The Banque de France has always played an active role in European and international organisations.

This role has developed over the years and has evolved with the changes in France’s national institutions (the Banque de France’s missions, notably regarding supervision), European institutions (establishment of monetary union) and global institutions (creation of the G7 or the G20).

With respect to the different European and international organisations, the Banque de France’s role has essentially been dictated by the areas of expertise and the missions for which it has assumed responsibility or been entrusted with:

• In the monetary policy domain, the Banque de France is an integral part of the European System of Central Banks (ESCB) and, above all, of the Eurosystem where monetary policy decisions are taken and then implemented in conjunction with the other Eurosystem national central banks.

• In the area of regulation/supervision and the maintenance of financial and banking stability, it collaborates in the different projects initiated by the Bank for International Settlements (BIS) and its committees (notably the Basel Committee) but also those led by the Financial Stability Board (FSB). At the European level, it will also participate in the future activities of the new European Systemic Risk Board (ESRB).

• Lastly, in conjunction with the Ministry of the Economy, Finance and Industry, the Banque de France represents France within numerous international organisations (global level financial forums like the G20, G7, International Monetary Fund, franc zone organisations, etc). Thus, the Banque de France and the Ministry co-chaired the G20 Finance meetings that took place in Paris on 18 and 19 February 2011.

Keywords: Banque de France, international organisations, BIS, IMF, European Union.
JEL classifications: E02, F50, F53.

NB: For their assistance in compiling this study, the author would like to thank the G20 task force (A.Afota) for its contribution to the G7/G20 section, the service of European Relations (A. Kelber, A.L. Nguyen and M. Lajous) for its participation in the European aspects, the franc zone division, the Financial Stability Directorate (P. Mongars), as well as A. Manas of the division of Historical Heritage and Archives.
“A central bank, if for no other reason than that its currency has and must have an international valuation and because its domestic policy is subject to counter-influences from abroad, necessarily operates in a world larger than the merely domestic sphere; its viewpoint must face outward as well as inward if it is adequately to discharge its essentials functions.” Per Jacobsson.1

While that which certain authors sometimes refer to as “central bank diplomacy”2 can primarily be apprehended as the regular contacts between central banks, the role of the latter in international organisations is less easily pinpointed. It is a more discreet role and is, in part, shared with State representatives, making it de facto less visible and generally unquantifiable.

The role of the Banque de France in international organisations continually evolved throughout the 20th century.3 It has gone hand in hand with the course of history, with the development of international economic and financial relations, but also with the evolution of central banks’ multiple functions – money issuance, financing of the economy, supervision of the banking and credit system, management of foreign currency reserves, maintenance of financial stability – functions which, one by one, have emerged, developed, or, in certain cases, diminished as new activities have emerged in response to international financial and monetary events.

The Banque de France’s place in the international organisations is therefore very much related to the history of the institutions themselves and to the economic and financial context in which these institutions emerged: in 1930, the creation of the BIS in the framework of the Young plan; following the Second World War, the creation of the Bretton Woods institutions; after 1958, the construction of the European Union and the implementation of the European System of Central Banks as well as the emergence of more informal forums such as the G7 and the G20.

But from a more functional point of view – i.e. one that highlights the specificity of the Banque de France’s international role –

1 BIS, 5th Annual Report (1935), Basel. Per Jacobsson was appointed as economic advisor to the BIS in September 1931 and performed that function until 1936. He was notably in charge of drawing up the BIS’s Annual Report.
2 See notably O. Feiertag “Banques centrales et relations internationales au XXe siècle: le problème historique de la coopération monétaire internationale”, in Relations internationales no 100, winter 1999.
3 As expressed by A. Plessis in: La Banque de France et les relations monétaires internationales jusqu’en 1914 in Histoires de la Banque de France, A. Plessis, Albin Michel, “The numerous books and brochures published concerning the Banque de France in the 19th century have a national perspective that is almost entirely limited to mainland France (...) and practically never dealt with the institution’s international role”.

No department existed to administer the institution’s international role and the Banque de France personnel had to be of French nationality. O. Feiertag also observed that “the entry of issuing banks into the field of international relations undoubtedly acquired a direct and institutional dimension during the First World War, in contrast to the private and indirect ‘mutual assistance’ that prevailed before 1914”. At the Banque de France, this change was particularly visible with the creation and development, as of 1929, of the Foreign Relations department attached to the Economic Studies Directorate directed by Pierre Querouy who was later to be one of the artisans of international monetary co-operation at the Bank for International Settlements.
Institutions | Banque de France participation
--- | ---
**European institutions** | • European Central Bank (ECB)/ Eurosystem:
– the Governor is member of the Governing Council (composition “Eurosystem”)
and of the General Council (composition “ESCB”) of the ECB;
– the Banque de France is represented on the committees of the ESCB,
a Deputy Governor has chaired the International Relations Committee since October 2010.
• Council of the European Union (Council of Ministers):
– the Governor participates in the informal ECOFIN Council;
– The Banque de France is represented on the Economic and Financial Committees (EFC) and on certain specialised committees (EFC-IMF).

