

Inf€uro

NUMBER 21 / EN - 2001

In this issue

The euro: our "motto"

1

How deep is your knowledge of the euro?

1

The euro and Member States

How counterfeiting will be thwarted

2

New Currency, Stable Prices

4

Communication plans of the euro-area Member States

5

The citizens' euro

What are the Member States doing to launch the euro?

8

The euro in the accession countries: a gradual process

10

January and February 2002: two months in four questions

11

Cross-border payments in euros

12

The unexpected euro

12

The euro: our "motto"

For three years we have been waiting for this moment! Three years during which the euro has already been the currency of all of us, although we have not been able to use it in everyday life. At times, this period seemed to us to be very long. It was necessary, however, in order to make preparations for the euro notes and coins and to establish our new currency in international markets.

There has never been an event on this scale in the history of money. This world première, which - we must admit - has not always been easy, is not now reaching its conclusion; it is actually just getting started. With the euro in our pockets as well as in our accounts, we shall all have the same monetary tool, from Helsinki to Lisbon and down to the smallest village in each participating country.

In the future, a lot more of us will be using it as a currency. The enlargement of the European Union is under way and the new Member States



will eventually form part of economic and monetary union in accordance with timetables which still have to be established. What is certain, however, is that the euro will be called upon to increase and grow during the next few years. We shall be increasingly European in making it our everyday currency. ■

How deep is your knowledge of the euro?

History

1. *Economic and Monetary Union was adopted by which Treaty?*

- Treaty of Rome
- Treaty of Amsterdam
- Treaty of Maastricht

2. *In which year was the Treaty adopting EMU signed?*

- 1989
- 1992
- 1994

3. *What was the ECU?*

- Europe's first single currency
- An acronym corresponding to a unit of account based on Member States' national currencies?
- A gold coin

4. *When did the euro become the single currency for the Euro zone?*

- 1 January 1999
- 1 January 2000
- 8 May 1998

Using the euro

1. *"I can keep my bank account in national currency after 1 January 2002 if I want to."*

- True
- False

2. *"After 1 January 2002 I shall be able to spend the euro in every EU country."*

- True
- False

3. *How many countries are in the Euro zone?*

- 12
- 10
- 15

4. *National currency notes and coins will be withdrawn in all Euro area countries by:*

- 28 February 2002
- 30 June 2002
- 31 December 2002

(> 9)

Internet Site

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



How counterfeiting will be thwarted

No monetary institution can guarantee that the banknotes issued by it will not be counterfeited. On the other hand, it is possible to reduce the risk to a minimum especially by relying on the experience accumulated by 12 national central banks. That is why the euro banknotes are very safe.



An operation of this scale was never before organised in world monetary history. No fewer than 14.5 billion banknotes have been printed and distributed. Now that the general public can feel the coins and banknotes it is important that confidence in these notes be created. From design to manufacturing everything has been done to ensure maximum security.

While the risk of counterfeit money can never be completely eliminated, the danger of banknotes identical to the original is zero. The best protection systems were used on the basis of the expertise developed by each of the national central banks. For obvious reasons, some aspects of the new banknotes will be a secret. There are, however, many visible technical characteristics which are important for all euro users to know. Firstly, there are the most obvious references, the absence of which should make it possible to identify the crudest counterfeits:

- the name of the currency, which appears in both Roman (EURO) and Greek characters (ΕΥΡΩ);
- the initials of the European Central Bank in their five variants - BCE, ECB, EZB, EKT and EKP - corresponding to the 11 official languages of the European Union;
- the symbol © indicating copyright protection;
- the flag of the European Union.

However, and above all, there are various security features which should make it possible to limit the risk of counterfeiting to the minimum and, where necessary, to identify any counterfeit banknotes:

- Feel it: the print is "raised" by special printing processes which give the banknotes their unique feel.
- View the banknote while holding it up to the light: when the banknote is held up to the light, the watermark, security thread and the see-through register will be visible. All three features can be seen from the front and the reverse side of a genuine banknote.

- View the banknote while tilting it: on the front of the banknote will be the shifting image on the hologram foil stripe (on the low-value banknotes) or the hologram foil patch (on the high-value banknotes); on the reverse side the iridescent stripe (on the low-value banknotes) will be glossy, or the ink (on the high-value banknotes) will change colour.

These improved security features guarantee that the euro banknotes will be as well protected against counterfeiting as the national banknotes currently in circulation in the euro zone. Indeed their complexity makes the work of would-be counterfeiters much more difficult. The security features will also make it possible to check the authenticity of the banknotes quickly and easily. Consequently, people who pay attention can guard against the risk of accepting counterfeit banknotes, whether they be, for example, financial institution professionals, traders or consumers. With a view to ensuring that these marks become known and therefore easily spotted, the European Central Bank is conducting an information campaign devoted to the security features.

The ECB also keeps a database in which it stores information on counterfeit money, while at the same time establishing a centre for the analysis of counterfeit money. Finally, the European Police Agency (Europol) is responsible for combating counterfeiting, especially in the case of euro banknotes. The Eurosystem and the national police services will make their own contributions to the fight against counterfeiting.

And what about the coins?

Even if counterfeiting coins is in principle less interesting for counterfeiters, there is nevertheless a risk. The coins have been manufactured to advanced technical specifications and this makes them extremely difficult to reproduce and easy to detect.

