

Inf€uro

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Consumer protection is one of the top priorities



Inf€ Commissioner, is there a real danger of prices rising under the cloak of the changeover to euro notes and coins?

We think the risk is very low and we do not expect any significant increase in prices. An inflation-free changeover should be ensured by a combination of competitive pressures on manufacturers and retailers, legal regulations in all Member States on how to convert sums into euro and close scrutiny of traders by consumer organisations and the media. Inevitably there will be cases, especially among small retailers, of mistakes in converting to euro prices or even of unscrupulous trading, but we are working to keep these to a minimum.

Inf€ Nevertheless, some companies have admitted they are raising prices ahead of the changeover to euro notes and coins.

Generally they are saying that these are increases which would have taken place anyway but which have been brought forward to avoid accusations that they are profiteering from the changeover. And as far as retailers are concerned, competition between them is so sharp that most will want to avoid doing anything that raises suspicions among their customers that they are behaving unfairly.

Inf€ What protection is there for the consumer?

Consumer protection is one of the top priorities for the Commission and the Member States. Encouraged by the Commission, the European associations of retailers, of small and medium-sized enterprises and of consumers renewed in April their commitment to good practices. This means they will do their utmost to ensure stable prices when converting to euro and to make sure their customers are told about this commitment. The Commission is also promoting the continuation of dual pricing in euro and national currency for the six or eight weeks when both will be in circulation in the euro area after January 1 2002. This will enable consumers to check that conversions have been correctly made.

Inf€ And what are the Member States doing?

All of them in the euro area have declared that conversion of all prices, charges and fees that they levy will be price neutral, or the euro amounts will be rounded down in favour of the consumer. They are also running extensive information campaigns to help the consumer prepare and many are stepping up their monitoring of prices. ■

Commission acts on bank euro payment costs

In future banks will not be allowed to charge more for cross-border payments than for domestic ones, under a new legislation announced by the Commission on 25 July.

(> 8)



Internet Site

<http://europa.eu.int/euro/>



Management of public debt

The impact of the euro

Since 1 January 1999, there has been a radical change in the way public debt is managed in each State participating in the euro zone, and this is something which is likely to continue in the future. The euro has clearly led to a major change in habits.

Prior to the introduction of the euro, each country managed its debt while taking account of two major factors: its own currency and a national market. This situation involved both advantages and drawbacks. The main advantage was that managers could rely on a local market which was, relatively speaking, a captive one and this somehow simplified their "commercial" approach to the market. On the other hand, the terms obtained by an issuer varied very greatly according to different criteria such as the relative weight of the currency involved, the size of the issue and unpredictable risk factors. For example, a political crisis could influence the exchange rate of the currency and therefore the related interest rates. In order to carry out arbitrage operations for such risks, many countries had to operate in foreign currencies. However, in doing so they exposed themselves to major fluctuations in the international currency markets.

This situation particularly penalised small countries whose currencies did not have a sufficient capital base. In order to obtain financing, some States were obliged to offer higher interest rates as these were considered by the market to be an essential premium. The need to maintain their rate structure at a level higher than that of the large countries was obviously a handicap as it increased the cost of public debt. For this reason, several countries had chosen to link their

currencies unofficially to the German mark which was considered to be the benchmark currency in Europe.

Conversion

As from 1 January 1999, the currencies of the participating countries have become subdivisions of the euro. They have therefore left the financial markets and continue to be no more than useful daily tools for citizens and businesses. From that time onwards, the monetary authorities of the participating countries have been converting their debts into euros. As a result, the public debt market of the euro zone has become more comparable to the US Treasury market as regards both size and volume of issues. In 1999, the euro zone market was equivalent to EUR 3,200 billion, which was approximately 52% of the gross domestic product of the zone.

The comparison with the situation in the United States ends there. In Washington, there is only one manager and issuer, namely the Treasury. In the euro zone there are no fewer than 12 parties with more or less different working habits and technical instruments. Unlike the situation as regards monetary management in the context of the European System of Central Banks, there is no trans-European debt management instrument. As we shall see below, this situation will, however, change.



The advantages

According to the specialists, these are many. The following are the main ones:

1. A "level playing field", as it is called by the professionals, which means that the scope for action by managers has been considerably widened. In areas where some issuers were particularly vulnerable due to their market size, the 12 participating countries are currently active in the same environment.
2. Market liquidity is considerably greater, and this is essential as investors consider this aspect to be a key consideration when they take decisions.
3. The terms, in other words the rates offered to the market, are more favourable, especially for small issuers, even if there are still interest spreads favouring the large ones.
4. Exchange rate risks no longer exist as the countries involved no longer have to engage in arbitrage operations in foreign currencies in order to counter possible fluctuations in the national currencies.
5. Debt management possibilities have considerably increased. It is now no longer a question of a domestic market with virtually captive customers but of a much more open international market.

The drawbacks

While it would be a mistake to say that there are none, it is correct to say that they derive naturally from the advantages described above. For debt managers, it was not necessarily very easy to find themselves overnight faced with competition from both issuers and investors. To take one of the examples cited above, the Portuguese or Irish Exchequer was rarely faced with a competing issue in its own currency. Nowadays, they operate in a currency shared with 11 other countries. As far as potential investors are concerned, there is clearly a greater choice, but they may be more difficult as they are in a position to "shop around". While comparisons are odious, it is nevertheless interesting to record that debt managers find themselves in the same situation as many economic sectors (e.g. telecommunications) which have now been liberalised at European level.