**Bank for International Settlements** | • The Governor attends all the bi-monthly meetings of the BIS.
• Since March 2010, the Governor has chaired the BIS’s Board of Directors.
• The Banque de France is represented at the meetings of the BIS Committees (Committee on the Global Financial System – CGFS – for example).

**Financial Stability Board** | • A Deputy Governor is a member of the Financial Stability Board: he notably represents France on the Steering Committee and on the Vulnerabilities Committee.

**European Systemic Risk Board** | • The Governor is a member of the General Council.

**The International Monetary Fund (IMF)** | • The Governor attends the meetings of the International Monetary and Financial Committee as Alternate for the Minister of Finance twice a year.
• The Governor attends, as Alternate, the IMF’s Executive board and the World Bank’s Board of Governors’ meetings once a year, coinciding with the Annual General Meetings of the two institutions.

**International groups** | • The Governor participates in the G7 and the G20 at the meetings of Finance Ministers and Central Bank Governors and at the G10 on an ad hoc basis
• The Banque de France participates in the work of the G7 and the G20.

**Other forums or areas of cooperation** | • The Banque de France ensures the administrative secretariat of the franc zone and is represented in the central banks of the regional organisations: the Bank of Central African States (BEAC) for the Central African Economic and Monetary Community (CEMAC), the Central Bank of Western African States (BCEAO) for the West African Economic and Monetary Union (WAEMU) and the Central Bank of the Comoros.
• The Banque de France participates in work conducted by the OECD.

The place of the Banque de France in international organisations has, above all, evolved with its missions: its monetary policy implementation role within the ESCB, and above within the Eurosystem, should be distinguished from its role within the community of central banks as regards financial stability and participation in the drafting of banking and financial regulations (via participation in the activities of the BIS and its committees, in the work of the FSB or in the initiatives of the new European Systemic Risk Board). This latter role also differs from that which it shares with the Ministry of the Economy, Finance and Industry in representing France in numerous international financial organisations (global level financial forums such as the G20, G7, IMF, franc zone institutions).
I | The Banque de France, member of the Eurosystem and of the ESCB

The creation on 1 June 1998⁴ of the ESCB, bringing together European Union member countries and the ECB, then the establishment of the Eurosystem (1 January 1999) bringing together the 17 central banks of the countries having now adopted the euro⁶ and the ECB, was the third and last step in the implementation of Economic and Monetary Union (EMU) as provided for by the European Union Treaty of 1992.

For the Banque de France, this evolution implied a major functional and institutional change: for Eurosystem members, monetary policy is now decided at the “centre” – the Governing Council⁷ of which the Banque de France is a member, and implemented by the “periphery”, the national central banks, one of which is the Banque de France.

I | I The governor of the Banque de France, member of the Governing Council of the ECB

The Banque de France is a member of the Eurosystem and of the ESCB.⁴ It holds 14.22% of the ECB’s capital (20% counting only the euro area).

As a member of the Eurosystem, the Governor of the Banque de France is a member of the Governing Council of the ECB⁷ that takes monetary policy decisions as well as all decisions necessary for the accomplishment of the missions entrusted to the Eurosystem. The meetings are generally bi-monthly but may be more frequent if the situation requires.

According to Article L 141-1 of the Monetary and Financial Code regarding the fundamental missions of the Banque de France, the latter “is an integral part of the ESCB and participates in the accomplishment of the missions and the respect of targets that are assigned to the ESCB by the treaty” and “in the exercise of the missions that it conducts as part of the ESCB, the Banque de France, as represented by its Governor and Deputy Governors, cannot solicit or accept instructions from the Government or any other person”. A corollary of the independence of the Banque de France⁸ is the

---

⁴ For more details on the European System of Central Banks (ESCB) and the Eurosystem, see C. Barontini and P. Bonzom: “A national central bank within a federal system”, Bulletin de la Banque de France, n°152, August 2006.
⁵ Statute of the ESCB and the ECB.
⁶ Germany, Austria, Belgium, Spain, Estonia, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Greece, Slovenia, Cyprus, Malta, Slovakia.
⁷ It consists of the Governors of the 17 central banks that have adopted the euro and the 6 members of the ECB’s Executive Board (the ECB’s President, the Vice-President and four other members).
independence of the Governor in the accomplishment of its missions within the system and notably in the decisions taken by the Governing Council.

