

Inf€uro

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A historic weekend in early May

This is the timetable of the decisive weekend for the euro:

Friday 1 May:

Economic and Finance Ministers Council (Ecofin) adopts a decision on the existence or not of an excessive public deficit in each of the Member States (Art. 104.C.12) and adopts a recommendation identifying the Member States that have fulfilled the conditions for adopting the euro.

Saturday 2 May (morning):

Extraordinary session of the European Parliament on the Ecofin recommendation.

2 May (afternoon):

Heads of State and Government decide which Member States will participate in the euro from the start. They adopt all the remaining practical steps for introducing the euro.

2 May (evening)-3 May:

Ecofin:

- pre-announces the bilateral rates between participating currencies;
- recommends the President and Executive Board of the European Central Bank to be nominated by the end of May by the Heads of State and Government after consultation with the European Parliament and the EMI;
- adopts legal text establishing the euro as the single currency for participating Member States (Regulation Article 109.L.4);
- adopts the technical specifications of euro coins; and
- adopts legislation on the ECB foreseen in Art. 106.6.

Sir Brian Unwin, President
of the European Investment Bank

The EIB expects to benefit considerably from the emergence of the huge euro-capital market



Inf€ *How is the EIB preparing internally for the switch to the euro? What major problems will the EIB have to face in the change-over to the euro?*

Internally, we prepare for the euro as any other bank does, by having set up a task force to examine in each department what has to be done and how. Compared to other banks we have a relative advantage in that our accountancy was traditionally based on the ECU which will now be replaced by the euro on a one-to-one basis. We do not expect any major problems but a great deal of work will still need to be done, particularly on the information technology side.

More importantly, as one of Europe's largest issuers of bonds, the EIB's total outstanding debt amounts to over ECU 100 billion, of which more than half is either denominated in EU Member States' currencies or in ECU and will mature after 1 January 1999. The EIB's ECU bonds will be converted into euro-bonds in January 1999. EIB bonds issued in currencies of those Member States participating in Monetary Union will have to be converted into euro by 2002 at the latest, when these currencies are set to disappear. However, the Bank's intention is to convert them as soon after 1 January 1999 as possible, thus contributing rapidly to making a critical mass of euro-bonds available for investors and to a smooth start of the euro-capital market.

An early switch-over is also envisaged by the Member States' governments. The Bank is currently analysing, in close contact with the main sovereign borrowers and the European Commission, the arrangements governing conversion which will, of course, fully respect the rights of bond holders.

Inf€ *How will the euro impact the EIB's relations with its non-European partners? Will these operations be made simpler or on the contrary, more complex?*

The Bank is currently borrowing over ECU 20 billion annually in 20 or so different currencies, with those of EU Member States representing some 80 percent of its borrowings. Equally, it lends well over 20 billion per year, of which 90% in the Member States and in their currencies. Of course, lending and borrowing operations, as well as asset and liability management, will be much easier once the overwhelming part of our business can be conducted in one currency only. But apart from this more technical advantage, the Bank expects to benefit considerably from the emergence of the huge euro-capital market. It will be a more competitive

market and, therefore, credit quality will be even more critical for borrowing. The EIB, with its high credit standing resulting from its sound loan portfolio, plus the strength of its shareholders, is in an excellent position to benefit from the greater depth and liquidity of the euro-market in terms of further improving its relative borrowing costs for larger bond issues. Lower borrowing costs, in turn, will enable the Bank to offer even more attractive lending conditions.

Inf€ *Will the EIB be carrying out its operations with all its European and non-European partners in euros? If so, has a date been set for a general change of currency?*

During the transition period from 1 January 1999 to 1 January 2002 the euro and the national currencies will coexist. Therefore, the Bank will continue to lend in national currencies, to the extent that its clients so wish, until their disappearance on 1 January 2002. However, we will pro-actively favour the use of the euro just as we did previously with the ECU. We will also encourage lending in euro to clients outside the Monetary Union, but will lend in their own or preferred currencies as well.

On the borrowing side, the Bank will make use of its significant borrowing requirements to issue bonds, until 1 January 1999, which are denominated either in euro already (yielding interest in ECU, for the time being), or in EU currencies accompanied by a clause allowing for their re-denomination when EMU stage III comes into force. With this euro-strategy, the Bank will further contribute to the creation of the critical mass of euro-bonds available to investors on 1 January 1999, in addition to the one created by the early re-denomination of its outstanding debt which I mentioned before. After that date and until 1 January 2002, and since our borrowing is mostly medium and long term, our borrowing within the Monetary Union will be predominantly in euro.

