

Statement by the Council of the EC on the international monetary crisis (12 March 1973)

Caption: On 12 March 1973, the Council of the European Communities lists the measures taken by the Nine in order to cope with the international monetary crisis.

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The Council met on 11 and 12 March 1973 to review measures to be taken to deal with the international monetary crisis and with special reference to the meeting of the enlarged Group of Ten, held in Paris on 9 March 1973.

The Council officially records the following decisions:

(i) to keep the maximum spot variance between the DM, the Danish crown, the florin, the Belgian Franc, the Luxembourg Franc and the French franc at 2.25%. For Member States keeping a two-tier system of exchange this commitment applies only to the regulated market;

(ii) to release the Central Banks from having to intervene in the fluctuation margins of the US dollar;

(iii) to apply more strictly the Directive of 21 March 1972 and set up whatever additional monitoring devices may be necessary so as to shelter the system from disruptive capital movements.

The British, Irish and Italian members said that their Governments intended to back as soon as possible the decision to keep the Community fluctuation margins.

Therefore when the Commission submits within the scheduled deadline, that is by 30 June 1973, its Report on the development of short-term monetary support and the terms for progressive pooling of reserves it will at the same time put forward the suggestions it finds appropriate.

The Council agreed that meanwhile a close and perpetual concertation over monetary matters will be kept up between the competent Member States authorities.

The representative of the West German Government indicated his Government's intention of making a limited adjustment to the central rate of the DM before the exchange markets opened again so as to help towards an orderly development of exchange relationships.

The technical details involved in the above-mentioned questions will be finalized shortly, considering the forthcoming meeting of the enlarged Group of Ten to be held in Paris on 16 March, and in order to become applicable for 19 March 1973 when the exchange markets are scheduled to reopen.