The decisions taken by the Governing Council are binding for the entire Eurosystem. The operations are executed in all member countries in the same manner, on the basis of instructions communicated by the ECB’s Executive Board9 to the national central banks. These instructions are based on the guidelines and decisions made by the Governing Council. Therefore, the principle of decentralisation prevails.10 The Treaty on the Functioning of the European Union (TFEU) states that the ECB delegates the execution of all operations relating to Eurosystem missions to the national central banks.11 The latter implement the decisions taken by the Governing Council. In this framework, the central banks conduct the financing operations for the credit institutions operating in their countries (the national central banks are access points for central bank money in euros), manage minimum reserves, perform foreign exchange intervention operations, ensure the management and supervision of payment systems, put euro notes and coins into circulation. They also participate, with the ECB, in gathering statistical data, and act in a legal advisory capacity for all draft legislation relating to the ECB’s scope of activities.

The national central banks also play a significant communication role in explaining, notably, monetary policy decisions to the economic agents of each respective country.

The Banque de France being also a member of the ESCB, the Governor attends four times a year meetings of the General Council that bring together the President, the Vice-President of the ECB and the Governors of all the national central banks of the European Union, including those from non-euro area countries.

1 | 2 The Banque of France and the ESCB’s work

Apart from the production of analytical research to support the Governor’s participation in the Governing Council and the General Council, the role of the national central banks, including the Banque de France, is expressed through their participation in the sixteen committees of the ESCB.

---

9 It comprises: the President and the Vice-President of the ECB and four other members appointed by common accord by the Heads of State or Government having adopted the euro. It is responsible for preparing the meetings of the Governing Council, for implementing euro area monetary policy in accordance with the guidelines and decisions adopted by the Governing Council (in this framework, it gives the necessary instructions to the central banks of the euro area), for ensuring the daily management of the ECB, and for exercising certain powers, including those of a regulatory nature, that are delegated to it by the Governing Council.

10 “To the extent deemed possible and appropriate and without prejudice to the provisions of this Article, the ECB shall have recourse to the national central banks to carry out operations which form part of the tasks of the ESCB”. Article 12.1 protocol no.4 on the statutes of the SEBC and the ECB annexed to the Treaty on the Functioning of the European Union.

11 TFEU, protocol no.4 on the Statute of the European System of Central Banks and of the European Central Bank (Article 12.1).
These specialised committees are composed of representatives of the ECB and the national central banks, either in ESCB composition (27 members) or in Eurosystem composition (17 members). These committees prepare the decisions of the Governing Council. They may be chaired by a national central bank, which is, for example, the case of the Committee for International Relations currently chaired by the Deputy Governor of the Banque de France.

2| The Banque de France and central bank cooperation

With respect to its mission of maintaining financial stability and its regulatory/supervisory role, the Banque de France plays an important role within the community of central banks via its participation in a number of institutions: i) the Bank for International Settlements, ii) the committees with which the BIS cooperates (the Basel Committee for example), iii) the more independent institutions such as the Financial Stability Board but also iv) European Institutions, like the new European Systemic Risk Board.
2 | The role of the Banque de France in the oldest international financial institution, the BIS

As a founding member of the BIS, an ex officio member of its Board of Directors and one of its major shareholders, the Banque de France participates in all the BIS's bi-monthly meetings that bring together the Governors of the world's principal central banks.

Thus every two months, the Governors and other senior managers of central banks meet in Basel to examine the global economic and financial situation and exchange ideas on current affairs at the two principal meetings: the Global Economy Meeting (GEM) and the so-called All Governors' Meeting that the Governor of the Banque de France, in his current capacity as Chairman of the BIS's Board of Directors, co-chairs with the General Manager of the BIS.

At the GEM, that brings together 30 central banks and 15 observer banks, the evolutions of the global economy and all possible risks are examined. Since January 2010, the Governors participating in this meeting must also provide recommendations and determine the policy stances of the Committee on the global financial system, of the Task Force on Payment System Principles and Practices and of the Financial Markets Committee. To facilitate effective dialogue within a more restricted framework, an informal group, the Economic Consultative Committee (ECC) (replacing the former Committee of Central Bank Governors of the G10 countries) has been set up to assist and prepare the decisions subsequently submitted to the GEM.

At the All Governor's meeting, attended by the Governors of all the member central banks, questions of specific interest to central bankers are examined. Over recent years a number of key themes have been discussed including: the pro-cyclicality of the financial system, lessons to be drawn from the global banking crisis, the provision of liquidity by central banks, systemic risk on OTC derivative markets, systemic financial risk, and interest rate risk in the financial system.

