

*Banco de Portugal*  
*Governador*

Dr. Gunter Baer  
Bank for International Settlements  
Basel

Dear Sir,

Following what has been agreed on our last meeting in Basel I herewith present to you the suggestions of ammendments to or changes in the CSEMU/12/88 draft Report (dated 2nd March 1989).

Paragraph

34. the fourth conclusion of the summary - **"Consideration of the social dimension of the European Community"** - should be somewhat developed.

49.1) (**"Participation"**) I confirm the proposals made in the course of our discussion:

- To change line 4 to read as follows **"... EMS, of the fact that some countries are not yet prepared to join the exchange rate ..."** or alternatively **"... EMS, of the fact that some countries did not yet decide to join the exchange rate ..."**.
  - To add the following to the last sentence **"...however they should take into account the interests of the forthcoming members, avoiding any action which would be bound to jeopardize their future membership"** or other phrase with a similar meaning (as was suggested by Prof. Boyer).
- 2) On the 7th line, to add the words **"and conditions"**, changing the text to read **"... concerning the date and conditions on which ..."**.

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63. About the scope of the revision of the 1974 Decision, it seems to me very convenient to merge sub-paragraphs starting with **"set up"** and **"Define a program"**, by using the bridging expression **"...which might eventually develop into a programme ..."**.

Moreover, the end of that new sub-paragraph should be less prescriptive. As I said in our discussion, if you compare that text to the corresponding principle in stage two (**page 48**), you will find the latter less rigid; and this in my view is not consistent with the need for greater convergence and coordination at that stage.

69. The expression **"still to be discussed"** in the final sentence should be deleted. This sentence could be read as follows **"voting procedure in the ESCB Council in stage two should be based on a qualified majority as happens with the weighted voting system adopted in the EEC Council of Ministers"**.

71. On page 50, the wording of the last type of the enforceable decisions that could be taken by the Council of Ministers and the Commission, should be changed to read as follows **"to apply to existing Community structural policies and to Community loans (as a substitute for the present medium-term facility) terms and conditions that prompt the member countries to intensify their adjustment efforts"**.

Best regards,



José Alberto Tavares Moreira