Hence what may appear to be a drawback is also a step towards improving management. As is the case for any kind of activity, competition inevitably leads to greater professionalisation. The managers in each country have been obliged to review their debt management methods, for example, by establishing ad hoc agencies, as has happened in most of the countries involved.

There can be no doubt about the second drawback. As from the time when an issuer is active in a wider market, the issuer must accept its constraints, especially as regards the size of the issue. This means that many countries are now often obliged to make larger issues, and this entails a not inconsiderable loss of flexibility. It is now more difficult for them to profit optimally from market conditions which are by their nature rather volatile.

Structural development

As they first found themselves numbering 11 and, since 1 January, 12 in the same market, debt managers have naturally been led to initiate a degree of collaboration which had scarcely existed until then. It was inconceivable that debt managers in the same monetary zone should embark on unlimited competition which would ultimately have penalised all

operators. A dialogue was therefore gradually introduced with a view to finalising a timetable for issues. From now on, timing is by mutual agreement among the managers of the debt management agencies.

The need for closer collaboration has resulted in the setting up of a working party called the "Economic and Financial Committee working party on EU Government Bills and Bonds". For obvious reasons, this informal body is better known as the Brouhns Group which takes its name from its chairman, Grégoire Brouhns, Secretary-General of the Belgian Ministry of Finance. This working party is made up of the debt managers of the 15 members of the European Union. The European Commission and European Central Bank are also represented on it. Up to now, the Brouhns Group has been focusing mainly on solving technical problems while serving as a forum for the exchange of views and information.

In parallel, the European Commission in 1996 initiated the Giovannini Group which has as members market professionals and major financial institutions. This working group has the task of considering all the consequences which the introduction of the euro will have in the capital markets. As regards, more particularly, public debt management, the Giovannini Group has highlighted the potential benefits of greater co-ordination which could, in particular, improve market liquidity and avoid harmful competition.

As debt management is a matter for each sovereign State, this is a difficult problem, and finding a solution will take time. Without prejudging future decisions, the Giovannini Group - which maintains regular contact with the Brouhns Group - has indicated a number of working assumptions ranging from simple technical co-ordination - which is at the present time already ensured to some extent - to the setting up of a Community institution designed to launch issues. Between these two options, there is considerable room for manoeuvre, on which there will be much reflection and many exchanges of views in the future. One thing is certain: the situation is constantly changing. ■



France: "The euro is easier when all we pull together"



The new information and communication phase adopted in France began under the auspices of the Ministry of the Economy, Finance and Industry on 1 January 2001 with one major objective: making the changeover to the single currency more concrete. In other words, this plan is meant to be:

- simple in content and in the way it is gradually rolled out;
- based on a grassroots approach so that everybody can feel involved;
- dynamic so that "together we will all get through 1st January 2002".

This mechanism, which is meant to have a general appeal, is built around a very complete plan of action targeting many actors. Its main feature is that it is spread over four phases marking the operational aspects of the specific changeover to the euro well beyond the actual date of its introduction:

- 1) January-March 2001: information and establishment of the timetable;
- 2) March-September 2001: learning the new price references;
- 3) September 2001-March 2002: support in the transition to use of the new currency;
- 4) March-September 2002: consolidating use of the euro.

In metropolitan France and the French overseas departments (DOM), the communication campaign covering the actual transition to the euro is targeted at all groups in accordance with a cross-cutting approach: an inclusive approach targeting the general public and backed up by a supplementary approach suited, *inter alia*, to various groups such as professionals (business people, traders, craftsmen, teachers, etc.) who provide information, members of the civil service, local authorities, elected officials, opinion leaders (the media, associations, etc.), vulnerable groups and young people among others.

The campaigns conducted include the distribution of a practical guide (30 million copies), euro kiosks at fairs and exhibitions, payment of civil servants in euros from 1st July and also use of the euro instead of the franc by teachers in their classes from the beginning of the new school year. The media plan is based on the broadcast of three campaigns, with the first one, from January to March 2001, presenting a teen-age girl (Lise) as a feature common to all the messages. The second campaign, which finished in July, was geared to prices. The third one, which focuses on activities relating to the first euros, will take place well beyond the actual date of introduction of the notes and coins with a view to supporting the process until March 2002.

Italy: "In Europe counting is done in euros"



The slogan, "*In Europa si conta in euro*" ("In Europe counting is done in euros"), is being used during the final phase of the Italian campaign which is built around two major objectives: one is to "get ready for the euro" and draws attention to the key dates during the first half of 2001; the other objective is to distribute, during the second half of the year, practical information on the use of the euro which will soon be in everybody's pocket ("The euro in your pocket: how to use it").

Among the many activities taking place under this plan, mention should be made of the television and radio campaign which has obtained the assistance of actors and personalities who have been brought together in a team called "the euro ones", whose objective is to raise the awareness of many groups by dealing, among other things, with topics as diverse as the use of credit cards, the timetable for the key dates involved and also the euro and SMEs.

While the first half of 2001 was devoted more to raising awareness, the objective for the second half of the year is much more specific: it is to go to the heart of the matter by providing the entire population with information of a very practical nature, e.g. what will happen during the period for the withdrawal of national notes and coins, how to fill out a cheque in euros,

how to make one's initial purchases in euros, etc.

