


# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	<a href="#">1997/2229(COS)</a>	Procedure completed
Euro: preparations for the changeover of public administrations		
Subject 5.20.02 Single currency, euro, euro area		

Key players			
European Parliament	Committee responsible		Rapporteur
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy		Appointed 29/10/1997
			UPE <a href="#">ARRONI Aldo</a>
	Committee for opinion		Rapporteur for opinion
	<b>JURI</b> Legal Affairs, Citizens' Rights		Appointed
			The committee decided not to give an opinion.
Council of the European Union	<b>ENVI</b> Environment, Public Health and Consumer Protection		The committee decided not to give an opinion.

Key events			
01/10/1997	Non-legislative basic document published	COM(1997)0491	Summary
20/10/1997	Committee referral announced in Parliament		
05/02/1998	Vote in committee		Summary
05/02/1998	Committee report tabled for plenary	<a href="#">A4-0061/1998</a>	
10/03/1998	Debate in Parliament		
10/03/1998	Decision by Parliament	T4-0128/1998	Summary
10/03/1998	End of procedure in Parliament		
06/04/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1997/2229(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142

Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/09347

## Documentation gateway

Non-legislative basic document		COM(1997)0491	01/10/1997	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES1406/1997</a> <a href="#">OJ C 073 09.03.1998, p. 0130</a>	11/12/1997	ESC	Summary
Supplementary non-legislative basic document		SEC(1997)2384	18/12/1997	EC	Summary
Committee report tabled for plenary, single reading		<a href="#">A4-0061/1998</a> <a href="#">OJ C 104 06.04.1998, p. 0005</a>	05/02/1998	EP	
Text adopted by Parliament, single reading		T4-0128/1998 <a href="#">OJ C 104 06.04.1998, p. 0022-0069</a>	10/03/1998	EP	Summary

## Euro: preparations for the changeover of public administrations

**OBJECTIVE:** the Communication on the practical aspects of the introduction of the euro has two aims: - to provide information on the practical preparations at national and European levels in the public and private sectors; - to identify the issues where decisions are still to be taken, to define the desired level of harmonization, and to clarify whether these issues should be treated at European level or by the national authorities.

**SUBSTANCE:** the Commission Communication comes in response to the wishes expressed by the Finance Ministers of EUR 15 at their informal meeting in Mondorf on 13 September 1997. It takes stock of the preparations in progress in the following areas: - public administrations at Community and national levels; - information systems, including decisions on the symbol for the euro (an E with two bars across the middle) and the code for financial and banking applications ('EUR'); - accounting and fiscal aspects; - aspects of concern to currency users, such as the introduction of notes and coins, dual display of prices, conversion charges, education and training, consumer adjustment to prices in euro, aspects of specific concern to SMEs, and communication activities aimed at the general public. Practical preparations in both the private and public sectors will need to proceed in a timely manner in order to respect the timetable established by the European Council in Madrid. For this purpose the Commission considers it essential that: - Member States present their transition plans before the end of 1997, including statements on accounting, reporting and tax declarations in euro; - public issuers announce their intentions, before the end of 1997, concerning redenomination of existing debt and the conventions applicable to new debt; - the Member States concerned finalize the design of the national faces of euro coins with the agreed common features before the end of 1997; - Member States launch their national communication campaigns without delay; - the competent authorities announce, before the end of 1997, their positions on the tax consequences of the introduction of the euro and circulate them as widely as possible; - the Commission should present a formal proposal on the introduction of notes and coins by the end of 1997, with a decision to be taken by the Council immediately thereafter; - other practical issues such as dual display and conversion charges be studied in detail, in order to clarify whether or not there is a need for a common approach by the Member States in the euro zone, and whether any such approach should be enforced by legislation at national or European level or whether it could be left to market forces or to voluntary agreements or codes of practice. The Commission intends to complete the study of these issues before the end of 1997, to make public the results and, if appropriate, to submit a proposal to the Council. ?

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With regard to fiscal aspects and accounting, the Committee takes the view that the move to a single currency must not aggravate the taxation differences that already exist. In addition, the Committee feels that consumers should not have to bear any charges arising from the currency transition. There should be no change in the date set for the introduction of notes and coins, i.e. 1 January 2002. The Committee feels that questions of dual price display should not be dealt with at European level in order to ensure that the specifics of each Member State are taken into account; the market will determine how necessary and useful dual price display is. The Committee strongly urges the Commission to gear all arrangements towards protecting consumers from inaccurate conversion and deliberate abuses. Furthermore, the Committee emphasizes the need to remove the remaining uncertainty surrounding the role of payment cards during the transition period.

