



EUROPEAN CENTRAL BANK

EUROSYSTEM

Jean-Claude TRICHET

President

COURTESY TRANSLATION

Mr Nuno Melo
Member of the European Parliament
European Parliament
60 Rue Wiertz
B-1047 Brussels

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Question on the international monetary system

Dear Mr Melo,

Thank you for your enquiry concerning the international role of currencies and the international monetary system, which was passed on to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, with a cover letter dated 18 January 2011.

I would first like to provide you with some figures (all reported at current exchange rates) on the respective use of the US dollar and the euro on international markets.

According to the latest International Monetary Fund data, the share of the US dollar in total official foreign exchange reserves of countries disclosing their currency composition was around 61% in the third quarter of 2010, down by 10 percentage points on 1999. In the third quarter of 2010 the share of the euro in foreign exchange reserves was almost 27%, up by around 9 percentage points on 1999, with the largest increase in this share coming in the first five years after the introduction of the euro.

According to the Bank for International Settlements' latest Triennial Central Bank Survey, about 85% of total transactions in the foreign exchange markets in 2010 (out of a total share of 200%, since two currencies are involved in each transaction) involved the US dollar, down from 90% in 2001. The corresponding share of the euro increased slightly, from about 38% in 2001 to 39% in 2010.

According to the European Central Bank's 2010 review of the international role of the euro, around 38% of the outstanding amount of debt securities globally was issued in US dollar as of the end of 2009, compared with 46% in 1999. The share of the euro in global debt issuance was 30% in 2009, compared with 21% in 1999. Most of these changes in the relative shares of the US dollar and the euro took place between 1999 and 2004, whereas currency shares have essentially remained stable in the last two to three years.

Yours sincerely,

[signed]