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CURRENCY REALIGNMENTS WITHIN THE EUROPEAN MONETARY SYSTEM (EMS)

The Ministers and Central Bank Governors of the Member States of the EC decided on June 12 to adjust the central rates of the currencies within the European Monetary System. These rates go into effect on June 14, 1982.

The measures taken

Changes in the bilateral central rates

- The change between the bilateral central rates of the French franc on the one hand and the German mark and the Dutch guilder on the other is 10%.
- The change between the bilateral central rates of the Italian lira on the one hand and the German mark and the Dutch guilder on the other is 7%.
- The cross rates between the Danish crown, the Belgian franc, the Luxembourg franc and the Irish pound remain unchanged. However, their bilateral central rates are changed in relation to the German mark and the Dutch guilder by 4.25%.

The new central rates in ECU

Belgian franc	44.9704
Luxembourg franc	44.9704
German mark	2.33379
Dutch guilder	2.57971
Danish crown	8.2340
French franc	6.61387
Italian lira	1350.27
Irish pound	0.691011

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The EMS remains valid

"The way the discussions went and the results obtained, show not only that the EMS remains valid as a monetary system, but also that it has become, over time, the main reference point in the management of the economic policies at the Community level", a spokesman for the EC Commission stated on Saturday, June 12.

The EC Commission emphasized that a spirit of solidarity and co-operation prevailed all along and underlined the following:

- the realignment was carried out in full respect of the relevant Community procedures,
- it allows for the establishment of a new balance within the EMS in satisfactory conditions,
- all the participating Member States demonstrated concretely their attachment to the EMS by taking the necessary decisions to ensure its stability,
- the measures of adjustment announced in France and prepared in Italy will allow these countries to reap maximum benefits from the realignment and favor an increased convergence of the economies within the EMS.

Member States' measures

France, in the next 18 months, will attempt to slow down inflation by controlling the evolution of its national budget, incomes and prices. France also maintains measures to support productive investments and job creation, in particular for the young. The Ministers showed their appreciation for this program.

As far as Italy is concerned, the Ministers acknowledged that the new parity of the lira fits in a program designed to improve public finances and the economy in general and which will be presented soon.

The Federal Republic of Germany and the Netherlands pointed out that the present realignment could facilitate economic recovery at home.

The Ministers expressed their satisfaction to see the EMS strengthened by these measures at a time of great worldwide economic and monetary difficulties.
