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Prime Minister

The Chancellor mentioned to you that
the Treasury had done a note identifying
possible windows for joining ERM. If you
are looking for dates before the Conference
14 Sept and 5 Oct satisfy most of the
constraints

Dec. Barry

AT 11/5

JOINING THE ERM

It was agreed at the meeting on 17 April that the Treasury would let you have notes about the mechanics of joining the ERM.

... As a first instalment, I attach a note about possible dates for joining between now and the end of September. You will see that there are several possible dates in July and September. The Chancellor has been considering the arguments for and against joining while Parliament is in recess, and his initial view is that it would be possible to join during a Recess. He takes this view since joining the ERM is not a novel policy but simply the implementation of an established policy.

We are examining separately the question of the exchange rate at which we would want to join. This will have a bearing on timing, since the presumption must be that we join with central rates for the £ against the other ERM currencies that are close to the market rates at the time.

Yours

JG

JOHN GIEVE
Principal Private Secretary

POSSIBLE DATES FOR JOINING THE ERM

The attached table examines possible dates for joining the ERM up to the end of September 1990.

2. The following points should be noted :-

- i) It is assumed that the procedure for joining would be triggered on a Friday, leaving a weekend - if needed - for settling the details, before markets open again on Monday. This is the timing followed for ERM realignments.
- ii) The procedure is for the initial discussion of details to be between Finance Ministry and Central Bank representatives in the EC Monetary Committee. This means members of that Committee must be available for telephone consultation late on the Friday, and to meet, if necessary, on the Saturday. Since the German, Italian, French and UK Finance Ministry members of the Monetary Committee also attend meetings of the Summit Sherpas, the operation would be difficult on dates when there are Sherpa meetings. The Committee would have to meet without its Italian Chairman or UK, German and French Finance Ministry members.
- iii) It is necessary to allow for the possibility of a full meeting of EC Finance Ministers and Governors in the course of the weekend.
- iv) Dates during Parliamentary recess would be impossible if an immediate statement to Parliament were judged necessary. (The Chancellor believes it would not be.)



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- v) The Chancellor would need to be in the UK in the few days before and after joining. There would need to be ready contact with the Prime Minister, if she was overseas.

- vi) It would be best, so far as possible, to avoid dates when exchange market turbulence can be predicted. A final decision on a date can however be left until very late - after, for example, it is known whether a set of monthly trade figures is likely to cause exchange market difficulties.

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S E C R E T

<u>Date</u> (Friday)	<u>Possible/Could be difficult/would be difficult/ impossible</u>	<u>Important economic statistics, holidays, etc</u>	<u>Parliament</u>	<u>Other Comments</u>
<u>4 May</u>	<u>Impossible</u>	Bank holiday on 7 May	Not sitting on 7 May	Chancellor at IMF Spring Meetings in Washington, start Saturday 5 May.
<u>11 May</u>	<u>Could be difficult</u>	-	-	
<u>18 May</u>	<u>Possible</u>	-	-	Sherpas meeting in Paris on 18 May
<u>25 May</u>	<u>Possible*</u> (but would need a reason for cancelling Scottish visit).	Bank Holiday on 29 May	Whitsun Recess	Chancellor in Scotland on 24-25 May
<u>1 June</u>	<u>Possible</u>	Trade figures on 23 May. Public holidays France, Germany on 4 June.	Whitsun Recess ends on 1 June	
<u>8 June</u>	<u>Possible</u>	-	-	Chancellor at ECOFIN on 11 June. Prime Minister in USSR.
<u>15 June</u>	<u>Would be difficult</u>	-	-	Sherpas meeting in USA.
<u>22 June</u>	<u>Possible</u> (but could be difficult depending on Trade Figures).	Trade figures on 22 June	-	-

S E C R E T

<u>Date</u>	<u>Possible/Could be difficult/would be difficult/impossible</u>	<u>Important economic statistics, holidays, etc</u>	<u>Parliament</u>	<u>Other Comments</u>
<u>29 June</u>	<u>Would be difficult</u>	-	-	Sherpas meeting in USA.
<u>6 July</u>	<u>Impossible</u>	-	-	Chancellor/PM at Economic Summit on 9 July. Chancellor departs for Washington on 7 July.
<u>13 July</u>	<u>Possible</u>	French holiday on 14 July.	-	-
<u>20 July</u>	<u>Possible</u>	Trade Figures on 23 July.	-	ECOFIN on 23 July
<u>27 July</u>	<u>Possible</u>		Recess might have to be delayed.	-
<u>4 August - 31 August</u>	<u>Impossible</u>	Holidays in Europe.	in Recess.	-
<u>7 September</u>	<u>Would be difficult</u>	-	Recess.	Informal ECOFIN on 8-9 September. Prime Minister at Balmoral. X
<u>14 September</u>	<u>Possible*</u>	-	Recess	-

S E C R E T

<u>Date</u>	<u>Possible/Could be difficult/would be difficult/ impossible</u>	<u>Important economic statistics, holidays, etc</u>	<u>Parliament</u>	<u>Other Comments</u>
<u>21 September</u>	<u>Impossible</u>	Trade figures.	Recess.	G7 Governors and Finance Ministers in Washington.
<u>28 September</u>	<u>Would be difficult*</u>		Recess.	IMF/IBRD Annual Meetings do not end until 27 September.
<u>5 October</u>	<u>Possible*</u>		Recess	ECOFIN 8 Oct CONSERVATIVE PARTY CONFERENCE 9 Oct

* Impossible, if decided that Parliament must be sitting on the Monday after joining.

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