

## European Union

Vienna. September 26, 1998

### **Communiqué Danish and Greek participation in the new exchange rate mechanism (ERM II)**

The ministers of the euro area Member States, the ECB and the Ministers and Central Bank Governors of the Kingdom of Denmark and the Republic of Greece discussed the participation in ERM II of non-euro area Member States. The European Commission has been involved and the Monetary Committee was consulted. They:

- welcomed the decision by the Greek and the Danish Governments to carry on from ERM I into ERM II their participation in the exchange-rate mechanism linking their currencies to the euro area;
- agreed that the Greek drachma will participate in ERM II with the standard fluctuation band around its central rate against the euro of +/- 15%;
- agreed that the Danish krone will participate in ERM II with a fluctuation band around its central rate against euro of +/- 2,25%.

The agreement concerning the Greek drachma is a continuation of satisfactory participation in the exchange-rate mechanism following progress towards convergence and recognises that the flexibility provided by the standard fluctuation band enhances the effectiveness of the stability-oriented monetary policy pursued at present.

The agreement concerning the Danish krone is based on the high level of convergence achieved by Denmark in terms of the convergence criteria, including the very high degree of stability of the krone in the markets and the unchanged parity within ERM I since January 1987. This is the result of sustained stability-oriented economic policies.

The above agreements will be implemented in accordance with the formal procedure envisaged under the ERM II Resolution of the European Council so as to become effective from the opening of foreign exchange markets on 4 January 1999.

---