12 Founding member with the central banks of Germany, Belgium, the United Kingdom, Italy and Japan and a consortium of banking institutions including J.P. Morgan & Co. of New York, The First National Bank of New York, and The First National Bank of Chicago.
13 The Governor of the Banque de France is an ex officio member with the Governors of the central banks of Belgium, Germany, Italy, the UK and the Chairman of the Board of Governors of the Federal Reserve System. After 1945, the Japanese monetary authorities stepped down from the seats that the BIS’s original statute reserved for them as founding members.
14 The Banque de France holds 9.16% of the BIS’s capital.
15 The Central Bank Governors of the following countries participate in the GEM: South Africa, Germany, Saudi Arabia, Argentina, Australia, Belgium, Brazil, Canada, China, Korea, Spain, the United States, France, Hong Kong SAR, India, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland; the United Kingdom, Russia, Singapore, Switzerland, Sweden, Thailand, Turkey, as well as the President of the European Central Bank and the Chairman of the Federal Reserve Bank of New York. On a rotational basis, three Governors from the central banks of the following countries participate as observers: Algeria, Austria, Chile, Denmark, Finland, Greece, Hungary, Ireland, Israel, Norway, New Zealand, the Philippines, Portugal, Romania and the Czech Republic. There are currently 34 central bank Governors or Presidents who attend this meeting.
16 This committee includes the President of the ECB, the General Manager of the BIS and the central bank Governors from the following countries: Germany, Belgium, Brazil, Canada, China, the United States, France, India, Italy, Japan, Mexico, the Netherlands, the United Kingdom, Sweden and Switzerland.
FOCUS

The BIS, the central bank of central banks

Created in 1930, in the context of the Young plan, the BIS is the oldest international financial institution. It is both:

• a forum for the exchange of ideas between central banks and within the international financial and prudential community via meetings that bring together, every two months, the central bankers of 56 countries;

• a centre for economic and monetary research, particularly focused on strategic issues to which central bankers and banking system supervisory authorities are frequently confronted;

• an excellent quality counterparty for central banks in their financial transactions;

• an agent or trustee for international financial operations.

The BIS, in the framework of its cooperation activities, also hosts the Secretariats of nine groups or committees, each with a different level of autonomy: the Markets Committee, the Global Financial System Committee and the Task Force on Payment System Principles and Practices report to the Governors of the Global Economy Meeting; the Central Bank Governance Group, the Irving Fisher committee and the Basel Committee on Banking Supervision (BCBS) report to the Group of Central Bank Governors and Heads of Supervision. Unlike these six groups, the Financial Stability Board, the International Association for the Protection of Deposits (IADI) and the International Association of Insurance Supervisors (IAIS) have their own governance teams and their own structure and are therefore simply hosted in Basel by the BIS.

The BIS also has an important statistical mission. It provides financial and banking statistics for member central banks and for the public.

Since 8 March 2010, the Governor of the Banque de France has chaired the Board of Directors of the BIS in the framework of a renewable three-year mandate. There are currently two directorial functions at the helm of the BIS: that of General Manager and that of Chairman of the Board of Directors.

According to the amended Statute of the BIS, “the Board determines the strategy and the core policy stances of the bank, is responsible for the ultimate supervision of the bank’s management and conducts the missions expressly attributed to it by the bank’s Statute; it takes the necessary...”
decisions required for the execution of its responsibilities” (Article 26). The Board also represents the BIS vis-à-vis third parties and has the exclusive right (except where a specific delegation has been granted) to enter into engagements on behalf of the bank contractually (Article 36). It also determines the nature of the operations to be undertaken by the bank may engage in (Article 21). More broadly, the Board of Directors determines the priorities, decides the budget, controls the expenses and defines the parameters for the conduct of cooperative activities.

2.2 The role of the Banque de France within the Basel process

The BIS also contributes to the coordination of central bank via the so-called “Basel Process” that directly supports the initiatives of the international Secretariats established at the BIS and facilitates their cooperation. The Secretariats of nine groups or committees, whose levels of autonomy vary, are hosted in Basel at the BIS (cf. above, “the BIS, a central bank of central banks”).
An example of successful cooperation between the central banks and banking supervisors within the BIS: the Basel III standards

The Basel Committee on banking supervision\(^1\) is a framework promoting dialogue and information sharing that has recently allowed a significant reform of banking regulations: the so-called Basel III reform. Although the recommendations issued by this Committee are not legally binding, they nevertheless represent a major step towards the definition of rules that could be introduced at national levels.