For this purpose, all media are being used: radio, television and display notices. Also being added are more factual forms of communication such as the "Euro Village" tour which takes the form of a real road show devoted to the euro, travelling from Palermo to Trieste, in particular via Salerno and Parma. This Euro Village includes a theatre area, a play area and various activities for young people and the elderly. The information is provided, among others, by people from the Commission information offices and networks, teachers and chambers of commerce. This is only one of the more original initiatives among a range of activities extending from the organisation of competitions in schools through the exhibition "At the origin of the euro" organised in Padua last November, to the creation of a euro corner in the Explora children's Museum in Rome.

The Italian authorities have set up a call centre which can be accessed free of charge and also a web site (eurimpresa.org). Various activities have been designed for the elderly, schoolchildren, vulnerable groups (in particular the partially sighted and the hard of hearing) and linguistic minorities (e.g. in the form of brochures in French, German, Croatian and Slovenian).

Finland: "Putting the euro into practice"

According to a poll carried out in January 2001, the people of Finland are generally well informed about the euro: 92% of the population know that the notes and coins will start circulating as from January 2002 while 73% of Finns know the conversion rate. While this is so, a majority of Finns still give little attention to the prices expressed in euros in the shops or in advertisements, and in their view the major challenge will be to actually assess how relatively expensive articles will be after the euro finds its way into their wallets.

The Finnish authorities will continue these polls this year in order to check that the information distributed has been properly taken on board by the population. Generally speaking, the Finnish authorities have also opted for a flexible campaign aimed at providing citizens with the information required at the time when it is needed and in the most appropriate form by multiplying external forms of co-operation. Specifically, this is reflected in a schedule divided into four periods extending from preparation (until 31 August 2001) until after 28 February and through the period from 1st September to 31 December 2001, during which

the main campaign will take place. The approach to which Finland has given priority is designed above all to be a pragmatic one: questions tackled during the autumn are, for example, directly linked to the practical aspects of the introduction of the euro, and the information campaigns deal, among other things, with concrete problems through newspapers, television commercials and brochures.

Special attention is given to consumers and vulnerable groups to help them in forming a precise idea of the value of goods and services and also to ensure that everybody will be able to understand the main points involved in the changeover to the euro. As far as SMEs are concerned, these have already received a practical guide published in collaboration with many professional organisations. Among the many initiatives taken by the Finnish authorities mention should also certainly be made of the special attention reserved for tourists who will receive a folder in English, Estonian, Russian and Swedish on entry into the country. In addition, a travelling exhibition has been put together on the history of the markkaa and the euro. Its title: "From Squirrel Skins to the Euro".



Greece: "Reinforcing the population's positive preconception"

In Greece, the communication plan is being implemented in three complementary stages. In the first one the "value" of the euro in everybody's daily life is clearly shown. In the second stage, emphasis is laid on the specific advantages of the single currency for consumers and the business world. In the third stage, attention is focused on the specific changeover to the euro itself and on the conversion process.

Under this scenario, the Greek authorities aim at achieving the many objectives which they have set for themselves with the communication plan:

- encouraging within each target group a high and consistent level of knowledge concerning the euro and its advantages;
- making people more familiar with the euro;
- easing the process of conversion into euros;
- encouraging SMEs to fulfil the requirements for a transition to the euro which will be as smooth as possible.

The type of communication drawn up to support and give concrete shape to these objectives makes use of a coherent approach which is generally a multidimensional one. It is meant to be accessible to everybody by relying on the fact that the popu-

lation has already shown a positive predisposition towards the new currency.

Four major target groups have been selected: SMES, the public sector, consumers and the media. Among the consumers, special attention is given to various groups whose needs are more specific and therefore require greater attention. These are, in particular, students and the so-called "vulnerable" groups.

Irrespective of the level of schooling which they have received, students are not only informed about the general benefits of economic and monetary union but also about the specific advantages of the euro. Practical questions relating to the changeover to the new currency are, of course, also addressed by means of a kit specially prepared to serve as a medium for teachers. The kit contains an information leaflet and also a video showing essential basic information. In the case of the vulnerable groups, the communication plan pays special attention to the mentally handicapped, and specialised organisations and associations have received appropriate material with a view to ensuring that these people will be able to recognise the euro notes and coins. A comparable approach - which is based on grassroots associations and on the preparation of appropriate educational material - is used for the hard of hearing, the elderly and people living in a rural environment. ■