As for Central and Eastern Europe, the Bank will increase its lending over the next few years during the pre-accession period and is likely to be the largest multilateral financier of infrastructure in these countries. In order to help channel national savings into such investment, the Bank has launched first bonds in Polish zlotys or Czech korunas which, of course, can also be bought by foreign investors. In this way, the Bank also contributes to the development of these countries' medium and long-term capital markets.



Hans Tietmeyer, President of the Bundesbank

Political independence of the European Central Bank is particularly important

Inf€ *Do you think that the preparatory work for EMU is sufficiently far advanced in view of the important deadlines that lie ahead? What important work still needs to be done?*

On the whole, the technical preparations for the common monetary policy and the payment system are well advanced. The European central banks are currently jointly preparing the monetary policy for the future European System of Central Banks (ESCB) through the European Monetary Institute. The basic framework of the ESCB's monetary policy instruments and procedures has now been published, although the final decisions are reserved for the ECB Governing Council.

This year's agenda contains first and foremost important political decisions. The choice of participants hinges on the need to select countries which are willing and able to coexist in such a monetary union on a lasting basis. This decision is of great importance for establishing a permanently stable monetary union which is as free of conflict as possible. In addition, I hope that the selection of the President and the members of the Executive Board of the European Central Bank will be based solely on stability policy credibility.

Inf€ *There has been much talk of the independence of the European Central Bank. Could you explain to us why this independence is fully guaranteed, and above all, that it will remain so?*

Political independence of the European Central Bank is particularly important in a monetary union binding several countries together. Therefore, it is crucial for the permanent stability of the future single currency that this independence was put on a clear legal footing in the Maastricht Treaty. However, the Treaty requires not only that the European Central Bank itself is independent. It also stipulates that the national central banks in the ESCB must not seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body when exercising their duties. These provisions are binding under international law and, like the Treaty of Maastricht itself, cannot be amended or revoked by a decision of parliament. The criteria for deciding which countries will participate in monetary union in spring 1998 include an assessment of whether the statutes of the individual national central banks comply both with these requirements and with the ESCB Statute.

Although the legal condition of independence is very important, the key requirement is for the

ESCB's decision-makers to actually apply their statutory independence in the practical implementation of monetary policy. And governments, industrial associations and the citizens of the participating countries must accept the independent monetary policy if the anti-inflation policy of the European Central Bank is to be based on a broad social consensus.

Inf€ *Could you give a promise today to European citizens that the euro will be as sound a currency as the mark has been until now?*

I have never been able to promise stability in advance, not even for the D-Mark, for a currency's stability also depends on factors which a central bank can often influence only very indirectly. We must, however, do all we can to ensure that the euro will indeed become a stable and permanently sound currency. Besides a monetary policy oriented to stability, this mainly requires economic, fiscal, social and wage policies in the participating countries that are lastingly compatible with stability requirements.

Inf€ *This is a major change for the Bundesbank. What preparations have you made internally for the transition? Is the Bundesbank 100% ready?*

The German parliament has now adapted the Bundesbank Act to the requirements of the Maastricht Treaty and the ESCB Statute. Hence we are one of the first central banks in Europe to have attained the necessary legal convergence for participating in monetary union.

The Bundesbank itself has long been preparing intensively to meet the technical, organizational and other requirements for participation in good time. We are confident that we will be able to fully discharge our duties from the very first day.

I hope that the other European central banks will also conclude the necessary preparatory work before the deadline, so that the European System of Central Banks can commence operation as scheduled.

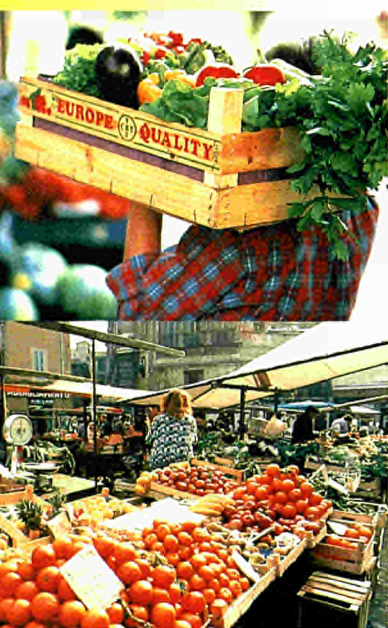
Inf€ *German public opinion is not always in favour of the euro. Do you understand the reasons for this situation? What arguments will you use to convince your compatriots?*

I fully understand that some people find a change of currency unsettling. After all, for many Germans the D-Mark is a symbol of 50 years of stability, growing economic prosperity and rising wealth. In addition, the D-Mark, as the second most important investment and reserve currency in the world, enjoys great confidence internationally.