The central banks and heads of supervision who are members of the Basel Committee have played an important role in the practical implementation of the macro- and micro-prudential requirements approved by the heads of States and Government at the G20 meetings in response to the economic and financial crisis.

In effect, the crisis triggered the idea of strengthening or of constituting capital and liquidity that could be used in the event of economic and financial crises but also of improving the quality of the own-funds held by credit institutions. In December 2009, the Basel Committee detailed its proposals in a consultative paper. In July 2010, the central bank Governors and banking supervisors defined the features of the new system, and then in September, the terms of the implementation of these measures and their calibration. Lastly, the system was approved by the heads of States and Government at the G20 meeting of 11 and 12 November 2010 in Seoul.

\(^1\) Committee reporting to the Group of Central Bank Governors and Heads of Supervision composed of the central bank Governors of Argentina, Belgium, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Indonesia, Italy, Japan, South Korea, Luxembourg, Mexico, the Netherlands, Russia, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States and the supervision in the cases where the supervisory function is performed by an authority not attached to the central bank.

Thus, the Banque de France is represented in all the committees operating directly under the auspices of the BIS (notably the Committee on the Global Financial System, the Committee on Payment and Settlement Systems and the Markets Committee) or indirectly (e.g. Basel Committee) and in the groups/boards that have greater autonomy and their own specific hierarchical structure (like the FSB most notably).

The Basel Process is based on four ideas: i) a common location, generating synergies, ii) an informal and flexible exchange of ideas, iii) access to the skills of the BIS, particularly in the banking domain, iv) the publication of studies.

The domains of expertise of the Committees that the BIS oversees more directly are diverse: the functioning of markets for the Markets Committee, the analysis and follow-up of questions relating to macro-financial stability for the Committee on the Global Financial System (CGFS), analysis and definition of standards concerning payment, clearing and settlement for
the Committee on Payment and Settlement Systems (CPSS), questions of interest for the organisation of central banks for the Central Bank Governance Forum (CBGF), statistical issues for the Irving Fisher Committee and, lastly, banking supervision at the level of individual establishments relating to macro-prudential supervision for the best-known committee, the Basel Committee on Banking Supervision (BCBS). The work conducted by these Committees is notably aimed at fuelling international debate in the fields of oversight and supervision, and it allows the creation of a corpus of international standards that could ultimately become mandatory if governments transpose them into national laws.

2|3 The Banque de France within the FSB

The FSB, an autonomous institution whose secretariat is hosted at the BIS, has replaced (as of April 1999) the Financial Stability Forum (FSF) that was created in 1999 by the G7 Ministers of Finance and central bank Governors after the financial crises of 1997 and 1998. This change has contributed to the institutionalisation of what was before an informal forum.

At its creation, the FSB aimed to foster better financial stability policy coordination. Since April 2009, the new FSB has a broader mandate: to assess the vulnerabilities of the financial system and supervise measures allowing their resolution; promote information exchanges between the authorities responsible for financial stability; monitor the evolution of financial markets; define best practices with regard to regulation; conduct strategic reviews with the IMF or with the BIS committees to ensure correct conduct of policies, collaborate with the IMF in the framework of jointly conducted early warning exercises; coordinate the work of organisations that set standards with a view to enhancing financial stability.

Since the beginning of the financial crisis, the FSB – which benefits from its close collaboration with the IMF and the BIS Committees responsible for oversight and supervision – is the body that decides what reforms the G20 member countries wish to pursue in the areas of financial market supervision, the oversight of financial institutions and prudential regulations.

The FSB has three representatives per country. France’s representatives are from the Ministry of the Economy, Finance and Industry, the Banque de France and the Financial Markets Authority. The Banque de France represents France, alone, on the Committee for Vulnerabilities Assessment.

---

17 Financial Stability Board. The FSB is composed of three operational bodies (the Committee for Vulnerabilities Assessment, the Committee for Standards Implementation and the Committee for Supervisory and Regulatory Cooperation), and one Steering Committee.
The FSB meets twice a year in plenary sessions and teleconferences are held as and when necessary. It also organises thematic round tables with the private sector on specific topical issues relating to financial stability.

2 | 4 At the European level: the role of the Banque de France in the European Systemic Risk Board

On 2 September 2010, the European Council, Commission and Parliament decided to create the European System of Financial Supervisors (ESFS) with the aim of enhancing coordination between national supervisory authorities. Set up in 2011, the EFSF is composed of three European Supervisory Authorities\(^\text{18}\) responsible for microprudential supervision: the European Banking Authority — EBA (based in London), the European Securities and Markets Authority — ESMA (based in Paris) and the European Insurance and Occupational Pensions Authority — EIOPA (based in Frankfurt), and a European Systemic Risk Board — ESRB (based in Frankfurt), focused on macroprudential supervision.

