



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: OPINION OF THE EUROPEAN CENTRAL BANK of 1 December 2020
concerning exchange rate matters relating to the CFA franc and the
Comorian franc (CON/2020/31)

Delegations will find attached the Opinion of the European Central Bank concerning exchange rate matters relating to the CFA franc and the Comorian franc.



OPINION OF THE EUROPEAN CENTRAL BANK
of 1 December 2020
concerning exchange rate matters relating to the CFA franc and the Comorian franc
(CON/2020/31)

Introduction and legal basis

On 3 November 2020 the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a Recommendation for a Council Decision amending the Council Decision of 23 November 1998 concerning exchange rate matters relating to the CFA franc and the Comorian franc (98/683/EC)¹ (hereinafter the 'Recommendation'). The ECB's competence to deliver an opinion is based on Article 219(3) of the Treaty on the Functioning of the European Union.

In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the ECB, this opinion has been adopted by the Governing Council of the ECB.

1. General observations

- 1.1 The Recommendation proposes limited changes to Council Decision 98/683/EC² to expressly provide for the possibility for France and the relevant third countries of the *Union économique et monétaire ouest-africaine* (UEMOA, West African Economic and Monetary Union), the *Communauté économique et monétaire de l'Afrique Centrale* (CEMAC, Central African Economic and Monetary Community) and the Comoros to enter into new agreements that entirely replace the existing agreements between them and referred to in Council Decision 98/683/EC, rather than amending those existing agreements. The Recommendation also envisages the eventual renaming of the currencies of the UEMOA, the CEMAC and the Comoros.
- 1.2 The ECB notes that the existing agreements concerning exchange rate matters between France and the UEMOA, the CEMAC and the Comoros [that are currently in force] ensure convertibility between the euro and the currencies of the UEMOA, the CEMAC and the Comoros at a fixed parity. Under these agreements, the guarantee of convertibility is based on a budgetary commitment of the French Treasury, and not on any commitment on the part of the Banque de France. As stated in the recitals to Council Decision 98/683/EC, and as previously emphasised by the ECB, these agreements are unlikely to have any material impact on the monetary and exchange rate policy of the euro area, nothing in them can be construed as implying an obligation for the ECB or any national central bank in the European System of Central Banks to support the convertibility of these currencies, and

¹ COM/2020/658 final.

² Council Decision of 23 November 1998 concerning exchange rate matters relating to the CFA franc and the Comorian franc (98/683/EC) (OJ L 320, 28.11.1998, p. 58).

modifications to the existing agreements will not lead to any obligations for the ECB or any national central bank³.

2. Specific observations

- 2.1 The ECB notes that the recommended replacement of references to the CFA franc with references to the general term 'currency' of the respective currency areas reflects the potential renaming of the CFA franc and the Comorian franc in the new agreements to be concluded between France and the relevant third countries.
- 2.2 Pursuant to Council Decision 98/683/EC, France is authorised to negotiate and conclude modifications to its existing agreements with the UEMOA, the CEMAC and the Comoros. The proposal in the Recommendation is that France should also be authorised, subject to approval by the Council, to replace those existing agreements. The ECB understands that the limited changes proposed to Council Decision 98/683/EC by the Recommendation do not otherwise alter the legal regime established by that Council Decision. In this respect, the Recommendation does not propose any alteration of the provisions of Council Decision 98/683/EC concerning the ECB's consultative role in future changes to the nature and scope of these agreements, nor the ECB's right to be informed about the implementation of, or modifications that do not change the nature and scope of, these agreements.

This Opinion will be published on EUR-Lex.

Done at Frankfurt am Main, 1 December 2020.



The President of the ECB

Christine LAGARDE

³ See recital 7 of Council Decision 98/683/EC; see also paragraph 3 of ECB Opinion CON/1998/37. All ECB opinions are published on EUR-Lex.