

## 'The last touches for euro' from Crocodile (1997)

**Caption:** In 1997, in an article in the Federalist monthly journal Crocodile, Yves-Thibault de Silguy, Member of the European Commission with special responsibility for Economic, Financial and Monetary Affairs, outlines the issues involved in the practical aspects of the gradual transition to Economic and Monetary Union (EMU) and of the introduction of the euro.

**Source:** Crocodile. Letter to the Parliaments of Europe. Dossier 2-1997. Brussels.

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## The last touches for euro

Europe is today at the last lap before the creation of the euro. The political will of the Heads of State and Government, which has not faltered during the last two years, allowed for substantial progress to be achieved in the field of the convergence of the economies and for the definition of the necessary framework for the introduction of the euro (the growth and stability pact, the juridical status, the new exchange mechanism...): The process towards the economic and monetary union is today irreversible.

Nevertheless, the tasks of the European institutions are far from being completed. In fact, important questions still need to be solved. Among them, one finds the definition of the practical aspects of the transition.

Three major questions still need an answer:

- Which is the best date for the introduction of the euro coins and banknotes? The conclusions of the Madrid European Council fixed the deadline on January 1st, 2002. The Commission organised, on May 15, 1997, a round table with the participation of representatives from the social and professional interests (trade unions, consumers associations, banks, public administration, businesses...) to discuss the issue. The result of the discussions seemed to be that the best time for the material introduction of the new currency would be the autumn of 2001.

- Should there be a double indication of prices? If yes, for how long? Should this indication be compulsory? The double pricing is necessary for the consumer to get used to the new scale of values. But it might sometimes raise practical problems in case it is legally imposed to express the price of an article in various forms (for example price per piece and price per kilo). Unless such legal dispositions are adapted, the indication of prices in two currencies might impose four labels on each product; such a situation would be both costly and not easily readable. So, such rules should be rapidly specified.

- How long should last the period of the parallel circulation of euro and the national currencies? The European Council had decided a maximum period of six months. The representatives of the social and professional groups agree today that this period should be certainly reduced to some weeks only. Indeed, a long period of dual circulation would be both costly and difficult to manage. Furthermore, most of the machines using coins or banknotes (ATMs, parcometers... ) are not able to use simultaneously two different currencies.

The Commission launched some pilot studies, in order to examine more in detail these questions. The results will be analysed by groups of experts, the objective being to offer an answer to all the practical problems of the passage to the euro early on May 1998, that is at the time when the list of the of the first group of States participating in the Economic and Monetary Union will be known.

Afterwards the wide public should be duly informed. The public authorities have a stringent obligation to sensibilise the public and permit the consumer to get used to the new currency. Experience shows that currency changes are very complex operations that need to be carefully prepared. The United Kingdom, for instance, organised 18 500 public meetings between 1966 and 1971 to explain the decimalization of the pound sterling. For the same type of operation, Ireland handed out two million leaflets to three million inhabitants. That is why the Commission took, in 1996, the initiative to launch, with the active participation of the European Parliament and in cooperation with the member states, a multiannual information campaign for European citizens. In this context, more than 1 200 public meetings have been organized or cofinanced throughout Europe. These communication efforts will be gradually intensified as we approach the Euro 'deadlines'.

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