The ESRB is a macroprudential supervisory authority whose purpose is to detect and prevent systemic risks to financial stability in the European Union. An early warning mechanism will be set up that will inform the Ecofin in the event of risk.

The ESRB is mainly composed of central bankers from 27 EU countries and it is attached to the ECB that provides analytical, statistical, administrative and logistical support.

This project is partially the fruit of a reflection led by Jacques de Larosière\(^\text{19}\) who in February 2009 delivered a report commissioned by the European Commission that recommended the creation of a European body responsible for supervising all financial activities.

3 | The Banque de France, representing the French State with the Ministry for the Economy, Finance and Industry in European and international bodies

The Banque de France represents France alongside the Ministry for the Economy, Finance and Industry in the organisations examined below (the IMF, the institutions of the Council of the European Union, the G7, the G20 and the franc zone). It also collaborates with various international bodies including notably the OECD.

\(^{18}\) These three authorities (European supervisory authorities – ESA) have replaced the three supervisory committees functioning at the European level: the Committee of European Banking Supervisors (CEBS) for banks, the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) for insurance companies and the Committee of European Securities Regulators (CESR) for markets.

\(^{19}\) Report on financial supervision in the European Union.
The international financial architecture of the Post-War world was defined at the Bretton Woods conference in New Hampshire in 1944. The IMF and the World Bank, the latter formed from the Bank for International Reconstruction and Development (BIRD) and the International Development Association (IDA), were created at this conference.

The creation of these two financial bodies posed the question of the maintenance of the BIS. Resolution V of the final Act\(^\text{20}\) of the Brettons Woods conference explicitly proposed to close the BIS “as soon as possible”. Finally the BIS survived and it was decided, at the first meeting of the Governors of the IMF and the BIRD in October 1946, to strengthen the links between the two organisations via enhanced cooperation, particularly in the economic and statistical domains. For central banks, the creation of the IMF and the BIRD and the maintenance of the BIS resulted in a broadening of their roles on the international scene.

Traditionally the Banque de France and the Ministry of the Economy, Finance and Industry have shared the task of representing France at the IMF.

The Governor of the Banque de France has either occupied the position of Governor for France at the IMF (W. Baumgartner from 1959 to 1960, J. Brunet from 1960 to 1969, O. Wormser from 1969 to 1972, R. de la Genière from 1982 to 1984, M. Camdessus from 1984 to 1987) or that of Alternate Governor (E. Monick from 1945 to 1949, W. Baumgartner from 1949 to 1959, J.C. Trichet from 1995 to 2003 and C. Noyer since 2003) at the meetings of the Council of Governors\(^\text{21}\) of the IMF and of the World Bank that take place once a year coinciding with the annual general meetings of the two institutions.

The Governor of the Banque de France also attends or participates (in lieu of the Minister of the Economy, Finance and Industry) in meetings of the International Monetary and Financial Committee (IMFC)\(^\text{22}\) which take place twice a year (one in the spring and the other coinciding with the IMF’s AGM in the autumn).

Apart from the bi-annual meetings of IMF Governors, the Banque de France participates in the works of the Institution, by expressing its views – via the Executive Director for France – on all issues discussed at the  

---

20 The final Act was never integrated into an international agreement and therefore never had any mandatory value.
21 The Executive Board of the IMF is the Institution’s supreme body. The Executive Board meets at the annual general meeting and is composed of the Governors and Alternate Governors for each member country.
22 The International Monetary and Financial Committee (IMFC) is not really a decision-making body or a negotiating forum. It only plays an advisory and initiative-proposing role for the Board of Governors. It is composed of 24 member countries represented by their Finance Ministers, their central bank Governors or persons of similar level, based on the same representation key as is used for the Board of Governors. Each member of the IMFC represents a corresponding position on the Board of Governors.
meetings of the IMF’s Executive Board, major orientations of the Fund’s policy, evolution of the international monetary system, international coordination of economic policies. It therefore participates in the accomplishment of the IMF’s mandate, notably in its supervisory capacity.

At the financial level, the claims on the IMF, the SDR holdings and the counterpart to SDR allocations are recognised on the balance sheet of the Banque de France and the interest that they generate is booked in its P&L account.

3|2 The Banque de France and the European Union

The Banque de France contributes to research conducted by the economic and financial bodies of the Council of the European Union via informal meetings of the Ecofin Council and meetings of the Economic and Financial Committee (EFC).

