

Communiqué by the European Community on the participation of the British pound to the EMS (6 octobre 1990)

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Communiqué - European Community (6 October 1990)

Ministers and Central Bank Governors of the Member States of the European Community, following a decision by the British government to join the exchange rate mechanism of the European Monetary System, have decided by mutual agreement, in a common procedure involving the Commission and after consultation with the Monetary Committee, on the terms on which the pound sterling will participate as of 8 October 1990.

The Ministers, the Governors and the Commission warmly welcome the participation of the pound sterling in the exchange rate mechanism, which marks a significant advance in the economic and monetary integration of the European Community. At the outset of Stage 1 of economic and monetary union, they take today's decision as a strengthened commitment by the British authorities to pursue a firm anti-inflationary policy based on an appropriate policy mix, in line with the discipline of the ERM. They emphasize also that the enlargement of the ERM underlines the need for continued efforts and close cooperation among EEC countries to secure convergence.

The new ecu central rates are the following (in units of national currency per ecu)

FB 42.4032
Dkr 7.84195
DM 2.05586
Pta 133.631
FF 6.89509
Irl 0.767417
Lit 1538.24
Flux 42.4032
Hfl 2.31643
UKL 0.696904
Dr 205.311
Esc 178.735

The bilateral central rates of the pound sterling against the other currencies of the exchange rate mechanism will be

FB 60.8451
Dkr 11.2526
DM 2.95000
Pta 191.750
FF 9.89389
Irl 1.10118
Lit 2207.25
Flux 60.8451
Hfl 3.32389

Fluctuation margins of 6% will be observed around the bilateral central rates of the pound sterling for a transitional period. All other bilateral central rates and intervention rates within the exchange rate mechanism remain unchanged. The decision on the pound sterling's participation has only marginal agrimonetary consequences.

The compulsory intervention points in the exchange rate mechanism will be communicated by the central banks in time for the opening of foreign exchange markets on 8 October 1990.