

7 October 1994

**OPINION OF THE EMI COUNCIL
ON THE ERM FLUCTUATION BANDS**

1. On 2nd August 1993, the Ministers of Finance and Central Bank Governors jointly took the decision to widen the ERM fluctuation bands for compulsory intervention to 15 % while leaving central parities unchanged. Experience since then indicates that the wider band has helped to achieve a sustainable degree of exchange rate stability in the ERM. It has done so by deterring speculative attacks on ERM currencies, thereby preventing large exchange rate depreciations or excessive exchange market intervention and their potentially inflationary consequences. In the light of this experience and in the current circumstances, the EMI Council considers it advisable to maintain the present arrangements.

2. At the same time the EMI Council recommends that member countries should continue to aim at avoiding significant exchange rate fluctuations by gearing their policies to the achievement of price stability and the reduction of fiscal deficits, thereby contributing to the fulfilment of the requirements set out in Article 109j (1) of the Treaty and the relevant Protocol.