

Procedure file

Basic information	
COS - Procedure on a strategy paper (historic)	1998/2151(COS)
Euro: exchange rate and convertibility of the CFA and the Comorian franc	
Subject 5.20.02 Single currency, euro, euro area	
Procedure completed	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy		03/09/1998
		PPE HERMAN Fernand H.J.	
	Committee for opinion	Rapporteur for opinion	Appointed
	DEVE Development and Cooperation		28/10/1998
		PSE DELCROIX Claude A.F.	
Council of the European Union			

Key events			
01/07/1998	Non-legislative basic document published	COM(1998)0412	Summary
09/10/1998	Committee referral announced in Parliament		
08/12/1998	Vote in committee		Summary
08/12/1998	Committee report tabled for plenary	A4-0484/1998	
12/01/1999	Decision by Parliament	T4-0002/1999	Summary
12/01/1999	End of procedure in Parliament		
14/04/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/2151(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10277

Documentation gateway					
Non-legislative basic document		COM(1998)0412	01/07/1998	EC	Summary
Committee report tabled for plenary, single reading		A4-0484/1998 OJ C 104 14.04.1999, p. 0004	08/12/1998	EP	
Text adopted by Parliament, single reading		T4-0002/1999 OJ C 104 14.04.1999, p. 0013-0019	12/01/1999	EP	Summary

Euro: exchange rate and convertibility of the CFA and the Comorian franc

PURPOSE : Adoption of a Recommendation for a Council Decision concerning exchange rate matters relating to the CFA franc and the Comorian franc. CONTENT : From 1 January 1999, the Community will have the exclusive competence for monetary and exchange rate matters in the Member States adopting the euro. Any agreement with third countries concerning monetary or foreign exchange rate matters needs to reflect this allocation of competence. This proposal for a draft Council Decision would allow France to maintain the present agreements that it has concerning exchange rate matters relating to the CFA franc and the Comorian franc. Such agreements are seen to have complemented the Community's development policy by enhancing regional co-operation and growth through deeper economic interdependency and solidarity.?

Euro: exchange rate and convertibility of the CFA and the Comorian franc

In this report, Fernand Herman (B, EPP) will be recommending that the House approves the arrangement for pegging the CFA franc to the euro via the French franc. The CFA zone is made up of 14 West and Central African countries using the CFA franc which has been pegged to the French franc. Mr Herman notes that the principles on which the franc zone is based, and the way in which it operates, will not change in any way once the CFA franc has been pegged to the euro. The French Treasury will continue to guarantee the convertibility of the CFA franc into euros at a fixed rate and the parities and names of both currencies will remain the same. He considers that the EU has an interest in the continuation of the CFA agreement as it will protect EU-CFA trade from currency fluctuation. At the same time it will be of advantage to the associated African countries as they will belong to a large and stable monetary zone. ?

Euro: exchange rate and convertibility of the CFA and the Comorian franc

The report drafted by Fernand HERMAN (B, EPP) approving proposals to peg the value of the West African CFA Franc to the Euro via the French franc was approved without debate. The report expresses the hope that France will continue to guarantee the smooth functioning of these arrangements. As this endeavour is a trial of the effect on a regional economy of linking it to a single currency of world importance, the report also calls for the on-going monitoring of the CFA countries' progress by means of economic and social indicators. The report further requests information campaigns to explain both to the citizens of the CFA countries and to the citizens of Europe the significance of this linkage. The report finally makes one modification to the Commission's recommendation, allowing France to negotiate changes to the agreement, so long as this does not affect the stability of the Euro or the ECB's commitments.?