If people are to trust in the euro, we must ensure that it will become a permanently stable currency. That requires all the participating countries to take the principles of the Maastricht Treaty to heart, and to underpin the euro's stability by pursuing a sustained anti-inflationary policy. In particular, they must be prepared to bear the consequences which the single currency entails. Under monetary union, differing economic developments in the individual member states will no longer be able to be equalized by exchange rate changes. On the other hand, as the willingness to provide more transfers to countries which later prove unable to keep up with the rest in economic terms is not very pronounced in Europe, a high degree of domestic flexibility in respect of the tax, fiscal and social systems, which will continue to be a national domain, will be necessary. In order to offset regional differences in productivity, however, the labour markets and labour costs must become sufficiently flexible, too. ■

The euro in practice: work is advancing!

Nine months away from the introduction of the euro, work is advancing apace. In several key areas, working group experts have submitted their conclusions and recommendations



Dual price displays

As one of the various instruments which will help users to familiarize themselves with the euro, dual price displays will play a key role for consumers, retailers and service providers. They must therefore form part of a global strategy. Given the diversity of ways used to display prices, it is important to show flexibility in their use so that each retailer can select the most suitable technical solution for his particular circumstances. This approach will keep down the cost of dual price displays, part of which will be borne by consumers in the form of price increases.

The experts in the working group believe that dual price displays which involve major modifications to current equipment, or even new investment, should be avoided. This is especially true where the existing equipment is perfectly suitable for working in euros when the change-over takes place. In such a case, it would be preferable to find other means of ensuring that consumers receive the necessary price information. There are also other ways of reducing the changes required, such as limiting dual price

displays to the final price paid by the consumer or the total bill. Furthermore, it is strongly recommended that retailers should always specify dual price displays for any investment between now and 2002 in view of the fact that, in many cases, equipment is due to be replaced before this date. Advantage should also be taken of other opportunities for change such as the transition to the year 2000.

In order to give retailers enough time to adapt and plan their investments, it is essential for European and national public authorities to immediately clarify the regulatory framework for dual price displays.

Finally, the experts recommend certain basic rules: the use of definitive conversion rates for calculating the counter-value; no obligation to accept payments in euros for retailers who use dual price displays during the transition period; a clear distinction between the reference unit and the counter-value; and the use of existing formats and designs for dual price displays.

Communications and the euro: a concern of both public and private sectors

In addition to the campaign led by the Commission with the support of the European Parliament, all Member States have been urged to launch information campaigns on the euro by April at the latest in a Communication recently adopted by the Commission.

The initiative is intended to underline the fundamental importance of communications for a successful transition to the euro and to offer helpful advice based on the Commission's own experience of its 1996 and 1997 campaigns. The Commission stresses that social partners, companies and non-governmental organizations also have important roles to play.

However, this year the major responsibility for informing the citizen about Economic and Monetary Union passes to the Member States. This application of the principle of subsidiarity makes sense: to be credible and effective, communications must be shaped by the culture, language and concerns of the citizen, says the Commission. Nonetheless, many communications initiatives will be based on partnerships between the European institutions and individual Member States. In addition, the Commission will continue to assume responsibility for transnational actions.

It is expected that this year 10 Member States will agree memoranda of understanding with the

Commission and the European Parliament which will be supported by funds from the EU budget. Such partnerships ensure that communication actions are appropriate for each Member State, and that they avoid duplication of initiatives at national and European levels and demonstrate to the general public that national actions are placed in a European context. Around two-thirds of the money allocated for information actions on the euro in 1998 will be committed to these partnerships.

The Commission's role will be to supply information, to stimulate and to co-ordinate. Over the next four years it will make available to Member States a variety of communication instruments including technical reports, question-and-answer texts for the general public and videos. In addition, it will stimulate and encourage actions by the Member States, try to ensure coherence in the messages on the euro given across the Union, organize and support transnational initiatives and mount information activities in third countries.

