Euro: exchange rate and convertibility of the CFA and the Comorian franc

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In this report, Fernand Herman (B, EPP) will be recommending that the House approves the arrangement for pegging the CFA franc to the euro via the French franc. The CFA zone is made up of 14 West and Central African countries using the CFA franc which has been pegged to the French franc. Mr Herman notes that the principles on which the franc zone is based, and the way in which it operates, will not change in any way once the CFA franc has been pegged to the euro. The French Treasury will continue to guarantee the convertibility of the CFA franc into euros at a fixed rate and the parities and names of both currencies will remain the same. He considers that the EU has an interest in the continuation of the CFA agreement as it will protect EU-CFA trade from currency fluctuation. At the same time it will be of advantage to the associated African countries as they will belong to a large and stable monetary zone.