adopted a resolution concerning the creation of the European Monetary System (EMS), which provides, on the one hand, for appropriate mechanisms to guarantee the operation of the System and, on the other, for subsequent procedures. It is on the basis of the latter that, on 18 December, the European Council invited the Council of Ministers of the Community to adopt the three regulations required for the implementation of the decisions creating the EMS.

One of these regulations focuses specifically upon the impact of the EMS on the common agricultural policy and, in that regard, the European Council highlighted the importance attached to avoiding the creation in the future of permanent monetary compensatory amounts (MCAs) and to progressively reducing existing MCAs in order to restore common agricultural price unity, whilst taking into account pricing policy.

The European Council resolution, therefore, constitutes a package. Consequently, the French Government considers that the regulation banning the creation of new permanent MCAs and a Council resolution concerning the progressive reduction of existing MCAs must have been adopted before the entry into force of the EMS.

For the common agricultural policy, these measures are the logical consequence of the creation of an area of monetary stability in Europe. Their effect will be to ensure that the prolonged existence of MCAs, which give rise to economic distortions between the Member States, does not definitively jeopardise the operation of the common agricultural market.

Following the meeting of the Council of Agriculture Ministers of 18 and 19 December, it appears that the raft of measures required for the implementation of the EMS is incomplete. The French Government, therefore, cannot but maintain its provisional reservation with regard to the two regulations finalised on 18 December by the Council of Ministers for Economic Affairs and Finance. Accordingly, central rates against the ECU cannot be fixed on 29 December, as originally planned.

The French Government reaffirms its determination to set up the EMS as soon as the Council of Ministers of the Community has satisfactorily dealt with the issue of MCAs. The Government hopes that the EMS can be set up in the very near future.