Stressing the need to help people to acquire a sense of value of the euro and of what it will purchase, the Commission identifies particular target audiences. These include the elderly, the handicapped and the illiterate, women, small and medium-sized enterprises, the young, local and regional administrations and elected officials.

The euro in schools: a formidable opportunity for Europe

Last November, three Commissioners (Mrs Bonino, Mrs Cresson and Mr de Silguy) wrote to all 15 Ministers of Education pointing to the need to speed up the adaptation of school texts and to develop an overall approach.

The launch of the euro offers a unique opportunity for the development of European citizenship because for the first time it will oblige Member States to teach the subject of Europe in virtually every school in the European Union.

This is the central conclusion of the report by the group of experts set up by the Commission to examine the role of the education system in disseminating knowledge and information about Economic and Monetary Union.

The group's priority recommendation to the Commission is to organize a series of meetings of officials from the education ministries of the Member States in the first half of this year, to make them aware of the educational implications of the euro and to encourage exchanges of ideas and experience.

The group says that the need to teach the euro in schools is inescapable because of the wide impact it will have on daily life. As well as being an educational necessity, teaching EMU in schools will also enable students to carry knowledge of the euro into the family environment, thereby helping adults to adjust to the new currency.



Teaching the euro in schools is a "formidable opportunity to anchor the idea of European citizenship" by placing the euro in its historical perspective and showing its importance as a symbol of peace and economic well-being, says the group.

The report stresses the importance of providing teachers with basic information on the euro before May when the European Council will decide which Member States will qualify for the euro zone. Many will face demands for information and explanation from their pupils from around that time. After that, school books will have to be adapted as quickly as possible, ideally in time for the 1998/99 school year.

The Commission is urged by the group to make sure that teachers are given adequate information and to ensure that its own youth and training programmes (e.g. Socrates and Leonardo Da Vinci) acquire a "euro dimension". The report also wants the Commission to produce information materials useful to teachers that could be downloaded from the Commission's web site.



The euro and public administrations : *Wide acceptance in most Member States from 1999*

How much will public administrations be using the euro during the transition period ? And how much will they encourage companies and individuals to use it ? How are public administrations preparing for the arrival of the euro on 1 January 1999 ? As “€-day” looms, these are some of the questions increasingly being asked by citizens and enterprises in the European Union and beyond.

In a working document (SEC(97)2384) adopted on 16 December 1997, the Commission gave a detailed country-by-country account of national change-over plans and their effects for the consumer and the business community. Naturally, this document still represents an “interim balance sheet”, as some Member States are still finalizing their plans.

A detailed “interim balance sheet”

One year before the start of stage three of Economic and Monetary Union on 1 January 1999, the practical change-over preparations of Member States’ public administrations result in the following “interim balance sheet”:

By the beginning of 1998, eleven Member States (Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Finland) had published a national change-over plan or, in one case, a comprehensive draft transition law.

A majority of Member States intend to give companies, and in many cases individuals, the option to make some use of the euro in reporting and making payments to public administrations from January 1999 onwards.

The range of these so-called “euro-options” varies from one Member State to another. Among other things, they cover company accounting and reporting, founding companies with their capital in euro (or the redenomination into euro of an existing company’s capital) as well as making tax and social security declarations and payments in the euro.

Member States expecting to participate in the euro zone intend to continue to operate internally (i.e. budgets and internal accounting) in the national currency unit until the end of the transitional period in December 2001. A trend can be identified, however, towards the parallel publication in the euro of major government data at least towards the end of the transitional period, to help familiarize the euro in the public sector.

The organization of national change-over activities

In many Member States, initial preparatory work for the change-over of public administrations typically started after the publication of the Commission’s Green Paper *One Currency for Europe* in May 1995. The scenario established by the European Council in Madrid in December 1995 subsequently led to the formal creation of specialized units or task forces in national Ministries of Finance to co-ordinate the change-over of public administrations.

As many parts of national administrations had no experience of European monetary matters, the organization of a comprehensive national change-over structure frequently required a mandate from the highest authority, such as a decision by the Council of Ministers or a directive by the Head of Government.

