

Procedure file

Basic information		
CNS - Consultation procedure Regulation	2006/0109(CNS)	Procedure completed
Adoption by Slovenia of the single currency on on 1 January 2007		
Amending Regulation (EC) No 974/98 <u>1996/0250(CNS)</u>		
Subject 5.20.02 Single currency, euro, euro area		
Geographical area Slovenia		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2759	07/11/2006
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs	ALMUNIA Joaquín	

Key events			
27/06/2006	Legislative proposal published	COM(2006)0320	Summary
06/07/2006	Committee referral announced in Parliament		
07/11/2006	Act adopted by Council after consultation of Parliament		
07/11/2006	End of procedure in Parliament		
09/11/2006	Final act published in Official Journal		

Technical information	
Procedure reference	2006/0109(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 974/98 1996/0250(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 123-p5

Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/38676

Documentation gateway

Legislative proposal		COM(2006)0320	28/06/2006	EC	Summary
European Central Bank: opinion, guideline, report		CON/2006/0036 OJ C 163 14.07.2006, p. 0007-0009	06/07/2006	ECB	Summary
Follow-up document		COM(2007)0233	04/05/2007	EC	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Regulation 2006/1647](#)
[OJ L 309 09.11.2006, p. 0002-0003](#) Summary

Adoption by Slovenia of the single currency on on 1 January 2007

PURPOSE: to list Slovenia in Annex to Regulation 974/98/EC on the introduction of the euro.

PROPOSED ACT: Council Regulation.

CONTENT: in May the European Commission proposed that Slovenia, having fulfilled all of the necessary economic conditions for the adoption of the single currency, should be allowed to apply the euro with effect from 1 January 2007. (For a summary of the Commission proposal please refer to CNS/2006/0077).

Should the Council approve Slovenian adoption of the single currency, two Regulations will need to be amended:

- Council Regulation 974/98/EC on the introduction of the euro (please refer to CNS/1996/0250);
- Council Regulation 2866/98/EC on the conversion rates between the euro and the currencies of the Member States adopting the euro.

The purpose of this proposal is to amend Regulation 974/98/EC on the introduction of the euro which governs the initial introduction of the euro in the first wave euro-area Member States and Greece. For Slovenia to be covered by this Regulation, a reference to Slovenia will need to be added to the Annex. It is being proposed alongside a complementary initiative on the conversion rate of the Slovenian tolar (please refer to CNB/2006/0110).

The proposed amendment would make the following changes:

- Add the name of Slovenia to the list of Member States;
- Specify that the 'euro adoption' date will be 1 January 2007;
- Specify that the 'Cash changeover date' will be 1 January 2007;
- State that it will not have a 'phasing-out' period.

The latter two points refer to the fact that Slovenia has opted for a big-bang introduction to the euro. The Regulation will enter into force on 1 January 2007 to coincide with the timing of the date of abrogation and the date of the entry into force of the conversion rate of the Slovenian tolar.

Adoption by Slovenia of the single currency on on 1 January 2007

Opinion of the European Central Bank : on 4 July 2006, the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a Proposal for a Council Regulation amending Regulation 974/98/EC on the introduction of the euro ('proposed regulation I') and on a Proposal for a Council Regulation amending Regulation 2866/98/EC on the conversion rates between the euro and the currencies of the Member States adopting the euro ('proposed regulation II').

Proposed regulation I: the ECB recommends that the second paragraph of Article 2 should not refer explicitly to Protocols 25 and 26 or to Article 122(1) of the Treaty, but instead should refer generally to the Treaty in accordance with Annex V, paragraph A.4(a)(ii) of Council Decision 2004/338/EC, Euratom adopting the Council's Rules of Procedure. It should be noted in this context that Council Regulation

2596/2000/EC amending Regulation 974/98/EC on the introduction of the euro, which was adopted on the occasion of the introduction of the euro in Greece, did not refer to the abovementioned Protocols or to Article 122(1) of the Treaty in accordance with Annex II, paragraph A.4(a)(ii) of Council Decision 2000/396/EC, ECSC, Euratom adopting the Council's Rules of Procedure.

