

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

on the promotion of the international role of the ECU

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1. The conclusions of the Presidency of the European Council in Bremen stipulated, in paragraph 1 of the annex, that the ECU should be at the heart of the EMS; the Resolution of the Brussels European Council foresaw, in paragraph 2.7, that the ECU would be at the centre of the EMS. Both national and community authorities have repeatedly stressed the need to develop the role and usage of the ECU, both public and private. This Communication deals only with the private use of the ECU.

2. The private use of the ECU, which commenced only two years ago, has taken off rapidly: it is a method of invoicing which is becoming more and more widespread, particularly in the case of multi-national companies; its role as a means of payment should be reinforced by a better exploitation of the existing usage possibilities; it is, in some member states, an increasingly important instrument for the denomination of financial investment; finally, the volume of ECU-denominated issues makes it the third most used currency, after the dollar and the DM, for the floating of bonds on the international markets.

3. Nevertheless, steps must be taken to secure the development of the private use of the ECU; such a development is, in fact, a necessary means of reinforcing the European monetary identity, internal and external.

a) Increased use of the ECU would constitute, first of all, an important element in a renewed movement towards internal financial integration in the Community; it is clear that the ECU, the expression of a monetary zone in formation, cannot continue to be subject, within the EEC, to those restrictions which in some member states are imposed on foreign currencies.

b) It is even more necessary that the development of the ECU in international markets should permit the progressive distributions over all Community currencies of capital movements which, at present take place between, on the one hand, the dollar, and, on the other, those European monies which are alternatives to the US currency. The enlargement of the ECU-market would, moreover, bring about a better equilibrium between the source of funds, at present very limited geographically, and their use.

4. The Commission proposes that the promotion of the role of the private ECU should take place under three main headings:

a) Status of the ECU

The ECU is treated differently, de facto or de jure, in the various Member States. This differentiation ranges from a total ban to complete freedom, encompassing formulae which, while not forbidding operations in ECUs nevertheless result in increased costs for such operations.

The Commission proposes that the necessary measures be taken, in all member states, to accord foreign currency status to the ECU. To this end, it proposes that the Council adopt the draft Resolution attached in Annex 1.

b) Use of the ECU

Transactions in ECU-denominated bonds must be liberalised, that is to say, made accessible to community residents under normal conditions. This privileged access to the ECU-market by residents requires, on the part of several Member States, derogations from their exchange control laws.

The Commission has made proposals in this respect in its Communication on financial integration.

c) Protection of the ECU trademark

Although the banking profession follow uniform procedures when referring to the ECU, private initiatives, taken in the context of national regulations, often designed for other purposes, risk giving rise to divergent applications of the ECU and, therefore, prejudicing its development.

The Commission will, therefore, propose, when all member states have recognised the ECU as a foreign currency, a document which will constitute a reference text for the ECU. This text will define the status of the ECU and clearly state the rules which users will have to follow; it will reproduce the various texts regarding the definition of the ECU, refer to its recognition by the member states and assure the protection of the ECU trademark

Annex 1

The Commission requests the Council and the Member States to adopt the following draft Resolution regarding the ECU:

"The Council considers that the development of the role of the ECU is an important part of the internal consolidation of the EMS and the affirmation of its external role.

It has noted the communication of the Commission in the matter and, particularly, the suggestions made to facilitate the treatment and promotion of the use of the ECU; The relevant authorities have expressed their intention to take all the measures necessary to ensure that ECU operations are treated, in the context of their internal regulations, as foreign currency operations."