Particular care has been taken to ensure protection of the EUR 1 and EUR 2 coins through the incorporation of specific security features. Thanks to an advanced bi-metal technology, these coins are difficult to counterfeit. In addition, there is lettering around the edge of the EUR 2 coin. The euro coins incorporate highly reliable elements that are machine-detectable, especially in vending machines.

Distribution: a large-scale operation

The Eurosystem (which comprises the ECB and the national central banks of the countries which have adopted the euro) is a decentralised system. That is why the European Central Bank does not need to establish a technical infrastructure for that purpose, e.g. strongrooms, distribution centres and centres for processing banknotes. It is the national central banks - which already have the infrastructure needed to put the banknotes into circulation - which will distribute the euro banknotes to the banking sector and which will take on the operational tasks. In all countries of the euro zone, the banknotes and coins will have been distributed to the main institutions, banks, post offices and cash transport companies during the last few months of 2001. The national Ministries of the Interior and the police services of the countries of the euro zone have taken exceptional security measures to meet the risks associated with the distribution of the banknotes and coins on such a scale. They have been working in close co-operation with the national central banks, the commercial banks, associations of traders and the cash transport companies. In addition, some countries are using the army to protect the convoys. The following are two examples from among the 12 countries which are members of the euro zone.

Example 1: France

Summary of an article by Anne Danis in the daily *Les Echos* (31.8.2001)

In France, around 32,000 tonnes of coins will have to reach the 50,000 sales outlets on French territory within 13 weeks. The arrangements have been taken in hand by the cash transport firms at 81 departmental storage centres which are managed by them and which, since 22 August, have been supplied by highly protected armoured SNCF trains. The Banque de France was also involved in the planning of deliveries to cash transport firms, as regards the rate of supply to the departmental depots. One of the two cash transport firms selected for the operation has increased its workforce by 500 (out of a total of 3,200). This firm also renovated 110 armoured trucks which had neared the end of their service life in order to increase its fleet of 580 trucks. Each of these trucks can carry barely more than 400 kilograms of coins. This is equivalent to no more than 100,000 francs. It is therefore not the risk of a hold-up which makes the arrangements so difficult but rather the weight of the coins. In order to spread out supplies, one of the cash transport firms has set up two supply channels: one involves including euro kits on each ordinary round, while the other involves delivering only coins to bank branches using the additional 110 trucks. On 1 December it will be the turn of the banknotes. From a logistic point of view, these will be "traditional" transfers. However, in

terms of security this will be the phase which will be feared most by the security guards.

Example 2: Germany and third countries

In Germany, the introduction of the banknotes and coins has entailed a level of complexity not applicable to the other Member States. Not only is this the most populous country and therefore the one whose needs are greatest but, in addition, the Bundesbank also has to manage the changeover to the euro in countries which are not members of the monetary union but in which the Deutschmark is widely used. The proportion of Deutschmarks used outside Germany is said to be between 30% and 40% of the total cash in circulation. The recent adoption of the German currency in certain Balkan countries such as Kosovo and Montenegro has reinforced this trend. The amount of euro coins and notes manufactured by Germany is therefore proportionally larger than its demographic weight in the monetary union. The two printing works entrusted with their production must deliver, by 1 January 2002, 4.3 billion banknotes, representing 30% of the total for the euro zone. As the Bundesbank does not have branch offices in these countries, it is the commercial banks located in Central and Eastern Europe which have the difficult task of distributing the euro while collecting the DM notes and coins. They will be responsible for the transport costs, insurance and the security of the convoys which will transport the new currency beyond the borders of the euro zone. The reason for this is that, in these areas too, the euro will be used from the very first days of 2002. ■



When the national currency will cease to be legal tender:

31.12.2001	Germany
28.1.2002	Netherlands
9.2.2002	Ireland
17.2.2002	France
28.2.2002	Austria, Belgium, Finland, Greece, Italy, Luxembourg, Spain and Portugal

New Currency, Stable Prices



Consumers might experience some difficulties in the first days of 2002 to compare prices. With some effort to learn the new values and prices they should nevertheless very soon be in the position to compare and choose again their favourite shops and suppliers. Within 100 days citizens in the euro zone will have, in most of the cases for the very first time, Europe in their hands. It is a challenge we cannot miss.

To make the changeover a success, each and every actor should be involved.

David Byrne, Commissioner for Health and Consumer Affairs at the Internal Market/Consumer Affairs Council on 27 September 2001.

"Everyone is looking out for their own selfish interests these days. That's why I am going to be worried when I am shopping with the euro," said a Belgian housewife during a recent television report on the introduction of the euro. Judging by the evidence of many polls conducted by Eurobarometer and others, she is not alone in fearing that the introduction of euro notes and coins will be exploited by traders to cheat consumers into paying higher prices.

Such anxieties are altogether natural. In the first few weeks of 2002, most people will be in the process of learning new values. In the old currencies, certain prices – a newspaper, a loaf of bread, a cup of coffee, a glass of beer – are firmly stored in our memories. We shall have no such memory in the new currency and dealing with euro prices will be a bit like learning a foreign language. We cannot know intuitively whether the old national currency price has been faithfully and honestly converted into euros.

