

14th May 1991

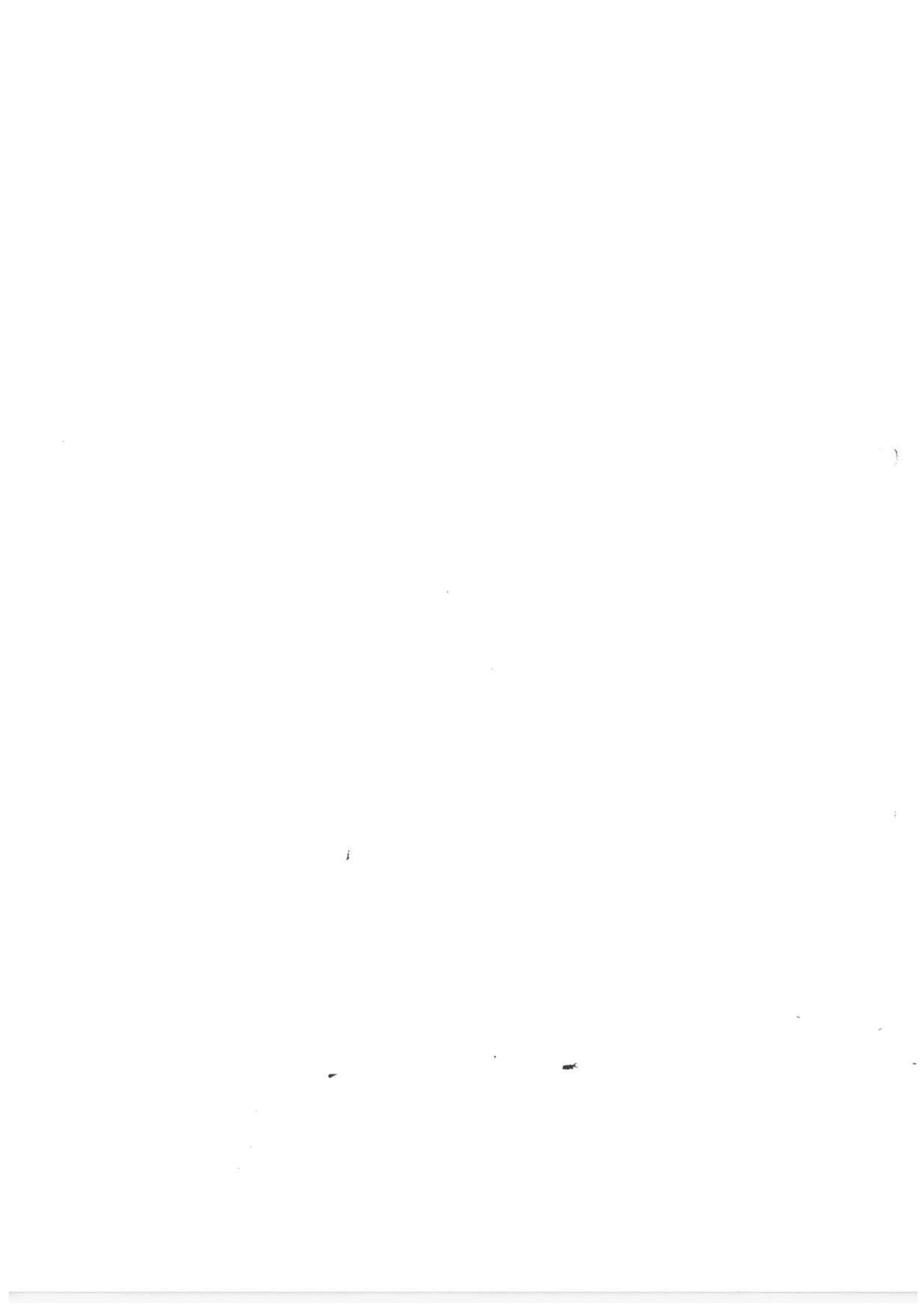
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MINUTES

