

ISSN 1027-930X

Inf€uro

NUMBER 9 / EN - Supplement

NUMBER 9 / EN - Supplement

Countdown to the
Euro
the course is set for
1 January 1999



This insertion replaces the one published in issue number 8, certain versions of which contained technical errors.

Euro keywords

European Central Bank :

the primary responsibility of the ECB is to ensure the stability of prices within the euro area. It is directed by a Council composed of the members of the Executive Board and the governors of the eleven central banks. The council sets the main lines of monetary policy, for implementation by an Executive Board. Members of the Executive Board are appointed for 8-year non-renewable mandates (those of the first Executive Board run between 4 and 8 years). The ECB's headquarters are in Frankfurt.

Convergence criteria :

conditions that must be met by a Member State for its currency to be included in the euro. The four principal criteria are: the public budget deficit should not exceed 3% of GDP unless it has already undergone a substantial reduction and any excess can be considered exceptional; public debt should not exceed 60% of GDP unless it is falling at a satisfactory rate towards this ratio; inflation should not be more than 1.5 percentage points above the three Member States with the best performances on price stability; long term interest rates should not be more than 2 percentage points above rates in the three Member States with the best performances on price stability.

Ecu :

it will be exchanged on 1 January 1999 at the rate of 1 Ecu = 1 euro. It will disappear at this date.

European Monetary Institute :

the EMI made the preparations for setting up the ECB and the monetary policy tools. It also expressed its opinion on convergence within the Union. It will disappear once the ECB is launched.

European Exchange Mechanism :

also known as the ERM2, it governs the exchange rate relations between the euro and the currencies of the 'pre-in' countries.

Pact for Stability and Growth :

an agreement between the members States to ensure respect for budgetary discipline and limits on public deficits. It provides for sanctions for countries participating in the euro in cases of failure to respect the budgetary criteria for inclusion in the euro.
























Definitive Conversion Rates :

the definitive conversion rates between the euro and each participating currency. This rate will be fixed by the Council on 1 January 1999.

Treaty on European Union :

the Treaty of Maastricht defined the three stages leading to the introduction of the euro.

Bilateral exchange rates pre-announced on 3 May 1998

	D 100 DEM	B/L 100 BEF/LUF	E 100 ESP	F 100 FRF	IRL 1 IEP	I 1000 ITL	NL 100 NLG	A 100 ATS	P 100 PTE	FIN 100 FIM
										
 D DEM										
 B BEF	2062.55									
 L LUF										
 E ESP	8507.22	412.462								
 F FRF	335.386	16.2608	3.94237							
 I ITL	40.2676	1.95232	0.473335	12.0063						
 IRL IEP										
 NL NLG	112.674	5.46285	1.32445	33.5953	2.79812	1.13812				
 A ATS	703.552	34.1108	8.27006	209.774	17.4719	7.10657	624.415			
 P PTE	10250.5	496.984	120.492	3056.34	254.560	103.541	9097.53	1456.97		
 FIN FIM	304.001	14.7391	3.57345	90.6420	7.54951	3.07071	269.806	43.2094	2.96571	

These rates are indicative. They have no legal value. They may not be included in information technology systems, nor be used as a basis for calculating definitive conversion rates. Companies using these rates do so at their own risk.

Timing	Actions	Responsibility
May/June 1998	<ul style="list-style-type: none">• Creation of the ECB* and appointment of its executive board• Start production of euro banknotes and coins• Adoption of necessary secondary legislation	<ul style="list-style-type: none">• Council (Member States participating in EMU)• Member states and national central banks• Commission proposes, Council decides
1 January 1999	<ul style="list-style-type: none">• Conversion rates are irrevocably fixed and legislation comes into force, notably on the legal status of the euro• Definition and execution of the single monetary policy in euro• Foreign exchange operations in euro• New public debt issues in euro, some outstanding debt redenominated in euro• Many large companies begin issuing invoices and making payments in euro• Banks begin converting payments in national currency units into euro for euro accounts	<ul style="list-style-type: none">• Council based on a Commission proposal• ESCB*• ESCB*• Member States, European Investment Bank, Commission and other issuers
1 January 1999 to 31 December 2001	<ul style="list-style-type: none">• Change-over to the euro by the banking and finance industry• Assist the whole economy in an orderly change-over (IT, accounting, dual display of prices, etc.)• Information campaigns for the citizen	<ul style="list-style-type: none">• Commission and Member States• Commission and Member States
1 January 2002	<ul style="list-style-type: none">• Start circulation of euro banknotes• Start circulation of euro coins• Complete change-over to the euro of public administrations	<ul style="list-style-type: none">• ESCB*• Member States• Member States
1 July 2002 at the latest	<ul style="list-style-type: none">• Cancel the legal tender status of national banknotes and coins	<ul style="list-style-type: none">• Member States, ESCB*

ECB - European Central Bank
ESCB - European System of Central Banks