A pattern of national change-over networks evolved, with clearly defined “euro-desks” in all the Ministries and government agencies. Working sub-groups have generally developed to focus on legislation and legal aspects, financial markets, enterprises, consumers, and communications policy. Several Member States with a pronounced regional/local structure typically involved their regional and local authorities from the start.

Another common pattern was the establishment of fora for dialogue between governments and private economic agents, often structured around such areas as financial markets, enterprises and consumers.

A network approach at the European level

As Member States embarked on change-over preparations, both national administrations and the Commission felt the need to establish a joint forum for national co-ordinators responsible for the change-over preparations within their administrations.

Anxious to offer a useful service to Member States, the Commission (Directorate General II — Economic and Financial Affairs) started in January 1996 to create a network for these officials.







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As a result, a mutual exchange of national plans and directives organizing the complex task of changing public administrations over to the euro has followed, with the Commission acting as the central service point and facilitator of information exchanges. The Commission has also been invited to take part in numerous meetings in national capitals to establish co-ordinating structures for the change-over.

From the summer of 1996 onwards, the network's activities moved from analytical and organizational tasks to policy-oriented work. Recently, EMU co-ordination between national governments and their regional and local authorities has also become a major topic of discussion.

Apart from a frequent exchange of documents and planning papers, several meetings of the network have been held so far. One of these meetings was entirely dedicated to an exchange of experience between government informatics co-ordinators and a number of IT software and service companies on the theme "EMU and government informatics".

The emergence of "euro-options" granted during the transitional period

The principle of "no compulsion, no prohibition" for the use of the euro during the transitional period allows private economic agents to agree between themselves on the use of the euro from 1 January 1999. Logically, this principle should also allow the optional use of the euro by private economic agents both in financial reporting and in making payments to administrations from 1 Jan. 1999.

At first, major international enterprises as well as commercial banks, followed by export-oriented small and medium enterprises, demanded the option to be able to make a full change-over to the euro well before 2002. This would include financial flows and communications with their national administrations, such as the lodging of company accounts and the declaration and payment of taxes or social security contributions.

The publication of the Belgian change-over plan in July/August 1996 granting precisely these options led the way for a large majority of Member States to follow suit during the following 15 months. Given

the particular characteristics of national administrative systems and the various difficulties attached to the practical implementation of the euro-options at the interfaces between public administrations and private economic agents, the exact composition of the range of these options differs from one Member State to another.

In terms of national policy approaches, it is worth noting the change in Member States' intentions since the period immediately after the Madrid European Council. Then, Member States were rather inclined to change over their public administrations to the euro only in 2002, whereas a large majority of Member States have now announced that they will allow the optional use of the euro for most, and in some cases all, financial flows and communications between private economic agents and public administrations as from 1 January 1999. In countries where these "euro-options" will be offered, a provision usually stipulates that, once a company has chosen the euro before the end of the transitional period (e.g. for its accounting and tax declarations), it cannot revert back to the national currency. Such restrictions are in accordance with the "no compulsion, no prohibition" principle.

The "minimum standard" emerging presently concerns optional company accounts and annual reports in the euro, as well as payments to public administrations from 1999 onward. Many Member States have announced that they will go much further, in some cases enabling companies and the public-at-large to operate almost entirely in the euro well before 2002. This has led a growing number of European enterprises to announce formally that they will execute a maximum change-over to the euro in 1999.

This development will undoubtedly lead to a much faster growth of the day-to-day use of the euro during the transitional period than originally expected, including its use by small enterprises, the self-employed and the general public.

However, internal operations of the State, such as budgets and government accounts, can be expected to be conducted in the national currency unit until the end of 2001. ■

 Member States have established contact points which are listed on page 9.

Finland: an original social agreement

How is it possible to cope with national economic upheavals when participation in Economic and Monetary Union reduces the room for manoeuvre? Finland's social partners have come up with a novel response by negotiating an agreement for "counter-cyclical" measures aimed at stabilizing the economy in a monetary environment where the realignment of exchange rates is no longer an option.

The agreement, concluded on 17 November 1997, covers the use of unemployment insurance funds, private pension funds and capital participation funds as counter-cyclical stabilization funds. Eight organizations representing the main components of the labour market have signed this agreement: the Finnish Confederation of Managerial Trade Unions (AKAVA), the Church of Finland Negotiating Commission, the Local Employers' Commission (KT), the Service Sector Employers' Confederation (PT), the Central Organization of Finnish Trade Unions (SAK), the Finnish Industry Employers' Confederation (ITT), the Finnish Employees' Confederation (STTK) and the Office of Public Employers (VTML).

