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pa EMS

Dayle

You may wish to see the attached, to draw on as you see fit. Relevant to the Walker/Civilian's thesis that joining EMS would mean a return to exchange controls.

Salient points:-

4 out of the 10 have no exchange controls

2 have ineffective "exchange controls" i.e. 2 have no controls

only 4 have effective controls.

The new among existing members has been - you know - to liberalisation

Re 20/12

EXCHANGE CONTROLS IN ERM MEMBER COUNTRIES

1. The current exchange control position of members of the ERM is:

Belgium and Luxembourg

No restrictions on capital movements apart from a two-tier foreign exchange market, dating back to 1954-55. This is technically an exchange control in our view, though it appears to have little effect at present.

Denmark

As a result of a series of liberalisations, there have since 1984 been only minor restrictions on capital movements.

France

Full set of exchange controls since 1939 apart from two periods between 1966 and 1968. Two periods of minor relaxation since the ERM began, in 1980-81 and from the end of 1983 to date, interrupted by restrictions in 1981-3.

Germany

No controls.

Ireland

Wide-ranging controls. Some relaxation in 1979 partly linked to Irish participation in the EMS, and some tightening in 1983. An incidental consequence of Irish participation was that parity between the Irish pound and the pound sterling was broken and UK residents became subject to the same controls as other non-residents.

Italy

Considerable restrictions on both portfolio and some direct investment - these were reinforced temporarily in 1981 and 1982 by an import deposit scheme. Since then, changes have mostly been in the direction of liberalisation, although some were forced on the Italians by European Court cases. A bill to introduce major reforms is before Parliament. (*liberalisation*).

Netherlands

No controls.

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