Obviously, it will pay everyone to be vigilant and to use whatever means are available to check conversions. But it is also important to keep in mind that all countries in the euro zone have built strong defences against the price cheat, and are trying to maximise trust and confidence between the trader and the consumer during the changeover period. This will not be an easy time for many traders, and the vast majority will be anxious to convert their prices accurately to avoid any complaints from customers.

Since prices of some products regularly rise and fall, there will inevitably be price rises in the last months of this year or the first few months of next year that

will have nothing to do with the cash changeover. Many of them may be on foodstuffs. Peter Brabeck-Letmathe, the managing director of Nestlé, spoke for many food companies in a recent interview with the French business newspaper *Les Echos* when he said *"every year, our prices go up and down according to the markets and the cost of raw materials. Our prices have not been specially adjusted because of the euro."* Nevertheless, consumers will be paying more attention to prices this year and may question such "normal" price behaviour.

While competition will help to maintain global price stability, the Commission and the Member States have tried to leave nothing to chance. They have built a number of defences to prevent unjustified price rises:

1. European level "Eurologo good conduct" agreements between retailers, distributors and consumers.

The two most significant are:

- the June 1998 agreement brokered by the Commission and covering retailers, SMEs, the travel and tourist industry, hotels, restaurants and cafés, and the oil industry. Among other things, the associations committed their members to use only the official conversion rates and abide by the rounding rules (see below), to provide information on the euro, ensure comprehensive widespread dual pricing and to accept payments in euros. Outlets applying the agreement displayed a 'smiling face' Eurologo.
- the 2 April 2001 agreement, again brokered by the Commission, was a relaunch and update of the earlier compact. Based on the slogan "new currency, stable prices", the agreement commits retailers to ensure price stability when fixing prices in euros and to give greater visibility to euro prices than those in national currencies from September 2001. For their part, consumer organisations will raise consumer awareness of retailers' commitments. The agreement has been adopted at national level in Italy and applied in various forms in every Member State except Germany and the Netherlands. Signatories were representatives of European consumers, craft organisations, the distributive trades, the tourist industry and SMEs.

2. National level "good conduct agreements".

Germany and the Netherlands have applied their own retailer/consumer codes while national representatives in other Member States have also made agreements supplementing the Eurologo. In France, for example, food and producers of mass consumer



goods together with retailers and distributors pledged in April 2001 that the conversion of francs to euro should be governed by "good faith, transparency and neutrality". They also agreed to freeze all price increases (except those of seasonal and agricultural products) between November 1 and March 31. They also agreed not to pass on to the consumer the costs of the changeover. In Italy more than 26,000 businesses, including all major branded goods manufacturers and retail chains, have issued the same undertakings while the Spanish retailing and service sectors have promised to keep prices stable.

3. Government undertakings

Finance Ministers in all Euro zone countries have undertaken that "overall, conversion into euro of all prices, charges and fees administered by their governments will be price neutral or smoothed in favour of the consumer".

4. Dual pricing

Though voluntary in all Member States except Austria, Greece and Portugal, dual pricing has been widely practised – according to one estimate by more than 50% of traders in the distribution sector – and will continue in all member States for varying periods after 1 January 2002. Dual pricing helps to make consumers more aware of the euro and to learn a new scale of values. Equally important, it allows the consumer to follow the evolution of prices during the changeover period and be in a position to sanction any undue rise.

5. Conversion and rounding rules

An EU regulation that is law throughout the Euro zone spells out precisely the compulsory conversion rate and how conversions should be rounded up or down. Essentially, after any conversion to euro, the euro cents figure should be rounded up when the third decimal place is 5 or above and down when it is 4 or below. Thus €4.355 becomes €4.36 and €4.354 becomes €4.35. These rules govern conversions for dual display amounts to be paid according to an existing contract in national currency. Most retailers will use display charts and other instruments to help consumers make conversions.

6. Price monitoring

The media in all Member States are likely to keep a keen eye on prices but, in most of them, monitoring will be regularly carried out well into 2002 by governments or local observatories specially created by some governments (e.g. France, Belgium, Italy and Spain) or by specific departments of the public administration (e.g. Austria, France, Finland).

7. Competition

Retailing, especially of food and fast moving consumer goods, has never been more competitive in the European Union than it is now. Price is a key weapon in winning customer loyalty and loss of market share could face any large operator trying to raise its profit margin at the time of the changeover. ■

Seven measures to maintain stable prices

- 1 The "eurologo" and undertakings by retailers and distributors to avoid price rises;
- 2 National "good conduct" agreements between consumers, retailers and distributors;
- 3 Dual display of prices;
- 4 Rounding rules;
- 5 Government undertakings;
- 6 Price monitoring;
- 7 Competition.



Ireland: "A diversified media plan"

Since its launch in 1998, the national information programme relating to the euro, which was drawn up by the Euro Changeover Board of Ireland, has covered all available information and awareness tools with a view to offering the Irish people optimal preparations: e.g. printed and audio-visual materials, opinion polls and surveys, a website and targeted messages in line with the specific needs of the various target groups. While the media communication campaign itself began in October 2000, the teams responsible for designing the campaign were established during the summer of 2000.

