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PRIME MINISTER

MEETING OF THE EUROPEAN MONETARY COMMITTEE

At 1600 today the Monetary Committee issued a communique reporting that agreement had been reached that sterling should enter the ERM with a central rate of DM 2.95 and margins of 6%. The text which accompanied this read as follows:-

"Ministers, Central Bank Governors and the Commission warmly welcome the participation of the £ in the ERM, which marks a significant advance in economic and monetary integration of the European Community. At the outset of Stage I of Economic and Monetary Union, they take the 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 emphasise also that the enlargement of the ERM underlines the need for continued efforts and close co-operation among EC countries to secure convergence."

ANDREW TURNBULL

6 October 1990

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## C O M M U N I Q U E

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

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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 agri-monetary 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.



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