

EBD/92/299

December 11, 1992

To: Members of the Executive Board
From: The Secretary
Subject: Norway - Exchange Rate Action

The Secretary has received the following memorandum dated December 10, 1992, from Mr. Fridriksson:

Please inform the Executive Board that at 11 a.m. Oslo time today, the Norwegian Ministry of Finance announced that it had suspended the obligation of Norges Bank to purchase or sell currencies in the market to keep the value of the krone within a fluctuation margin of ± 2.25 percent of the central rate. Accordingly, the exchange rate of the Norwegian krone is now floating.

In a communication from the Norges Bank dated today, the Governor states that: "When the krone was linked to the ECU in the autumn of 1990, the central bank emphasized that in so doing we pegged the value of the Norwegian krone to the currencies of a group of countries whose long-term objective is to stabilize prices. Circumstances beyond our control have forced on the Norwegian authorities the decision to allow the krone to float. However, the main objective of monetary and exchange rate policy is still to maintain price and cost growth at the prevailing low level."

Other Distribution:
Department Heads