Two main phases were decided. The main message broadcast during the first phase (which ended in August 2001) aimed at enabling the public to integrate the basic elements relating to the new currency: mainly the value of the euro and the date of its introduction. The second phase of the cam-

paign began in September 2001. The aim is to reinforce the main message previously broadcast, by accompanying it with additional information. The Euro Changeover Board ensured the inclusion of messages concerning the visual appearance of the notes and coins and the main characteristics guaranteeing their security. Considerable efforts were also made as regards the quality of information relating to the practical aspects of the introduction of the notes and coins as from 1 January 2002 and also the dual-circulation period.

All the media were used during this period, including television, the (national and regional) printed press, the radio, specialists and grass-roots communication. The main efforts are, of course, being made from September 2001 and until the actual introduction of the notes and coins.

(> 6)



(< 5) Germany: “Generate positive feelings”



The German campaign has a twofold objective: on the one hand, to generate positive feelings among the general public, remove prejudices against the euro and gain acceptance for it and, on the other to provide practical information and knowledge concerning the introduction of the banknotes and coins. While, of course, the introduction of the euro is a matter which concerns every citizen, the campaign is aimed, in particular, at target groups such as sceptics resigned to accepting the euro, opinion leaders who exercise considerable influence and also disadvantaged persons and the elderly.

With a view to preparing the ground and increasing the degree of acceptance of the euro by emphasising the values underlying its introduction, the campaign relies on various personalities who are well known in Germany and who inspire confidence. They include Helmut Schmidt and Richard von Weizsäcker, who are respectively former Chancellor and former President of the Federal Republic, and Sabine Christiansen, the presenter of a well-known talk show on the ARD channel. In addition to the media campaign (advertisements, posters and TV commercials), the second phase of which began in April 2001, targeted communication measures have

been drawn up with a view to supplementing traditional measures in areas where they have not had sufficient reach, credibility or effectiveness. Thus the groups targeted by this special communication initiative are students, the elderly and also SMEs. In addition, the “Euro Made Easy” project is also being implemented in Germany in order to meet preparation problems involving the elderly, disabled people and the socially disadvantaged. Among the activities developed in this connection, mention may be made of the creation of sites for the hard-of-hearing, seminars for the Turkish population, seminars in prisons, and euro-shopping sessions with the elderly.

Generally speaking, the communication plan has increased the number of information channels, including a euro-telephone, a detailed information brochure and a Euro-Zelt-Tour. All of them have been supplemented with a website (www.aktion-euro.de) to add to and deepen the information disseminated during the campaign by giving access, for example, to a forum, a quiz, various articles by experts and, in particular, up-to-date reports and educational material which can be downloaded by teachers and students.

Austria: “Priority for direct dialogue”



The Euro initiative of the Austrian federal government has increased the number of campaigns during 2001 with a view to enabling citizens to get through the difficulties associated with the new currency. Priority has been given to a direct dialogue with the Austrian population. Thus information centres and action and conference days on the euro organised in all the provinces have, for example, made it possible to reply directly to specific questions and put to rest any fears or uncertainties.

The Euro initiative has also relied on partnerships in the context of the information network established in co-operation with the Austrian central bank, the banking sector, chambers of commerce, associations etc., in order to be in a position to provide full information to all sections of the population and all the target groups. The objective is to make available to these groups means of communication suited to their needs and to inform them in detail through direct contact. In addition to the schools, young people, consumers, the elderly, groups of people who have difficulty in accessing information, and also our fellow

citizens whose mother tongue is not German, have thus been the focus of the information activity. The Euro-initiative is also co-operating with Austrian radio (ORF) and other stations and television channels.

In addition to many forms of co-operation with the media and the production of information documents (brochures, folders, books, posters, postcards, gift articles, etc.), the Euro-initiative has conducted three major campaigns during 2001. A “mobile information unit on the euro” has been made available for important events (fairs, exhibitions and cultural and sports events) in order to promote discussion and answer requests for information. “Information days on the euro” were organised during the spring and summer across the nine provinces, while information conferences were geared to the various target groups. Finally, the “Eurotrain” has continued to stop at stations to offer special programmes for these groups. To these resources were added, of course, “the telephone to Europe” (0800/221111) as well as the Euro-initiative website (www.euro.qv.at).

Luxembourg: “Information, preparation and establishing confidence”

Luxembourg’s communication campaign is aimed at six target groups (the general public, vulnerable sections of the population, young people, tourists, government employees and businesses) and is being organised under the aegis of the Ministry of the Treasury and Budget. It is the outcome of large-scale co-ordination work. The communication co-ordination effort covers, among others, the Luxembourg central bank as well as the subscribers to the Charter adopted in 1998 in connection with the preparation of citizens for the euro.

The action plan relating to the general public is divided into three stages: information, preparation and establishing confidence. The information effort is built around the distribution, in June 2001, of information in four languages (French, German, English and Portuguese). The general distribution of this free publication with 16 DIN A3 pages was preceded by an introductory campaign on the radio. The “preparation” stage was based, in particular, on the distribution of a logo, use of dual price display and the conversion of accounts. As far as concerns the “establishing confidence” stage, this is based on the conclusions of the “private sector” Round Table held on 26 March 2001. These conclusions were,

in particular, signed by the Chamber of Commerce, the Chamber of Trades, the Confederation of Commerce and the Luxembourg Consumers’ Union. In this respect, the Luxembourg authorities have paid particular attention to the attitude of the public authorities. The conversion of euro amounts, which in some cases give rise to comprehension problems, is accompanied by setting a new rounding system which is systematically calculated to the advantage of the citizen.