Useful sites



European institutions

European Commission: <http://europa.eu.int/euro/>

European Parliament: <http://www.europarl.eu.int/>

European Central Bank: <http://www.ecb.int/>

Elements of the national cash changeover plan

		Frontloading financial institutions	Sub-frontloading cash-in-transit/retailers	Frontloading coins to public	
Participating countries: http://euro.fgov.be/ http://www.bnb.be		Belgium	Notes: from November 2001 Coins: 1/9/2001	CIT: 1/9/2001 Retailers: 1/12/2001	15/12/2001
http://www.bundesfinanzministerium.de/ http://www.bundesbank.de/		Germany	1/9/2001	1/9/2001	17/12/2001
http://www.mof-gl.k.gr/ http://www.bankofgreece.gr/en/		Greece	1/10/2001	Notes: 1/12/2001 (€5, €10) Coins: 1/11/2001	17/12/2001
http://www.euro.meh.es/ http://www.bde.es/		Spain	Notes: 1/11/2001 Coins: 1/9/2001	CIT and large retailers: 1/9/2001 Small retailers: 1/12/2001	15/12/2001
http://www.finances.gouv.fr/euro/ http://www.banque-france.fr/		France	Notes: 1/12/2001 Coins: 1/9/2001	CIT (notes) and retailers : 1/12/2001 CIT (coins): 1/9/2001	14/12/2001
http://www.irlgov.ie/ecbi-euro/ http://www.centralbank.ie/		Ireland	Coins: 1/9/2001 Notes: 1/11/2001	Notes : 15/11/2001 Coins : 1/09/2001	17/12/2001
http://www.tesoro.it/Euro/ http://www.bancaditalia.it/		Italy	Banks and post offices Notes: 1/11/2001 Coins: 1/9/2001	Retailers: Notes: 1/12/2001 Coins: 1/10/2001	15/12/2001
http://www.etat.lu/Fl/ http://www.bcl.lu/html/fr/index.html		Luxembourg	Notes and coins (banks and post offices): 1/9/2001	1/9/2001	15/12/2001
http://www.euro.nl/ http://www.dnb.nl/		Netherlands	Notes and coins: 1/12/2001 Banks can get banknotes and coins earlier, on demand.	Large retailers : notes and coins 1/12/2001. Small retailers: notes 17/12/01 coins 27/12/01 For training purposes small quantities in October	14/12/2001
http://www.euro.gv.at/ http://www.oenb.co.at/		Austria	Notes and coins: 1/9/2001	1/9/2001	17/12/2001
http://www.infoeuro.pt/ http://www.bportugal.pt/		Portugal	Notes : 1/10/2001 Coins : 1/9/2001	Retailers: 1/12/2001	17/12/2001
http://www.euro.fi/ http://www.bof.fi/		Finland	Notes and coins : 1/9/2001	CIT. Notes and coins: 1/9/2001 Retailers : start December 2001	15/12/2001



Be a euro superstar !

No European adult will be able to deny it: in 2002 young people will be in the forefront in the use of the euro. To motivate them still further, a huge competition has been organised at the level of the European Union for children between the ages of 8 and 12. The 24 winners will become euro stars!

The aim of the project is to acquaint children in the euro zone with the appearance of the euro notes and coins. To encourage them, a competitive game has been organised on the scale of the entire European Union which could become a memorable day for a real euro star in front of the television cameras of all the major channels. The target selected is children between 8 and 12 years of age who will have a major multiplier effect, especially on families.

Poster quiz

The way in which the competition will work is very simple. It is based on a single communication tool: a poster printed in 7 million copies and distributed throughout all primary schools by the national central banks in co-operation with the national Ministries of Education. For pupils who have not received it, the poster will be displayed in a place common to all the school pupils. The poster can also be viewed on the Internet at www.euro.ecb.int.

The poster shows an imaginary European city in which a number of architectural details and bridges will be found illustrating the euro note. It should not be forgotten that 80% of young people live in an urban environment. This city has an undeniably futuristic character which should please children. After all, it is they who represent the future of the European Union. In the poster are echoes of the mangas and the drawings of Harry Potter which are interpreted in a European spirit by an illustrator from a Belgian cartooning school.

The poster contains a quiz on the features of the euro notes and coins. To answer the questions, the children have to look at the back of the poster which provides many explanations regarding the appearance of the notes and their security features. For the answer, the reply coupon printed on the poster, a simple sheet of white paper or the electronic form on the Internet site can be used.

The winners

The results of the draw for the winners will be shown in Brussels on the Internet during the launch of the European Commission's "Netd@ys" on 19 November 2001 in the presence of EU Commissioner Ms V. Redding and Mr Wim Duisenberg, President of the European Central Bank or Mr Eugenio Domingo Solans, member of the ECB Executive Board responsible for the euro 2002 information campaign. For children using the reply card, the draw will take place at national level in the national central banks. On 31 December, the 24 winners will be invited along with their parents to the headquarters of the ECB in Frankfurt. They will receive a burglar-proof frame containing the full range of euro notes from Mr Duisenberg or Mr Domingo Solans together with a personal computer.

Netd@ys Europe

This European Commission initiative aims at encouraging cultural, training and other organisations to use the new online technologies. Priority is given more to the educational content of the projects than to the use of these technologies. Since it was launched in 1997, the popularity of Netd@ys has been constantly increasing. In 2000, the Internet site (<http://www.netdays2000.org>) had more than 8 million visits. Around 150,000 cultural and training organisations in 35 different countries participated in the project, for example, schools, youth clubs, museums, cinemas, opera houses and training centres.

Netd@ys Europe 2000 has expanded its field of activities with four additional topics: civic commitment; European cultural diversity and a different identity; equal opportunities; training and coaching in information technology and data-processing. This year, emphasis is on the theme of youth, which explains co-operation between the European Central Bank and the European Commission in the context of the project, "Be a euro superstar". ■



Inf€uro





Details of the new banknotes





Dummy euro banknotes for trainers of the blind, deaf and handicapped persons

47,000 kits containing dummies of the new euro banknotes are currently being distributed to trainers of the blind and visually impaired, deaf and hard of hearing as well as the mentally handicapped in the euro area. Produced by the European Central Bank and distributed by the European Commission, these dummy banknotes are an excellent tool for people who need specific practice in the recognition of the new euro banknotes.

The euro dummy banknotes look and feel like the real euro banknotes that will be put into circulation from 1 January 2002 onwards. They have the exact size, paper, colour and feel of the real banknotes. However, in order to avoid confusion with the real banknotes, they are printed on one side only and are stamped with the words "NO VALUE". In order to avoid the risk of counterfeiting the dummy banknotes are individually numbered and do not have any of the security features which were unveiled by the European Central Bank in September 2001. They will be distributed to trainers through the European

Commission's and Member States' registered specialised networks. More information can be found on

http://europa.eu.int/comm/consumers/policy/developments/euro/index_en.html

Similar training kits containing euro tokens will be produced by the national Mints, later this spring with financing of the European Commission. As with the dummy euro banknotes, they will be used to familiarise people with sensory and intellectual disabilities with the new euro coins.