OF THE 254th MEETING OF THE COMMITTEE OF GOVERNORS
OF THE CENTRAL BANKS OF THE MEMBER STATES
OF THE EUROPEAN ECONOMIC COMMUNITY

HELD IN BASLE ON TUESDAY, 9th APRIL 1991 AT 10.00 a.m.



was extremely important, especially from the budgetary point of view. If it were decided to elaborate these Articles further or to propose alternative Articles, he would ask that reference be made to the Spanish proposal, which referred to allocating the income to the Community budget.

Mr. Ciampi said that where agreement could not be reached, alternative versions should be placed in square brackets alongside the existing text together with an explanatory memorandum in the Commentary; this would apply particularly to the issue of financial criteria and would help promote discussion in the IGC.

Mr. Doyle said that the Commentary should contain a broad description of the technical considerations supporting the draft Articles. He felt that if no explanations were provided, the IGC might be misled as to the complexity of the arguments underlying the proposed consensus.

The Chairman concluded that Article 29 would remain as drafted but that the Commentary would take into consideration the points raised by Mr. Duisenberg and other Governors during the course of the discussion, especially with regard to the key and the possible inclusion of selected financial criteria. However, he would wish to avoid giving the impression that the draft did not represent a broad consensus of the Committee.

Article 29a (Voting on financial matters)

This Article was agreed without amendment.

Article 30 (Transfer of foreign reserve assets to the ECB)

This Article was agreed without amendment.

Article 31 (Foreign reserve assets held by national central banks)

This Article was unchanged.

Article 32 (Allocation of monetary income)

Following an introduction by Mr. Rey summarising the discussion of the Committee of Alternates, where the difference of opinion of the majority of Alternates had related only to the detail of the transitional arrangements in Article 32.3, Mr. Leigh-Pemberton argued in favour of retaining the text as presented. The draft adopted a proven method of income allocation, but he acknowledged that it would require a set of clear and unambiguous rules - to be provided by the Council - on the segregation of assets from the outset of the System. He recommended that the transitional period should be as short as possible.

Mr. Duisenberg said that he wished to see the Article reflect a more procedural approach, especially given the present lack of clarity with regard to the eventual outcome of the EMU debate. However, provided that the Commentary made adequate reference to a suggested alternative approach, he would be willing for Article 32 to be submitted to the IGC as drafted.

Mr. de Larosière said that the Committee should be positive in its approach and in this respect he recommended adopting the Article as proposed. With respect to Article 32.3, he favoured a decision being taken by the Council, acting by qualified majority, with a transitional period of three years.

Mr. Doyle, adverting to his earlier remarks on the importance of not misleading the IGC, said that a case in point arose in the final sentence of comment (c) where it was stated that the application of the method in question "could be hampered" if there is not a broadly similar balance sheet structure of the NCBs. He submitted that the application of the method could be impossible in the absence of such balance sheet structure.

Mr. Ciampi said that it would appear to be difficult to compromise on the Article's contents. He suggested, therefore, that the Commentary should describe fully the reasons for proposing the provisions contained in this Article and outline the alternative texts considered by the Committee.

The Chairman recommended that the Committee should adopt Article 32 as drafted and that mention should be made in the Commentary that differing opinions existed. This would limit the impression that there was disagreement with regard to its contents. He would not be keen on submitting alternative proposals to the IGC in order to avoid providing any evidence of a lack of consensus within the Committee.

The Committee agreed to include Article 32 as drafted and to explain the reasons for its decisions in the Commentary, see also the discussions under Article 29.

4. Examination of Chapter VII (General Provisions)

The contents of Articles 33 to 40 were adopted without amendment.

The Committee agreed that to avoid conflict with Article 39, Article 13.2 should be amended as follows:

"Without prejudice to Article 39, the President or his nominee shall present the views of the ECB externally".