Another original initiative to be noted concerns the efforts undertaken on behalf of young people. Under the aegis of the Ministry of National Education, young people have in fact benefited from the adaptation and re-publication of primary and post-primary schoolbooks, from an awareness-raising day devoted to the euro organised in all the secondary schools and from the distribution, since 1999, of a brochure which includes a euro test entitled “40,3399 Frang fir een Euro!” The teachers have, of course, been included in this approach, and continuing training courses relating to the euro have been offered to them. In addition, a guide to training in the euro has been produced for them.



Portugal: “The right answer”

In Portugal, as elsewhere in the European Union, a large proportion of the population expects to have the notes and coins in their pockets before experiencing the reality of the euro. However, it is clear that the familiarisation process cannot be carried out in one go and that, on the contrary, it forms part of a long-term process. That is why the Portuguese authorities have adopted a three-phase communication campaign which has, of course, been added to the efforts undertaken since 1998 in relation to government departments, businesses and citizens.

The first phase of this campaign began in April 2001 and ended in September by focusing on the “arrival” date of the euro and its value. At the same time, the information distributed aimed to reassure the population and enable it to develop a more “emotional” relationship with the new currency. The aim of the second phase, which lasts from September to December, is to meet the growing need for information from people as the introduction date approaches, through the adoption of a much more detailed communication plan in reply to more specific questions: such as “*what will the coins and*

notes look like?”, or “*in what way will the euro affect my daily life?*”. Here the aim is to counter the emergence of any feelings of anxiety with the approach of 1 January. However, the Portuguese communication plan does not end on 1 January. From January to February 2002, communication activities will focus on the measures to be taken during the dual circulation period: go to the bank, do not forget that the escudo will no longer be legal tender as from 28 February, etc.

With a view to ensuring that all this information has been correctly distributed among a very wide public, the Portuguese communication campaign has deliberately chosen to highlight key values such as clarity, confidence and security. These are conveyed through a “spokesperson” who serves as a vehicle for these values while enjoying great popularity: he is Carlos Cruz who does not ask questions but gives the reply, “the correct reply”. All of this is, of course, supplemented by a large-scale media plan which makes use of e.g. television, the radio, the press, posters, brochures, the telephone and the Internet. ■



What are the Member States doing to launch the euro?

Greece: learns to love the euro

Humphrey Hawksley on Rhodes for BBC News, 3 September 2001

With the changeover to the euro only weeks away, efforts are being made to explain the new currency in many European countries. In Greece, cash registers and bank accounts automatically give euro and drachma prices, but government officials admit their own campaign might have fallen short. So private individuals have taken it upon themselves to do the explaining.

Religion, culture and language still bind people in the remote Greek village of Salako on the island of Rhodes. But soon the church collection box will be taking in euros, and not drachma.

Retired banker Eugene Kandaris spends his days in the villages of the region, telling people there is nothing to be afraid of. Most are old enough to remember the lira during the Italian occupation half a century ago, so a new currency is no big deal at all.

"My eyes are so bad, I can't see how much it's worth", says one elderly villager.

"This is 100 euros," says Mr Kandaris. "It's about 40,000 drachma. So this is your whole monthly pension." This part of Greece - on the very outer edge of Europe - has a history of change and shifting influence, whether through invasion or tourism. "The euro will be no problem at all. Everything will be fine," says Dr Savvas Karayannis, Governor of the Dodecanese. "We've had visitors spending different money here for centuries, and now we're lucky because we have tourists coming here all the time."

Italy: the euro will force Italians to hand over their wallets



Rory Carroll in Rome for *The Guardian*, Tuesday July 17, 2001

No one mentioned the catch when they signed up to the single European currency, but now it is too late. Italians have been told to dump designer wallets for the square, sturdy purses used by their grandparents. Soft, slimline leather styles of the likes of *Gucci* and *Prada* will be too flimsy for the euro coins and notes which will sweep through Italy on 1 January 2002.

Purses with buckles, zips and several compartments, which were in vogue more than 50 years ago, will be needed regardless of the bulge in tight clothing, warned experts.

"The wallets we use today can be calmly put back in the drawer, from where we should instead take out those old styles," said the Rome daily newspaper *La Repubblica*.

Decades of inflation whittled the lira's value so that coins became rarer, with the biggest, 1,000 lire, worth 31p. Euro coins will be much more widespread as well as heavier. The two-euro coin will weigh four times more than the 1,000-lira coin.

The new notes will also be wider and shorter than the lira, dooming rectangular wallets that designers said were more elegant and sleeker than the taller, squarer models of old. Exactly the types bequeathed by grandparents, which have lain in drawers and attics for decades, said *La Repubblica*, urging readers to cheer the rebirth.

A recent treasury statement welcomed the return of the coin-carrying purse but assured the fashion-conscious that designer labels would offer their own versions: "Leather-goods makers are getting their act together and have already designed new collections of euro-compatible products."