The unanimous agreement concerns the principles which will make it possible to continue to fund unemployment insurance and to reduce fluctuations affecting employers' contributions to unemployment insurance. It changes neither the amount of unemployment benefits, nor the status of trade union unemployment benefit funds. As from 1999, the contribution from central government to the financing of unemployment insurance will be equal to an amount calculated on the basis of the daily benefit amount (in 1998, this was 120 Finnish markka per day per claimant) and the unemployment benefit funds will continue to contribute an amount equivalent to 5.5% of their benefit costs.

A **joint unemployment insurance fund** bringing together the social partners will be set up. It will be responsible for costs not covered by the State or trade union unemployment benefit funds. The benefits will cover unemployment benefits, continuing training programmes for adults, voluntary training programmes for unemployed people, payments for sabbatical leave, private supplementary pensions, and intervention funds for training and redundancy payments. The costs will be financed through contributions from employers (2.8% of the wage bill in 1998) and workers (1.4% of wages), as well as by revenue from investments. As

from 1999, employers' contributions and mandatory workers' social security contributions will be modified in equal proportions by the Ministry for Social Affairs on the basis of a proposal from the joint unemployment insurance fund.

Moreover, to reduce fluctuations in contributions resulting from changes in the economic situation, a **counter-cyclical stabilization fund** totalling around 3 billion Finnish markka will be set up as part of the common unemployment insurance fund. This fund will be topped up when unemployment is low and benefit payments permit. The target level should be achieved between 2002 and 2004.

In order to stabilize pension funds, the objective is to use the existing stabilization fund, the role of which is to ensure that payments are made without disturbing pensions. The new system will be set up by increasing the assets of the stabilization fund in parallel with growth in the overall wage bill during expansionary years. In times of recession, the stabilization fund will be allowed to diminish, which will reduce upward pressure on contributions to private pension funds resulting from a slowdown in growth, or even a reduction in the wage bill. Incoming and outgoing amounts from the stabilization fund will be determined by the social partners and the pension funds during annual negotiations on contributions to the funds.

Finally, the social partners have been examining the use of capital participations as stabilizers within the context of Economic and Monetary Union. They believe that any action in this field should be determined at company level. Capital participation funds, together with various remuneration systems linked to results, could be used as stabilizers to reduce fluctuations in profitability: when company profits are high, a portion of the gains could be given to workers. The social partners also stress that one way in which the capacity of the economy to resist cyclical disruptions could be improved is by diversifying the industrial structure. ■

(< 2) Sir Brian Unwin, President of the European Investment Bank

Inf€ Will the introduction of EMU allow the EIB to take on new missions, in particular in the employment area? What are the concrete consequences here, for the Bank, of the Luxembourg summit?

The Amsterdam Summit in June 1997 requested the Bank to strengthen its financing for creating jobs. At the Luxembourg Summit in November, we reported the substantial action already taken under the new Amsterdam Special Action Programme (ASAP) for the next three years. The Bank has set-up an "SME Window" offering special facilities complementing its traditional global loan operations. This Window comprises new venture capital instruments, notably the "European Technology Facility" which has already started to invest, via well selected intermediaries, in smaller and innovative businesses in the high-tech area, thus strengthening their equity capi-

tal basis and contributing to their fast expansion. It further includes special global loans designed to inject, via financial intermediaries, fresh growth into risk capital markets throughout the Union. In the few months since last summer, the Bank has also approved more than ECU 2 billion worth of loans in the health and education sectors now eligible for financing following the go-ahead given to ASAP. We expect the additional lending in these sectors and for urban renewal to grow to a total of ECU 10 billion by the year 2000, financing total investment of between two and three times that amount. Furthermore, the Bank has markedly stepped up its lending for trans-European networks for transport, energy and telecommunications as well as for environmental projects and urban development in response to the wishes of the Amsterdam European Council. ■