Government plans and associated information.

Euro coin kits for retailers	Euro coin kits for the public	End-date of legal tender	Exchange at banks after legal tender	Redemption ** after legal tender
867 600 kits with 525 coins for a value of 240 €	5.3 million kits with 29 coins for a value of €12.40 equivalent to 500 BEF	28/2/2002, midnight	31/12/2002	Notes: indefinitely Coins: end 2004
Upon agreement between banks and retailers	53.5 million kits containing 20 coins, 20 DEM (10.23 €)	31/12/2001 ***	At least until 28/2/2002. Effort for flexibility thereafter.	Indefinitely
Coin kits will contain €147. Quantities are still being decided on.	3 million kits containing 45 coins kits for a value of €14.67 (5000 GRD)	28/2/2002	Positive; period to be defined	Notes: until 1/03//2012 Coins: until 1/03/2004
4 million kits containing 123 coins for a value of ESP 5,060 (€ 30.41)	At least 23 million kits containing 43 coins, 2000 ESP (12.02 €)	28/2/2002	30/6/2002	Notes and coins : indefinitely
1.5 mio kits with 640 coins (222 €). Two rolls of coins for each denomination.	53 million kits containing 40 coins, 100 FF (15.25 €)	17/2/2002 midnight	30/6/2002	Notes: until 17/02/2012 Coins: until 17/02/2005
165 000 coin kits each with € 253	750 000 kits containing 19 coins for a value of IEP 5 (€6.35)	9/2/2002 midnight	For a period not yet specified	Indefinitely
1.2 mio kits composed of 22 rolls containing 960 coins for a value of €315	30 mio kits with 53 coins for a face value of €12.91	28/2/2002	Banks to continue the exchange on a voluntary basis	Notes and coins: until 30/12/2012
50 000 kits composed of 8 rolls for a face value of €111	600 000 kits with 29 coins for a value of €12.40 (500 LUF)	28/2/2002	30/6/2002	Notes: indefinitely Coins: end 2004
1.6 million high denomination kits composed of 2 rolls of each denomination except 1 and 2 cents for face value €219; 400 000 low denomination kits with 10 rolls of 1 and 2 cents for face value of € 15	16 million free kits with 8 coins for face value 3.88 € destined to all citizens over 6 years; selling of 9 million kits with 32 coins for face value € 11.34 (25 NLG)	28/1/2002 midnight	31/12/2002 (banks may charge for the exchange as from 1/4/2002)	Notes until 1/01/2032 coins until 1/01/2007
670 000 kits for a value of 145.34 € (2000 ATS)	5.5 mio kits containing 33 coins for €14.53 (200 ATS)	28/2/2002	To be decided individually by banks after 28/2/2002	Indefinitely
150 000 kits for face value of € 250 *	1 million kits for €10 *	28/2/2002	30/6/2002	Notes: until 30/12/2022 Coins: until 30/12/2002
150 000 kits for a value of €168	500 000 kits with 8 coins for € 3.88	28/2/2002	To be decided individually by banks	Notes and coins: until 29/01/2012

ended at least until 28/2/2002

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Commission acts on bank euro payment costs

Bank charges: precise figures

In future banks will not be allowed to charge more for cross-border payments than for domestic ones, under a new legislation announced by the Commission on 25 July. This will apply from 1 January next for card payments and cash dispensers, and from 1 January 2003 for bank transfers and cheques.

Many EU citizens are concerned about the level of bank charges for transactions conducted in euros. With a view to carrying out an on-the-spot check, the European Commission asked the European Interregional Institute of Consumer Affairs (IEIC) to carry out a survey two years after the one carried out in 1999. This study had three major objectives:

- to assess the situation regarding charges for cross-border transactions in the euro zone (with the exception of Greece);
- to compare the situation in 2001 with the one in 1999;
- to check on the proper application, in the countries concerned, of Directive 97/5 which provides in particular for the elimination of charges to the beneficiary in connection with cross-border bank transfers on the one hand and for transparency on the other.

The aim was not to conduct an exhaustive survey of bank charges relating to cross-border transactions in the euro zone, but to provide a sample which would make it possible to highlight banking practices in this field. The survey covered the following transactions:

- 352 transfers of € 100 each;
- 44 card purchases, each of € 25;
- 88 withdrawals from an automatic teller machine (44 withdrawals of € 50 each and 44 withdrawals of € 100 each).

The € 100 bank transfers

As regards the overall cost of a bank transfer, depending on the originating country involved the results showed fairly considerable differences between the countries, although these also exist within each country. As compared with 1999, the differences are decreasing, but not necessarily downwards. Depending on the direction of a transaction, the amount of charges can vary considerably. For example, a transfer from Belgium to Germany costs 35% less than in the other direction between the same banks. In 38% of cases, charges were levied on the beneficiary even though the customer had not agreed to this. Finally, it should be

Issuing country	Charges payable by originator	Charges payable by beneficiary	Total charges	Change 1990/2001
EUR 11	14,26	3,1	17,36	1,55%
Luxembourg	9,58	0	9,58	7,46%
Netherlands	8,84	2,6	11,45	14,46%
Belgium	10,1	1,77	11,87	-11,24%
Germany	11,93	0	11,93	-13,42%
Finland	10,81	3,55	14,36	-28,61%
Austria	15,9	1,5	17,4	64,02%
France	14,79	3,27	18,06	7,00%
Italy	12,19	7,55	19,74	7,97%
Spain	14,8	5,76	20,56	0,28%

noted that the average execution period has fallen, to 3.31 days as against 3.41 in 1999.