Germany: the Bundesbank is taking an interest in the holders of Deutschmarks

The German central bank is offering an information brochure in Russian, Polish and Turkish on the introduction of the euro notes and coins in order to encourage private individuals in these countries who have traditionally been very attached to the Deutschmark to exchange them for euros. Information centres relating to the new European currency have also been opened in Turkey and in Central and Eastern Europe. At the present time, the Bundesbank does not know how many Deutschmarks are circulating abroad. According to a study carried out in the 1990s, the amount is estimated at 30%-40% of the currency in circulation, i.e. DM 65-90 billion. "It is difficult to say whether these orders of magnitude are still applicable: what is certain, is that large sums in the form of DM notes are still circulating abroad", says Ernst Welteke, President of the Buba (as it is familiarly called).

Austria: EuroTrain 2001

Going out to meet citizens in order to provide them with information and reassurance: this is the aim of the EuroTrain which has criss-crossed Austria, stopping at around 60 stations. Over a period of three months and through a partnership with local bodies in each of the towns and cities visited, thousands of citizens have been made aware of what the introduction of the euro involves.

Spain: facade in Saragossa



The Saragossa delegation has decorated the facade of its building with a large sign devoted to the euro. In particular, it carries the official slogan of the Spanish campaign: "el Euro, nuestra moneda". The eight coins and seven notes are also shown in this display which will last beyond 1 January 2002. The illuminated panel of the centre will serve to announce practical information concerning the euro until 30 June 2002.



France: the euro in flowers in Lyon

Passage du Franc à l'Euro

Vous vous trouvez devant le projet « EUROVEGETAL » réalisé par le Service des Espaces Verts de la Ville de Lyon en partenariat avec la Cité de Lyon, et l'entreprise Creaire Affix

Le jour de l'adieu au franc, le 17 Juin 2002, le motif en place de votre macédoine végétale sera garni de la note la plus représentative sous son aspect photographique pour un franc et rempli des monnaies en 1, 2 et 5 euros de France de papier.

Avec le projet « EUROVEGETAL » la Ville de Lyon propose aux habitants de Lyon de participer à la création d'un espace vert de la Ville de Lyon, en partenariat avec la Cité de Lyon, et l'entreprise Creaire Affix.

Pour que le projet « EUROVEGETAL » soit le plus facile pour tous, la Ville de Lyon propose de créer des jardins communautaires à Lyon, en partenariat avec la Cité de Lyon, et l'entreprise Creaire Affix.

Merci de respecter les structures mises en place par les jardiniers de la Ville de Lyon

Comm. M. 01-2002
Service des Espaces Verts
M. 20 00 60

In Lyon, the department of parks has chosen to welcome the euro with flowers. At the present time, a canvas 1 franc coin covers a bed of blue, mauve and lemon-yellow crocuses. When they next bloom, the canvas will disappear to make way for a magnificent euro made completely of flowers. Who says that money lacks poetry?

Ireland: Guidelines for Primary Teachers

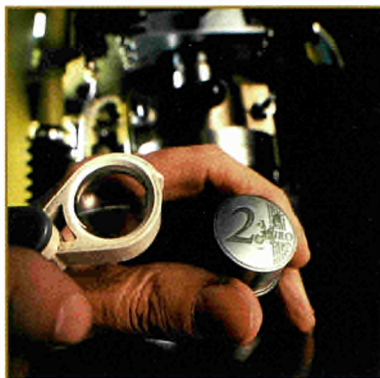
Mathematics - the introduction of the euro could be an opportunity for teachers to revisit the decimal system and take pupils through the process of converting amounts from euro to Irish pounds and vice versa.

Economics - the evolution of money from the barter system to the introduction of coins, and later, notes would be an interesting topic for older classes. The banking and finance system in Ireland could be touched upon. The period of non-cash euro before the introduction of euro notes and coins on 1st January 2002 could be outlined.

Art - The designs of the euro notes and coins could be discussed, and why the designs were selected could be debated.

History - The changeover is an opportunity to cover the EU in general and its impact on national issues. It represents a further stage on the path towards greater economic unity. The balance between national and EU identity could be debated.

Local Studies - Coins are made from metal and this gives rise to issues related to mining. Where schools are close to mines, e.g. Silvermines, Avoca, Mayo, etc. the impact of the mines on the local economy and lifestyle could form part of a local studies project.



Information Technology - A possibility here would be to set up a spreadsheet which could serve as a conversion calculator between the euro and the Irish pound (and between the euro and other participating currencies). In this way, the power and versatility of the spreadsheet could be displayed in a practical way to the pupils.

Technology - The new coins and notes will require changes to many of the machines which help modern society to function. Among these will be bank and building society ATM machines, vending machines and coin operated telephones. The issues arising in such changes, the extent of use of such machines etc. could be discussed. (source : Euro changeover board of Ireland)



(< 1) How deep is your knowledge of the euro?

What the law allows

1. The monetary laws governing the changeover to the euro have been established by EU directives.

- True
 False

2. Shopkeepers are perfectly free to round up and down prices as they wish.

- True
 False

3. If after conversion to euro an article costs 33.434, what is the correct rounded amount?

- 33.435
 33.43
 33.44

4. The rates at which national currencies are converted into euro have been fixed:

- Permanently
 Provisionally

Notes and Coins

1. All euro banknotes will carry the national symbol of the Member State that issued them.

- True
 False

2. All euro coins will be exactly the same on both sides.

- True
 False

3. One side of euro coins will be identical in all Euro zone Member States, but the other side will carry a national symbol chosen by the country of issue.