Euro hotline phone numbers (*) and Internet sites

Country	Number	Internet site
GERMANY	0180-522 1999 0180-321 2002	http://www.bundesregierung.de http://www.bundesfinanzministerium.de
AUSTRIA	0660-6363 Europe telephone (1)514 33 2226 Federal government's euro hot line	http://www.oenb.co.at/
BELGIUM	0800/90806 Euro forum 02/221.33.42 Euro-Desk for semi-professionals only	http://euro.fgov.be
SPAIN	902-1-1-2002	http://www.euro-mech.com
FINLAND	at planning stage	http://www.vn.fi/vm/suomi/emuproj/
FRANCE	0800 01 20 02 Minitel 3615 EURO 99	http://www.finances.gouv.fr
IRELAND	01/6767571 ext 5147/5146/5082 General information ECT, Finance Department 01/607 32 99 Forfas, information for professionals 01/679 2777 4817/4148/4146 Information on tax and customs aspects of the switchover, tax receipts	http://www.irlgov.ie.finance http://emuaware.forfas.ie http://www.revenue.ie
ITALY	48 82.118 Euro bureau	http://www.tesoro.it
LUXEMBOURG	(352) 478-2641 Help-Line 478-2608	http://www.etat.lu/FI/
NETHERLANDS	0800 1521 Euroline	http://www.euro.nl
PORTUGAL	being set up	http://www.dgep.pt
UNITED KINGDOM		http://www-hm.treasury.gov.uk
SWEDEN		http://www.regeringen.se

Information on the European Commission's communications plan "Euro: one currency for Europe", can be obtained from DGX (Information, Communication, Culture and Audio-Visual Media), J.P. Malivoir, Fax: (+32-2) 296.33.50

The European Commission's address is:
200 Rue de la Loi,
B-1049 Bruxelles,
Belgium.
Tel: (+32-2) 299.11.11

* Freephone numbers, except in certain countries where national phone rates apply.



Interview with Manfred Gentz, Member of the Executive Board of Daimler-Benz AG, in charge of the financial and management control department and euro project officer

“An opportunity for Europe, for Germany, and therefore for our company”

Inf€ *Daimler-Benz has decided that the group currency will be the euro as from 1 January 1999. Can you explain why Daimler-Benz has decided this so rapidly?*

European Monetary Union offers a unique and historic opportunity for Europe, Germany, and therefore our company. Over recent years, in Germany we have all too often experienced the extent to which totally unwarranted exchange rate fluctuations have damaged our exports, wiping out overnight the results of all our efforts to reduce costs. There is no doubt that a single currency will help to re-establish a clear and equitable currency situation. The decision we took back in October last year will enable us to prepare the ground, steer our preparations firmly in this direction and then reap the benefits which timely action will bring. This should serve us well for the change-over to the euro. Furthermore, we are discussing the subject with our trading partners and know more or less what we are up against.

Inf€ *How do you envisage the change-over to the euro within the Daimler-Benz group? What measures have already been taken and what major mechanisms still need to be defined, for example in the area of accounting and management control?*

Since we have already been studying the issue of the euro for around a year-and-a-half as part of a project I have been conducting, we were quick to realize its complexity. It is not something that can just be worked out on a pocket calculator. The main challenges we shall have to face are in the computing field, where severe problems lie in wait for all those who have left it until the last minute before calling in programmers and consultants, who will be inundated by then.

We have drawn up a list of problems to be resolved by order of priority, and shall endeavour to iron them out one by one. The term “group currency” means that we shall be replacing the D-Mark with the euro for all major operations. If all goes well, we already plan to present our half-yearly balance sheet in euros.

Inf€ *How has your staff been informed and prepared for this currency change?*

We informed our staff members very early about our group’s position on the issue. All of the group’s sectors of activity and major departments are represented in the euro project. For instance, we have included in the project colleagues from the sales, purchasing, personnel and “common functions” departments. We want to be fully prepared at all levels. Of course, we are aware that our 200,000 or so employees in Europe sometimes have very divergent views and some express anxieties and fears about the euro. For this reason we are making huge efforts to provide them with information and to explain the situation in order to set their minds at rest, and ultimately persuade them to take the euro concept fully on board. This is why we are always willing to discuss the subject, as this interview illustrates. We have promised to provide our staff members with all the training and help they need in good time, in addition to supplying them with ongoing information through internal channels.