Payments of € 25 each made by card in another country

These results are more difficult to interpret as the survey was based on a limited sample of transactions conducted with cards which in some cases differed from one country to another. It can nevertheless be observed that the average charge for a purchase of € 25 made by card was calculated in decimals. They are therefore quite close to the charges made at national level.

Country of issue of card	Average charges 2001	Average charges 1999	Change 1999/2001
EUR 11 average	0,16	0,19	-17%
Spain	0	0	0%
Finland	0	0	0%
Ireland	0	0	0%
Italy	0	0,26	-100%
Luxembourg	0	0	0%
Netherlands	0,04	0,1	-60%
Germany	0,23	0,79	-71%
Belgium	0,25	0	100%
Portugal	0,32	0,32	0%
Austria	0,38	0,26	46%
France	0,53	0,37	43%

Withdrawals of € 100 each from an automatic teller machine

The changes are rather dissimilar from one country to another. Charges for Austrian, Portuguese, Belgian and Irish cards are decreasing. On the other hand, they have been increasing considerably in Germany, France and the Netherlands. It should be noted that these results were not collated with changes in the annual charges made for use of the cards. ■

Country of issue of card	% charge 2001	% charge 1999	Change 1999/2001
Ireland	1,64%	1,74%	-6%
Belgium	3,87%	4,22%	-8%
Spain	3,75%	3,75%	0%
France	3,79%	2,43%	56%
Austria	3,89%	4,52%	-14%
Netherlands	3,92%	2,11%	86%
Finland	4,47%	4,35%	3%
Luxembourg	4,96%	4,21%	18%
Italy	4,80%	4,81%	0%
Germany	5,30%	4,21%	26%
Portugal	5,38%	5,89%	-9%
EUR 11	4,16%	3,84%	8%

Price stability is a top priority

“New currency, stable prices” is the slogan which best expresses the widely-shared objective of consumers, producers, retailers and governments of Member States in the euro area. Though methods may vary from one country to another, all are very strongly committed to achieving an inflation-free changeover to euro notes and coins.

In a joint statement on June 4, finance ministers from euro zone countries noted that many Member States were stepping up their monitoring of prices and promised that, overall, the conversion of prices, charges and fees administered by Governments would be “price neutral or smoothed in favour of the consumer.”

Fear of hidden price rises has emerged as one of peoples' sharpest anxieties as they look ahead to e-day on January 1 2002. Recent polls in France say that 46% expect prices to rise with the arrival of the Euro and 68% in Germany. At the end of the last remotely comparable exercise in Europe – the British changeover to decimalization in 1971 - many people also believed that the switch to the new coinage had pushed prices sharply upwards. The reality, confirmed by independent studies, is that the change had no major impact on the overall level of prices. A system of weekly monitoring devised by national and European authorities for next December, January and February is intended to provide as much reassurance as possible for the consumer.

The European Commission began focusing on potential pricing problems as long ago as 1998 and on June 30 of that year acted as midwife to the so-called “eurologo agreement” between European-level representatives of consumers, the distributive trades, the tourist industry, craft industries and Small and Medium-sized Enterprises (SMEs). This pact was subsequently relayed to national level in most euro zone countries and still applies. Traders voluntarily committed themselves to a variety of good practices on converting to euro, dual pricing, training, customer information and accepting payments in Euro.

When the signatories met in February and March of this year to review the agreement, they found that it had acted as a catalyst in encouraging dual display of prices which is one of the most efficient ways of maintaining stability and helping consumers to learn the new currency values. But the eurologo had not been widely adopted – partly because the “scriptural” (non-cash) euro had been little used. Public knowledge of the European agreement was very low, consumers lacked information on the possibilities of paying in euro and could not see the point of doing so since reference prices were still published in national currencies. Dual pricing was being practised by around 50% of traders in the distributive sector but was much less common in small shops.

With euro notes and coins less than a year away, it was not difficult for retailers' and traders' representatives



to agree that a new impetus was needed. Adopting the slogan “new currency, stable prices”, they decided in April to renew their 1998 agreement and to add some important new commitments. Retailers said that those beginning dual display of prices in 2001 would do so by highlighting the euro price (known as reverse dual-display). In addition, from the beginning of September fixing prices in euro will become the normal practice, and with it reverse dual display.

Retailers also added three vital commitments:

- not to use the changeover to apply hidden price rises, to do their utmost to ensure overall stability of their prices when converting them to euro and to publish these commitments;
- to continue dual pricing until at least the end of the period of dual circulation so as to help consumers to understand prices;
- to provide customers with simple tools for comparing prices and checking that conversion rules are being respected at least until the end of 2002.

All of the signatory organisations to the agreement are urging consumers not to build up reserves of old currency money in the last few days of December 2001 and to use the euro coin kits available during December 2001 in the first few days of January. They should obtain their euro notes and coins from cash machines and across bank counters and they should avoid using a mixture of euros and the old currency to make one payment.