Replacing the Monetary Committee since 1999, the Economic and Financial Committee is responsible for preparing the work of the Ecofin Council and for monitoring the economic and financial situations of the EU member States. The Secretariat of the EFC is attached to the Directorate General of Economic and Financial Affairs (DG ECFIN) of the European Commission.

The Banque of France participates with the Ministry for the Economy, Finance and Industry in certain meetings of this Committee when the subjects under discussion require central bank expertise (e.g. questions relating to financial stability or international issues) as well as with certain of its sub-groups (e.g. the EFC-IMF on all questions relating to the IMF notably). It also participates twice a year in meetings of the Financial Stability Table, a format that is specific to the EFC and dedicated specifically to questions of financial stability and financial services.

The Finance Ministers, the Presidents and Governors of the EU central banks and the European Commission also participate in the informal meetings of the Ecofin Council that meets twice a year (generally in September and in April).

Lastly, the Governor of the Banque de France participates in the Franco-German Economic and Financial Council. This body, based on the additional protocol of 22 January 1988 to the Elysée Treaty on Franco-German

23 The Executive Board is the body responsible for the daily management of the IMF. 24 Executive Directors represent the 187 member countries. Most of the countries are within circumscriptions that cover several countries represented by a single Executive Director. France, like other countries, has a seat at the table and therefore represented by an Executive Director.

24 The Banque de France’s funds at the IMF are composed of:
– drawing rights under the reserve tranche that correspond to the fraction of France’s share in the IMF’s capital, that is, 26.3 billion and other foreign exchange assets, plus the IMF’s net employment of euros in the form, notably, of euro-denominated drawings and repayments by member countries on France’s account;
– on occasion, loans granted to the IMF in the framework of arrangements that came into force in December 2009 concerning (i) a loan agreement capped at 1,060 million euros, (ii) voluntary SDR swap agreements against the euro or the dollar and (iii) a loan worth SDR 1.4 billion from the Banque de France on the “Poverty Reduction and Growth Facility” (PRGF) and “Exogenous Shocks Facility” (ESF) accounts of the IMF.

25 The European Council, in its Ministers of the Economy and Finance formation.
cooperation of 22 January 1963, aims to strengthen cooperation between the two countries, to harmonise as far possible their economic policies and to seek convergence in their positions on international and European questions in economic and financial matters.

3|3 The G7, G10 and G20

If the G20 is today “the premier forum for international economic cooperation” (Pittsburgh summit declaration, September 2009), for many years this role was played by the G7.

Established in 1975 by a first summit of heads of State and Government, the G7 brings together the seven largest industrial economies to discuss international economic questions. The topics discussed, initially essentially economic, have gradually broadened to include more political subjects; these subjects are today discussed by the G8 since the inclusion of Russia. The Banque de France participates in the meetings of Ministers of Finance and central bank Governors of the G7, established in 1986, and in the meetings and video-conferences of the central banking arm, that meets at the level of the Alternates.

The G20 was created in 1999 by the G7 in response to the Asian crisis that highlighted the necessity to integrate emerging countries into multilateral discussions on the economy and financial stability. It offers a framework for cooperation on economic policies with the objective of promoting international financial stability and seeking solutions to problems that transgress national borders.

Until the financial meltdown in 2008, the G20 only had a “Financial arm” that brought together Ministers of Finance and central bank Governors on a once-a-year basis. The Governor of the Banque de France and the Minister of the Economy, Finance and Industry represent France at these meetings which are preceded by preparatory meetings at the technical level. The institutionalisation of the summits at the heads of State or Government level has been accompanied by an extension of the G20’s role, which today discusses subjects that go beyond the frontiers of strictly economic and financial matters. Thus for example, since 2009, the G20 also organises meetings on an ad hoc basis between Ministers of Agriculture and Ministers of Employment.

26 This first summit only brought together 6 countries: Canada joined the group the following year. The European Union, represented by the President of the European Union, the President of the Commission and the ECB (in G7 finance), is also a member since 1977.
27 The G20 is composed of 19 advanced and “systemic” emerging countries and the European Union. While it is far smaller in terms of representation than the IMF, it enjoys strong legitimacy in the economic domain. In effect, it represents roughly 90% of global GDP, nearly 80% of global trade (including intra-EU trade) and two thirds of the planet’s population. By comparison, the G7 represents roughly half of global GDP, 46% of global trade and 11% of the planet’s population.
28 G7 Finance Ministers’ meeting of 26 September 1999.
29 On 15 November 2008, an extraordinary summit in Washington brought together the heads of State or Government of the G20 member countries for the first time.
Since it began to develop in stature, the priority of the G20 forum has been to address the causes of the current crisis, with a view to reforming financial regulation, enhancing the resilience of the International Monetary System and strengthening international economic cooperation by the development of mutual supervision of economic policies within the G20 (“Framework for strong, sustainable and balanced growth”), domains that are all of primary importance for central banks.