- True
 False

4. How many euro coins will there be?

- 7
 8
 9

Answers

(> 12)



The euro in the accession countries: a gradual process

In the case of future members, their entry into the European Union will go hand in hand with adoption of the euro. However, the two operations will take place according to different timetables. At the EURO 2000 Conference, which was held in Budapest in September of this year, several speakers recalled the major principles underlying this operation. The following are a few interesting extracts.

Pedro Solbes, the European Commissioner responsible for economic and financial affairs explained how the Commission was preparing the ground: "We have clarified the path that will eventually lead the candidate countries to the adoption of the euro. In this way, we have eliminated uncertainty, and these countries have started their preparations for participation in EMU." He said that when a candidate country actually becomes a member of the European Union, the path to the euro will be open to it, although the two operations will not be simultaneous: "On entry into the EU, that country will have the full status of a Member State, together with a derogation as regards adopting the euro. This is the same status that Greece, for example, had until June 2000. This status is guaranteed by the Accession Treaties. Upon accession, however, these countries must comply with certain obligations. The new Member States will have to treat their monetary policy as a matter of common concern. Once they have reached a high degree of convergence - which means fulfilling all Treaty convergence criteria, including at least two years of participation in the ERM-2, in a sustainable manner - they can adopt the euro." The Commissioner added: "I am firmly convinced that implementation by the accession countries of the reforms required for membership of the Union is the most appropriate way of preparing for future participation in EMU."

No timetable required

It is clearly important to indicate that a country which wishes to become a member of the European Union must adopt the euro in the long term, although there is no obligation as to a timetable. Christa Randzio-Plath, Chair of the Committee on Economic and Monetary Affairs of the European Parliament stated: "Participation in Economic and Monetary Union will be the final step towards economic integration, and there will be no facility for the accession countries such as the opting-in facility granted to the United Kingdom or the opting-out facility granted to Denmark." She recommended to the future members not to go too fast: "In my view, the accession countries would be well advised not to push too hard for early EMU membership before their economies have 'digested' the competitive shock of participation in the single market. We have all witnessed the negative effects of prematurely abandoning the instrument of exchange rate adjustments in the case of German reunification."

In the countries concerned, the message has been fully understood. Michael Tomasek, Adviser on European Union affairs at the Komerční Banka in the Czech Republic and Chairman of the European Integration Committee of the Association of Banks, Prague, is very clear in this regard: "I believe that the euro will

become our domestic currency some time around 2010. However, the Czech Republic is heavily exposed to cash flows from Germany and Austria, our two large neighbours, and the German mark and Austrian schilling are already considered to be second currencies in my country. That is why since 1998 we have been very deeply interested in the euro introduction process. Euro payment systems have been functioning in my country since January 1999 and at the present time 60% of all foreign exchange transactions are in euros. As the deadline for the introduction of the euro coins and notes was approaching we discussed with all our Czech and foreign partners, in particular the European Banking Federation and the European Central Bank, how to organise the process. We have raised several matters relating to security, in particular measures to be taken against counterfeiting and also commercial measures relating to banking products. We have also finalised the changeover to the euro which will be managed entirely by the commercial banks, without the involvement of the Central Bank."

Heavy involvement

In the view of Zsigmond Jarai, President of the National Bank of Hungary, the accession countries have a strong interest in monetary union: "Our countries are much more than just third countries for the euro area, since their commitment to the success of monetary union - including the cash changeover - has already been proved with their acceptance of the Copenhagen criteria. More than any other third country, we are concerned about the successful introduction of the euro notes and coins." He said that was why the National Bank of Hungary was increasing its communication efforts, in particular through its website, a recent section of which was entirely devoted to the euro cash changeover. As explained by its President, the Bank had also done a considerable amount of work on security: "In order to combat counterfeiting, we have organised seminars for persons who handle euro cash in order to prepare them to recognise the safety features of the banknotes and coins."

In the accession countries, consumer protection associations have also drawn up programmes to inform and train citizens. This is particularly the case in Hungary. Istvan Garai, President of the National Consumers' Association, which was set up in 1982 and is based on 45 local organisations, has listed the main initiatives: "We have organised public forums, press conferences and interviews in the press and audio-visual media. We have also published many documents. Our efforts have been particularly directed at more vulnerable consumers such as the elderly, disabled people, consumers in rural areas and people who have not received sufficient training. We have also worked with young people by setting up competitions, quizzes and contests."

The final word belongs to Janos Martonyi, Minister of Foreign Affairs of Hungary: "European integration is not solely a question of a large market, common rules or a single currency. It is the final political objective of a more united Europe so that it can become a more secure and more solid whole - a region of peace, stability and security." ■

10 good reasons for using the euro

According to Ioan Ciuperca, Director of the International Chamber of Commerce, Romania, the following are 10 good reasons why Romanian firms should use the euro:

1. Reduced exchange risk
2. Price transparency
3. Increased competitiveness
4. E-business and E-payments made easier
5. General use of euro accounts
6. Reduction of costs due to use of foreign currencies
7. Commercial opportunities
8. New business strategy
9. New image in markets
10. Upgrading of IT systems

Chairman of the European Integration Committee of the Association of Banks, Prague, is very clear in this regard: "I believe that the euro will



January and February 2002: 2 months in 4 questions

1

As from 1 January, notes and coins will circulate throughout the entire euro zone. What are the key figures for this large-scale operation?