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On 1 January 1999, one year before the beginning of the third phase of economic and monetary union, the Commission has tabled a working document seeking to provide comparable information concerning each Member State on progress made at national level in preparing for the transfer to the euro. The provisional results of this survey, carried out in close cooperation with the national administrations are as follows: - the ten Member States have published national plans for transfer to the euro and, in one case, a finalized bill on the changeover to the single currency; - most of the Member States intend to enable companies and individuals to choose between the national currency and the euro for at least some of their financial transactions with the administration by January 1999; - the scale of 'euro options' varies from one Member State to another, covering areas such as company accounts and reports, the constitution of companies with their capital denominated in euros or the conversion into euros of the capital of existing companies or tax and social security declarations and payments; - Member States who intend to join in 1999 will continue to use their national currency internally until the end of the transitional period, that is to say until December 2001. There is also a move in favour of the publication of figures in euros with regard to the main public bodies at least towards the end of the

transitional period to enable the public sector to get used to the single currency; - in each of the Member States depending on its structure coordination with the regional and local authorities has become essential for preparations at national level.

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With the political preparations for Monetary Union well under way, the Committee adopted a report by Mr Aldo ARRONI (UFE, I) drawing attention to the pressing need to take action on the practical aspects of the introduction of the euro. Although all economic sectors have started to prepare for the changeover, a lot of work still remains to be done. Therefore, the Committee considers it essential that all the economic, political and social players are aware of the considerable efforts they will have to undertake to ensure that the euro is introduced smoothly. To that end, member States are called upon to, without delay, unveil their changeover plans and launch their national information campaigns as soon as possible to give companies and citizens the necessary time and information to adapt to the new currency. To further familiarise citizens with the euro, Member States are urged to publish the design on the national face of coins without delay. The report calls for specific measures to ensure that SMEs do not lose competitiveness as a result of the changeover. It also calls for special concern to be shown towards the elderly, the disabled and other vulnerable social groups of the population. Affirming that dual price display should be optional during the transitional period, the Committee invites the relevant professional associations to encourage their members to use dual pricing to a greater extent. The Committee also considered it indispensable that the banking and financial sector adopts a code of conduct respecting the principle of free conversions between the national currency and the euro. Finally, the Committee stressed the need to involve the IT sector in the introduction of the euro so that it can develop products linked to the use of the euro and, if possible, coordinate the technical modifications needed for the changeover with those needed to solve the year 2000 problem. ?

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In adopting the report by Mr Aldo ARRONI (UPE, I), the European Parliament expressed the view that the various economic, political and social protagonists should be fully aware of the considerable efforts they needed to make in order to ensure that the changeover to the euro proceeded smoothly and without any economic or psychological problems. Parliament considered it essential therefore for all the Member States concerned to unveil their changeover plans as rapidly as possible, and notably submit statements on accounting, reporting and tax declarations in euros in order to give citizens, businesses and government departments the correct and prompt information to enable them to adjust to the new currency. Parliament called on the Member States to launch their national information campaigns in the second half of 1998. To familiarize the public with the euro, Parliament asked the Member States to publish the design of the national face of coins as soon as possible. It recommended devoting special attention to vulnerable social groups (the elderly, low-income groups, the disabled) in connection with the introduction of the euro. Parliament called for specific measures to assist SMEs, as from 1 January 1999, to ensure that the changeover to the euro did not damage their competitiveness. It considered that dual price display should be optional during the transitional period, but called on professional associations to encourage their members to practise it on a large scale. Parliament considered that the period of simultaneous circulation of national and euro banknotes and coins should be reduced to the minimum in order to avoid complications for consumers. It was vital that the principle of free compulsory conversions between the relevant national currency and the euro was secured and that charging was completely transparent. Parliament stressed the need to involve the information technology sector in the changeover. It recommended speeding up the registration of the euro symbol with the relevant authorities and urged manufacturers and retailers of computer equipment to affix the euro symbol as rapidly as possible on the new computer keyboards. ?