Inf€ *The change-over to the euro requires certain investments. Can these be quantified? What savings do you expect to make in the long term?*

Although we are not yet able to say with absolute certainty, we estimate that the overall cost will be in the region of 200 million DEM. However, as you so rightly say, these are “investments” which for the most part represent one-off costs. What is more, we believe that the euro will reduce the transaction costs currently generated by the existence of different currencies in Europe by around 100 million DEM a year. So I am very hopeful that companies, too, will rapidly gain financial advantages from monetary union, not to mention other benefits such as cost transparency and more reliable planning. I am also convinced, in view of all of the efforts which have been made, that we shall succeed in making the euro a relatively stable currency, just like the D-Mark.

Baudouin PROT,
Managing Director of the BNP



“Our bank has made the euro a priority”

Inf€ *For the past two years, the BNP has been focusing its efforts on the euro. Why this enthusiasm? What are its main achievements so far and what is still to come?*

The transition to the single currency will be a busy time for relations between banks and their clients. For this reason, the BNP has made the euro a priority. One major reason is its leading position in the corporate market in France. It is on this customer base, and in particular on SMEs, that the single currency will have the greatest impact right from the start in 1999. There will be opportunities (enlargement of the domestic market, elimination of the exchange risk with “in” countries, etc.), as well as constraints (disruptions to computing and accounting, etc.). The BNP intends to help enterprises to overcome these constraints as quickly as possible so that they can benefit from the opportunities. Its efforts in this field are aided by its many advantages: offices in 80 countries, including 11 countries in the euro zone, technological know-how, a proven ability to produce innovative products and leadership in the field of joint management, a partnership in Europe with the Dresdner Bank, as well as with ten major European banks, for banking services and, finally, merchant banking and capital market activities.

For individuals, the BNP also intends to be one of the most dynamic banks dealing with euro matters. As for corporate customers, as from 1999 they will benefit from the range of banking services in euros offered by the BNP. On 25 November 1997, it launched Eurokiosk, the first euro information point provided by a European bank in all of its branches. This campaign was both citizen-oriented and a showcase for the dynamism of our company.

Inf€ *Can you put a figure on the efforts made by your staff and the level of investment? Do you believe that this cost will be offset by the future advantages of the euro?*

Considering what was at stake for us with the transition to the euro and our ranking in the markets, we decided to make a major effort. The total investment in the entire euro project has been calculated at 1.5 billion francs, of which 600 million for computing. 900 staff have been involved for over a year now, in particular from the computer,

marketing and human resources departments, including 250 high-level executives to oversee the banking projects.

Inf€ *The smooth introduction of the euro depends on motivation. What internal and external awareness and training campaigns is the BNP conducting?*

Indeed, this is a very important point and the BNP has for several months already been engaged in a training plan for all of the 10,000 staff making up its sales team. They have been trained to respond to questions from the general public, both professionals and individuals. In addition to training tools, the BNP provides all of its staff with a computer database devoted to the euro, which is updated periodically and distributed via the company's electronic mail system.

Externally, the BNP has for several months been running a communication campaign using detailed, targeted documentation. We sent our corporate clients a general information brochure called *100 Questions on the euro*, a bimonthly newsletter on the subject, *The Euro Newsletter* and, for SMEs, a newsletter entitled *IN THE LEAD*. For the general public, the BNP has provided Eurokiosks in all of its 2000 branches. These kiosks are interactive devices delivering practical information, based on both the economic and banking situation and the BNP's concern to provide real support for every individual client as he moves at his own pace towards the single currency.

Inf€ *What do you expect of the national and European authorities between now and the launch of the euro?*

At national level, I would say that the government should ensure that our country respects not only the Maastricht criteria, but also the “competitiveness imperative”. It is important for all of the countries in the euro zone to have dynamic companies that are in good shape. Moreover, it is essential that public administrations should themselves be ready to accept the euro as from 4 January 1999. The European authorities, for their part, must ensure healthy competition between enterprises in the various Member States. For this, a huge effort towards fiscal harmonisation is required. ■

**THE EURO :
 tasks for the
 European Parliament
 in the first half
 of 1998**

25/03/98 :

Presentation to the EP of the Commission's convergence report and recommendations by Mr de Silguy

26/03/98 :

Presentation to the EP of the European Monetary Institute's convergence report by Mr Duisenberg

28-29/04/98 :

Adoption in plenary session of the EP's convergence report

2/05/98 :

Special session of the EP – vote on ECOFIN's list of recommended first participants in the euro zone

11-12-13/05/98 :

Audition by the EP of the candidates for the Executive Board of the European Central Bank

14/05/98 :

Vote in plenary session on the members of the European Central Bank

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