The April declaration underlined the fact that consumers and retailers have a common objective : to make sure that the transition to euro notes and coins occurs with as few difficulties as possible. Retailers will have a heavy task in managing the introduction of the new money and withdrawal of the old denominations. They need to make sure that they have the trust of their customers and encourage and help them to learn the new values so as to keep delays and hold-ups to a minimum.

(> 12)



“Euro Made Easy”

Tailor-made tools for a user-friendly euro

The “Euro Made Easy” is the general name given to a set of very specific projects aimed at easing the changeover to the euro for social groups who, for many reasons, have difficulty in gaining access to information flows. These projects are based on local, specific and targeted information.

These projects are co-financed by the European Commission and are implemented in the Member States of the euro zone through a network of 35,000 trained volunteers. The latter are active in European NGOs specialising in work with the targeted groups: the economically and socially disadvantaged, the elderly, people with a sensory or mental disability and people with reading and writing problems.

The studies, methodologies and information and training tools prepared by groups of elderly persons, the socially excluded and people with a disability are available in a limited quantity and free of charge on the Europa site (<http://europa.eu.int/euro>). Local and regional authorities and social welfare associations which would like to initiate a training programme for confidence mediators on the one hand and a specialised information campaign on the other can rely on trainer networks. They can also obtain free of charge professional information tool models for the purpose of reproducing them.

Reading to learn

A brochure or leaflet is preferable as it is convenient to read. The choice is a wide one in all the languages of the euro zone.

- The “Euro Made Easy” brochure: to learn all about this project.
- Four instructors’ manuals: four types of manuals for different kinds of trainers. They present the project, training programmes, the tools and useful addresses.
- “The future euro! – Euro...pe’s future?!”: a 32-page cartoon strip for those who have reservations about the euro.
- “Euro Vision”: 40 pages in large type intended for everybody including the partially sighted so that they can get to know everything about the notes and coins.
- “What can I buy with these?!”: 20 pages on learning about the scale of euro values.
- “Euro budget”: how to draw up a personal budget in euros. The aim is to learn about the euro and how to manage family finances on a daily basis.
- “Simply, euro!”: 16 easy-to-read pages to help people with mental handicaps and with problems in reading, writing and arithmetic.
- “Consumers’ euro”: 24 pages containing practical information.

Playing to train

Practice using the euro right now. There’s nothing like being put in that kind of situation in order to get the feel of our new currency. The results will be even better if a large dose of amusement is added. The following are some simple games which are both entertaining and instructive.

- “Euro Puzzle”: a poster showing euro notes and coins plus conversion rates cut up in the form of a puzzle. The coins are numbered and can be fitted in only after a correct answer is given to a question about the euro.
- “Euro shopping”: sellers and buyers are put in a situation in two shops in which everything is paid for in euros. The correct calculations have to be made and the right change has to be given.
- “Domineuro”: the good old domino updated in euros. The coins represent objects and values which the player has to make coincide.
- “Eurobingo”: a conventional raffle in which the tickets and prices are in euros. The player who gives the right answer will have his winnings doubled!
- “Euro beg for my neighbour”: still a classic! Half of the cards are in euros, and the other half are in the national currency. May the biggest amount win!
- “Euro Go! for all”: a large supermarket in which everything is bought in euros. A simple game which is also intended for people with a mental disability.

Show to create awareness

The following are a few very practical tools which will go a long way towards making continuing training in the euro possible.

- Conversion cards: as they come in a small size for a wallet and in a large size for a supermarket trolley, these cards make fast conversion possible while acquainting the user with euro values.
- Euro coins and notes: these are neither real nor counterfeit euros! They are only real-size cardboard reproductions of euro notes and coins. In a play situation, however, any scenario is conceivable.
- “Euro Made Easy” stickers and posters.





The “Euro Made Easy” project: an example of governance

For some years now, the Commission has been giving consideration to the question of introducing new methods of participation by regional, local and non-governmental actors and citizens in general in the Community decision-making processes. In fact, participation by citizens in the decisions which concern them is considered to be an essential element of European democracy. This is one of the four strategic objectives of the Commission, of which R. Prodi is President. The introduction of the euro is a major element of European integration which directly affects all European citizens physically, practically and symbolically. It has therefore been of fundamental importance that representatives of citizens and various categories of the population should be involved in the preparation for the changeover to the euro.

The “Euro Made Easy” project began in 1998. It has enabled several hundreds of citizens – especially the most indigent, people with sensory and mental handicaps and the elderly – to participate in the preparation of an information and training strategy which meets their specific needs. They also designed information tools suited to their peers. The success of this project at grass-roots level has led many Member States in the euro zone to use the results and to disseminate generally on their territories the one-to-one information preferred by the social groups concerned.

The innovative aspect of the “Euro Made Easy” project is the participation which it encouraged and which it is continuing to permit as regards the definition and implementation of a Community policy. Indeed, the work carried out since 1996 by the representatives of the European consumer associations and NGOs through an ad hoc working group (the “euro group of the Consumer Committee”) has highlighted the difficulties involved in the dissemination of the information needed to enable some social groups to make the switchover to the euro without too many difficulties. These reflections, the studies carried out by experts participating in an additional working group and also on-the-spot surveys conducted by the Commission have made it possible to draw major lessons as to the methods needed to provide information concerning the euro.

It was suggested to the member associations of the “euro Group” that they implement a pilot project in co-operation with their members with a view to developing targeted and appropriate information and training instruments. Several working groups composed of around 20 persons were set up in each of the following five Member States: Belgium, France, Germany, Italy and Portugal. These were joined shortly afterwards by groups of people from the outermost areas: Martinique, Madeira and the Canary Islands. The project will be implemented in various stages and will be supervised by the Commission and a group of experts from the psycho-sociology laboratories of the universities of Lyon II, Paris X and Padova.