Proposed regulation II: the ECB welcomes proposed regulation II, which would irrevocably fix the conversion rate between the euro and the Slovenian tolar as being equal to the central rate of the Slovenian tolar in the exchange rate mechanism II (ERM II), i.e. at EUR 1 = SIT 239,640. The ECB has no objection to proposed regulation II being adopted several months before Slovenia adopts the euro. As a provision of a Community regulation with general application (i.e. it is legally binding in its entirety and directly applicable in all Member States), the conversion rate between the euro and the Slovenian tolar will apply from 1 January 2007 in all legal instruments referring to the currency of Slovenia, as was the case for the conversion rates between the euro and the currencies of other participating Member States when they adopted the euro.

Adoption by Slovenia of the single currency on on 1 January 2007

PURPOSE: to enter Slovenia in the list in Annex to Regulation 974/98/EC on the introduction of the euro.

LEGISLATIVE ACT: Council Regulation 1647/2006/EC amending Regulation 974/98/EC on the introduction of the euro.

CONTENT: Council Regulation 974/98/EC on the introduction of the euro provides for the substitution of the euro for the currencies of the Member States which fulfilled the necessary conditions for the adoption of the single currency at the time when the Community entered the third stage of economic and monetary union. The Regulation has twice been amended, firstly to provide for Greece's adoption of the euro and secondly in order to prepare for subsequent introductions of the euro in Member States which have not yet adopted the euro as the single currency.

Slovenia was a Member State with a derogation from joining the euro-area. Slovenia now fulfils the necessary conditions for the adoption of the single currency and the derogation in favour of Slovenia is to be abrogated with effect from 1 January 2007. The introduction of the euro in Slovenia required the extension to Slovenia of the existing provisions on the introduction of the euro set out in Regulation 974/98/EC. This Regulation makes the following changes to Regulation 974/98/EC:

- Slovenia is added to the list of Member States in the Annex;
- the ?euro adoption? date will be 1 January 2007;
- the ?Cash changeover date? will be 1 January 2007;
- there will be no ?phasing-out? period. Slovenia's change over plan specifies that euro banknotes and coins will become legal tender in that Member State on the day of the introduction of the euro as its currency.

ENTRY INTO FORCE : 01/01/2007.

Adoption by Slovenia of the single currency on on 1 January 2007

In May 2006, the European Council approved 1 January 2007 as the date on which Slovenia would changeover from the tolar to the euro. Following this confirmation, Slovenia intensified and finalised its practical preparations for the changeover. Its plan was based on the ?big-bang? scenario, whereby euro banknotes and coins would be introduced on the same day as the adoption of the euro. The period of dual circulation was to last from 1 January to 14 January 2007, after which the euro would become the sole legal tender.

The purpose of this report is to set out the most salient aspects of the country's changeover. It covers the following aspects of the changeover: the cash changeover; the conversion of administrative and financial systems in the public and private sector; price developments linked to the changeover (and perceptions thereof); and the overall view of Slovenians regarding the changeover. The report also assesses what lessons have been learned and how they may be applied to future euro changeovers. In brief, the report makes the following findings:

Swift changeover to the euro: The Slovenian changeover confirms that active and timely preparations pay off. Well prepared countries are rewarded with a swift and smooth changeover.

The period of dual circulation: The wide availability of euro cash ? both before and after the changeover, contributed enormously to the smoothness of the cash changeover in the first two weeks of January. While the speed of the cash changeover was very similar to 2002, Slovenian citizens and Slovenian businesses had ample time to acquire the necessary amount of euro cash. Furthermore the Slovenian experience highlights the technical feasibility of a short (i.e. two week) period of dual circulation. This in itself contributes towards minimising the burden on retailers and other businesses.

The speedy return of legacy cash: The rapid return of legacy currency, which caused severe bottlenecks during the first transition in 2002, went remarkably smoothly and swiftly ? particularly regarding the tolar banknotes.

The conversion of financial administrative systems: The changeover in Slovenia confirms the relevance of the ?big-bang? approach to future entrants. Given that the euro has been available since 2002, the big-bang option would seem to offer the best possibilities. Most notably because, in terms of communication, it offers the most simplicity.

Actual and perceived inflation in the euro area: The Slovenian changeover illustrates once more that perception, expectation and reality, regarding price evolutions, do not necessarily go together. A change of currency affects people's scales of values and triggers a gradual mental adjustment process ? all of which plays a role in the process. Price perception remains a key concern when preparing future euro changeovers.

The public's reaction to the euro changeover: Public opinion in Slovenia, once again, confirms the crucial role that information plays in securing a smooth and successful changeover. Citizens and enterprises, both of whom were full informed regarding practical arrangements, felt confident about the euro's introduction. The difficulties appear to have been minimal.