The euro notes are being produced at the rate of around 1 billion notes per month. At the end of August 2001, nearly 11.3 billion notes had already been produced. This was more than the 10 billion notes which have to be put into circulation and slightly more than 75% of the total quantity to be produced by the end of 2001. The production rate for coins is 1.9 billion per month. The total quantity of coins produced at the end of October represented around 94.6% of the quantity required for 1 January 2002 and will amount to around 48.8 billion coins (out of a total volume of 51.6 billion).

2

What are the main challenges to be met for the purpose of guaranteeing maximum success for this unprecedented operation?

The introduction of the euro notes and coins constitutes, above all, a huge logistical challenge. A new currency will be introduced in twelve countries, while all the other currencies will need to be withdrawn from circulation within a very short period. This is entailing major efforts. This operation - which the Member States have been planning for nearly four years - will involve close co-operation between the national economic bodies, the banking system, the companies responsible for the transport of cash and also the national security forces.

The second major challenge is to ensure that all economic operators are ready for €-day. Preparations have been completed, so to speak, at the level of national public administrations, the banking sector and the large commercial companies. However, efforts are still needed to encourage preparations by small and medium-sized enterprises and by the general public. These efforts include the launch of the most recent phases of the information campaign promoted by the Commission, the national governments, the national central banks and the ECB. These campaigns are targeted at all sectors of the economy and society.

In particular, the Commission considers that it is necessary to step up the information operations instituted by the public authorities and business associations in relation to the SMEs. Moreover, it is necessary, on the one hand, to step up the information drives aimed at the general public, in particular people who do not have easy access to information and, on the other hand, to ensure that transition policies are introduced everywhere (for bank accounts, book money payments, prices, pay etc.) in such a way as to encourage gradual immersion in the euro environment and to assist people to become accustomed to a new values scale.

3

Each country has chosen its own timing somewhere between the German "big bang" and the 28 February date. Will not these different dates give rise to problems?

While it is true that the Member States have laid down their own timetables for the changeover to the euro, it is nevertheless also true that these have been managed with an eye to the solutions adopted by the other Member States in the euro zone. The dual-circulation period will be the same in all Member States except three (France, Netherlands and Ireland) in which the period will in fact be shorter, and this will speed up the introduction of notes and coins, though without interfering with the operations which will be carried out in the other countries. It should also be noted that the "big bang" continues to be mainly a legal question. Thus while the DM will no longer be legal tender as from 31 December, under the "Common Declaration" payments will nevertheless be accepted in DMs until 28 February 2002. In practical terms, this means that there will be no major difference between what happens in Germany and in the other Member States.

4

What do the European authorities expect from commercial operators and financial institutions during this period?

Retailers are a key sector in the context of the changeover to the euro: they will be in the front line during the first days of 2002 when notes and coins come into circulation. The banks also have a key role to play in the distribution of cash, both before and after 1 January 2002. On several occasions, the Commission has emphasised how important it is for these sectors - and also for all the other sectors of the economy - to be fully prepared for the changeover. Its recommendations regarding good practices are contained in two communications from the Commission published respectively in April and October of this year. In particular, in the case of the banking sector, the Commission has recommended that efforts be continued with a view to accelerated adaptation of ATMs and the distribution of euro notes on 1 January in the countries which are currently lagging behind. As regards retailers, the Commission considers that special attention should be given to shops and that awareness should be created regarding the practical and logistical problems involved in the changeover to the euro (cash registers, giving change, queues, handling of notes and coins etc.). ■





Cross-border payments in euros

On 26 November 2001 the Council reached a political agreement as follows:

- As from 1 July 2002, the charges levied by a bank in respect of electronic payments up to EUR 12,500 will be the same as the charges levied in respect of such payments within the State of establishment;
- As from 1 July 2003 at the latest, charges in respect of cross-border credit transfers of this amount of euros will be the same as the charges levied in respect of such credit transfers effected within the State of establishment;
- as from 1 January 2006, these amounts will be increased to EUR 50,000. ■



About Inf€uro

Inf€uro is published six times a year in the 11 EU official languages by the European Commission's programme "Euro: one currency for Europe".

Production and layout:
De Visu Digital Document Design, Brussels

Coordinator:
SCAT - Juan Arcas, Brussels

Translations: ISO, Brussels

Editorial coordination :
Synedi, Brussels
with the editorial collaboration of Benoît July and ECO-European Communications, Brussels.

Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which may be made of the information contained in this publication.

The unexpected euro

Collectors take note! San Marino, Monaco and the Vatican have their own coin too!



(< 1, 9) Answers

History

1. Treaty of Maastricht
2. 1992
3. A unit of account based on Member States' national currencies : European Currency Unit
4. 1 January 1999

Using the euro

1. False
2. False
3. 12
4. 28 February 2002

What the law allows

1. False
2. False
3. € 33.43
4. Permanently

Notes and Coins

1. False
2. False
3. True
4. 8



OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg