

**Currency Union Technical Expert Group (CUTEG)**

**OUTCOME PAPER (CUTEG) # 6-1**

**JANUARY 24, 2005**

**(1) Topic: Definition of (1) a Currency Union Territory, (2) Regional Organization, and (3) Regional Central Bank**

(2) Issues – see CUTEG Draft Follow-up Paper #6  
<http://www.imf.org/external/np/sta/bop/pdf/fp6.pdf>

(3) Outcome of the discussion:

*CU territory*

The following definition was agreed:

“A currency union (CU) territory consists of the geographical territory of the CU economies that comprise the CU, plus the CUCB, where appropriate. Any other regional organizations that comprise the same or a subset of the same economies are included in the CU.”

On the definition of a CU territory, there was agreement that if a regional organization has same membership as the CU (or a subset of it) it should be treated as resident of the CU. There was also agreement that if a regional organization includes all CU members and one or more nonmembers it should be treated as nonresident of the CU.

*Regional organization*

The following definitions were agreed:

“Regional organizations are a subcategory of international organizations; they can be financial or nonfinancial institutions. They consist of those supranational institutions whose members are governments or monetary authorities of economies that are located in a specific region of the world. Regional organizations, which include Currency Union Central Banks (CUCB), are created for many purposes including supporting, guiding, and even governing aspects of the economic relationships or integration processes among the region’s economies. Regional organizations are established by means of a [formal] intergovernmental legal arrangement (e.g. a Treaty).”

For regional organizations, the need for the word “formal” will be reviewed by the Fund. Some CUTEG members considered it unnecessary given that a legal agreement is formal. Further, CUTEG recognized that further investigation should be given to the use of the word “institution” as opposed to “organization.”

*Currency Union Central Bank*

“The Currency Union Central Bank (CUCB) is a financial institution that acts as the common central bank for the member economies of the CU.”

In principle it was agreed that the CUCB is nonresident of any CU member economy but resident of the CU.

(4) Rejected Alternatives:

None.

(5) Actions

None.