In the framework of the French Presidency of the G20 in 2011,\textsuperscript{30} the Banque de France, alongside the Ministry for the Economy, Finance and Industry, is responsible for the smooth implementation of the economic and financial agenda. It is also mobilised in the context of the French Presidency of the G7/G8 of the same year.

As regards the G10 (which currently has 11 members\textsuperscript{31} and the ECB President) it was set up in 1961, when the ten countries agreed to provide additional resources for the IMF if necessary, via the signature of the General Arrangements to Borrow. Initially the G10 was conceived as a forum for discussion. Finance Ministers and central bank Governors participated in the G10 and the “central bank” formation configuration met every two months in Basel before it was decided to replace the latter by a broader Council, the Economic Advisory Council. The G10 now meets with ad hoc configurations to discuss specific topics or in parallel with the semestrial IMF meetings.

\section*{4 The franc zone}

After gaining independence, most of the Sub-Saharan African States that belonged to the French Colonial Empire chose to remain within the integrated monetary space known as the franc zone. The franc zone consists of France and fifteen African States: Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo in West Africa, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon in Central Africa, and the Comoros (Appendix 1).

On its budget, the French State guaranteed without limit the convertibility of the CFA franc and the Comoran franc into French francs until 1999, and into euros thereafter. In exchange, the central banks of the franc zone are required to keep a certain percentage of their foreign exchange reserves at the French Treasury.

\textsuperscript{30} South Korea presided over the G20 in 2010 and Mexico will replace France in 2012.
\textsuperscript{31} Belgium, Canada, France, Italy, Japan, the Netherlands, the UK, the United States, Germany, Sweden associated under the auspices of the G10 in 1961. Switzerland (eleventh member) joined the group in 1964 but the G10 title was maintained.
From the outset of this system (1953), the Banque de France has been responsible for drafting a franc zone Annual Report. This Report is published by the Secretariat of the Monetary Committee of the franc zone (created in 1955 and managed by the Banque de France). It presents the economic situation, monetary and financial position of the African economic and monetary zones (the Central African Economic and Monetary Community – CEMAC, the West African Economic and Monetary Union – WAEMU and the Comoros). The Banque de France participates in the semestrial meetings of the Ministers of Finance and of the central bank Governors of the franc zone and provides the Secretariat, on behalf of the Ministry of Finance. The meetings are organised in France and in Africa. Banque de France representatives also participate in the monetary policy decision-making bodies of the central banks in the franc zone.

Lastly, the Banque de France is regularly called upon to participate in working groups on themes such as migrant transfers and microfinancing and it maintains close relations with the central banks of member countries with whom it participates in the functioning of the franc zone’s common institutions.

---

**Chart 2  Composition of the principal international forums**


33 The West African Economic and Monetary Union (WAEMU) includes Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea and Chad, all represented in the Central Bank of Western African STATES (BCEAO).
References

**Baer (G. D.) (1999)**
“Sixty-five years of central bank cooperation at the Bank for International Settlements", The emergence of Modern central banking from 1918 to the present.

**Bank for International Settlements**
Annual reports from 1930 to the present day.
Annual Report of 1935, dedicated to cooperation between central banks.
Annual Report of 1947, explaining the consequences of the creation of the Bretton Woods institutions for the BIS.
BIS website: http://www.bis.org

**Banque de France**
Annual reports.

**Barontini (C.) and Bonzom (P.) (2006)**

**Bossuat (G.) (2003)**

**Bouvier (J.C.) (1987)**

**Bussière (E.) (1999)**

**European Central Bank**
ECB website: http://www.ecb.int

**European Union**
Feiertag (O.) (1999)  
“Banques centrales et relations internationales au XXe siècle : le problème historique de la coopération monétaire internationale”, Relations internationales, No.100, pp. 335 à 376.

Financial Stability Board  
FSB website: http://www.financialstabilityboard.org

G20  
G20 website: http://www.g20.org

International Monetary Fund.  

James (H.) (1999)  
“The international monetary fund and central banking”, The emergence of Modern central banking from 1918 to the present.

Plessis (A.) (1998)  
“La Banque de France et les relations monétaires internationales jusqu'en 1914”, Histoires de la Banque de France.

Volcker (P. A.) (1990)  
“The triumph of central banking”, Per Jacobsson lecture.