Initially, the groups worked for nine months on the basis of a methodology devised in connection with a pilot project conducted on the same matter in a primary school in Brussels, with a view to being in a position to understand and explain to others what the currency meant to them. Because of this preliminary work, they were able to analyse the difficulties which they would

have encountered in the currency changeover. All of this work was analysed by the University laboratories and by the Commission in order to identify the main lessons. These were tested by means of qualitative surveys carried out among the same types of social groups in the 15 Member States of the Union⁽¹⁾. The results fully corroborated the initial assumptions: it was necessary to give specific, one-to-one information through volunteers who, on the one hand, belong, where possible, to the same population category and, on the other hand, are specially trained by means of tools meeting specific needs and in suitable formats.

It was therefore decided to go back to the groups to ask them to design, information tools, as amusing as possible, which in their experience, would make it easier for their peers to understand the problems which had arisen for themselves. The organisers of these groups and the University laboratories were asked to design the tools required to ensure multi-stage training: super trainers who would be able to train trainers who themselves would train volunteers with a view to reaching the remotest areas and the most isolated persons. At the end of 1999, nearly 40 projects were available in the form of models, while training courses were also designed. It remained to test the effectiveness of these tools. Several European regions and cities agreed to launch pilot projects for this purpose. Other tests were conducted by various working groups on the tools created by other groups. These large-scale tests demonstrated the relevance of the method involved and enabled the most effective products to be selected.

The press gave the project wide coverage and a number of Member States, which had been kept regularly informed of the development of the project, decided to adopt its methodology and tools and to launch the project on a large scale on their territories during 2001. These were: Belgium, France, Ireland, Italy, Luxembourg, Portugal and Spain and, to a lesser extent, some regions in Germany and Austria. The European Central Bank likewise decided to rely on the networks set up by the Commission and on those of the Member States for the purpose of providing targeted information regarding euro notes. For this purpose, and responding to requests from the social groups concerned, the ECB Governing Council agreed that 47,000 kits of euro note dummies should be prepared for the purpose of training people with sensory and mental disabilities.

At the end of 2000, the Commission had ensured the training of 650 “super-trainers” and its networks had trained more than 7,000. As of mid-2001, several tens of thousands of volunteers will have been trained and will be able to contribute actively to easing the transition to the euro for everybody. Mechanisms designed to ensure co-ordination between the projects managed by the Commission and those set up by the various Member States have been created for the purpose of ensuring synergies and increasing the number of people who will be able to benefit from this original type of information designed by their peers.

Only in the year 2002 and on the basis of the analysis of the effectiveness of this original form of governance will it be possible to check on its full relevance and to draw all lessons from it.

⁽¹⁾ All of the work done has been published or is available on the euro web site of the Commission and the Directorate General for the Health and Consumer Protection (<http://europa.eu.int/euro>).



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Encouraging tourists to become acquainted with the euro

The holiday period is one during which people often find themselves in another country for several days or weeks. With the introduction of euro notes and coins several months away, the euro can already be used during holidays taken this year. Anybody who travels in the euro zone can already see and compare prices in euros. In some cases, a traveller can even begin to use the euro, and this will have many advantages.

Thus, simply by knowing the conversion rate between his or her own currency and the euro, a person visiting another country in the euro zone will be able to avoid having to make calculations in the local currency of the country which is being visited. In addition, many tourist establishments accept payment in euros by card, bank transfer or traveller's cheques. By using these means of payment everybody can therefore use the new currency while getting to know it.



Paying attention to euro prices also means that it will be possible to pick up bargains by spotting price differences favourable to the consumer. In this way, anticipating the final changeover to the euro will enable everybody (traders as well as citizens) to become used to the new currency, and this will help to ease the transition to the euro notes and coins.

With a view to encouraging travellers to start using the euro, the European Commission is distributing a brochure entitled "Holiday 2001. Don't forget to pack the euro!" which is available in 11 languages. It can be found in many hotels and tourist offices and also in places frequented by many tourists. It can also be ordered from the Internet address:

emmanuel.berck@cec.eu.int

(< 9)

Price Stability is a top priority

The June 4 statement from the Eurogroup – the informal committee of finance ministers from euro zone countries – welcomed the April 2 agreement between European consumers and retailers and stressed the "utmost importance" of dual pricing to allow consumers to keep checking prices. Ministers said they wanted consumers "to increase their familiarity with euro-denominated prices, and to continue to carefully compare prices between competing retailers, particularly during the rest of this year and throughout the period of the cash changeover."

The renewal of the eurologo agreement provides an encouraging safety net to protect consumers during the changeover. It is also being supplemented by initiatives at the national level. For example, Italian retailers and consumers have signed a parallel nation-



al protocol and the number of businesses using the eurologo is expected to rise rapidly from the levels of springtime of 30,000.

A group of French retailers and their suppliers have agreed to hold prices level from November 1 this year to March 31 2002. The commitment applies to consumer goods except seasonal and agricultural products, those in which the commodity price component is high and those whose prices normally fluctuate. Signatories are two retailing organisations, the branded goods manufacturers, the food industry association and Efficient Consumer Response, France.

Meanwhile, dual pricing will be legally required in Portugal, Austria and Greece for differing periods and subject to various exceptions.



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