



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.6.2006
COM(2006) 320 final

2006/0109 (CNS)
2006/0110 (CNB)

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND
THE EUROPEAN CENTRAL BANK**

**Secondary legislation relating to
the euro and Slovenia**

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 974/98 on the introduction of the euro

Proposal for a

COUNCIL REGULATION

**amending Regulation (EC) No 2866/98 on the
conversion rates between the euro and the currencies of the
Member States adopting the euro**

(presented by the Commission)

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND
THE EUROPEAN CENTRAL BANK**

**Secondary legislation relating to
the euro and Slovenia**

On 16 May 2006, the Commission adopted a proposal for a Council Decision in accordance with Article 122(2) of the Treaty, proposing that Slovenia fulfils the necessary conditions for the adoption of the single currency and that the derogation of Slovenia is abrogated with effect from 1 January 2007.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the Slovenian tolar which will take effect from 1 January 2007 and will also have to take the other measures necessary for the introduction of the euro in Slovenia.

The Commission presents the respective proposals ahead of the decision of the Council on the abrogation of the derogation of Slovenia in order to ensure flexibility with respect to the date of adoption of the regulations by the Council.

The Communication includes proposals for:

- a Council Regulation amending Council Regulation (EC) No 974/98 on the introduction of the euro;
- a Council Regulation amending Council Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro.

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 16 May 2006, the Commission adopted a proposal for a Council Decision in accordance with Article 122(2) of the Treaty, proposing that Slovenia fulfils the necessary conditions for the adoption of the single currency and that the derogation of Slovenia is abrogated with effect from 1 January 2007.

In case of a positive decision, the Council will subsequently have to take the other measures necessary for the introduction of the euro in Slovenia.

Council Regulation (EC) No 974/98 on the introduction of the euro¹ governs the initial introduction of the euro in the first wave euro-area Member States and Greece. This Regulation has been adapted by Regulation (EC) No 2169/2005 in order to prepare for future enlargements of the euro area. Yet in order for Slovenia to be covered by Regulation (EC) No 974/98, a reference to this Member State needs to be added to this Regulation. Therefore, this initiative proposes amendments to this Regulation.

Slovenia's changeover plan specifies that the so-called “big bang” scenario should be applicable, i.e. that the adoption of the euro as the currency of Slovenia and the introduction of euro banknotes and coins in this Member State should coincide.

2. LEGAL ASPECTS

2.1. Legal basis

Legal basis for the present proposal is Article 123(5) EC, which allows for the adoption of other measures necessary for the introduction of the euro in the Member State the derogation of which has been abrogated under Article 122(2) of the Treaty.

The Council shall act with the unanimity of the Member States without a derogation and the Member State concerned on a proposal from the Commission and after consulting the ECB.

2.2. Subsidiarity and proportionality

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

The present initiative does not go beyond what is necessary to achieve its objective and, therefore, complies with the proportionality principle.

¹ OJ L 139, 11.5.1998, p. 1, Regulation as last amended by Council Regulation (EC) No 2169/2005 of 21 December 2005 (OJ L 346, 29.12.2005, p. 1).

2.3. Choice of the legal instrument

The Regulation instrument is the only appropriate legal instrument to amend Council Regulation (EC) No 974/98 on the introduction of the euro.

3. BUDGETARY IMPLICATIONS

The proposal has no implications for the Community budget.

4. COMMENTARY ON INDIVIDUAL ARTICLES

4.1. Article 1

In accordance with Article 1 lit. (a) and with Article 1a of Regulation (EC) No 974/98, the table in the Annex to that Regulation lists the participating Member States and defines the euro adoption date, the cash changeover date, and the "phasing-out" period, if applicable, for all these Member States. According to Article 1 lit. (i) of Regulation (EC) No 974/98, a "phasing-out" period can only apply to Member States where the euro adoption date and the cash changeover date fall on the same day. While this was not the case for the twelve currently participating Member States, Slovenia's changeover plan specifies the same date for the euro adoption date and for the cash changeover date. However, Slovenia has chosen not to have a "phasing-out" period.

This Article adds Slovenia and the following relevant data for this Member State to the table in the Annex to Regulation (EC) No 974/98 in protocol order.

Member State	Euro adoption date	Cash changeover date	Member State with a "phasing-out" period
"Slovenia	1 January 2007	1 January 2007	No

4.2. Article 2

This Article sets the date of entry into force of the Regulation at 1 January 2007, ensuring that it will be applicable in conformity with the timing of the other Council acts relating to the adoption of the euro by Slovenia, i.e. the date of the abrogation of the derogation and the date of the entry into force of the conversion rate of the Slovenian tolar.

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 974/98 on the introduction of the euro

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 123(5) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the European Central Bank³,

Whereas:

- (1) Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro⁴ provides for the substitution of the euro for the currencies of the Member States which fulfilled the necessary conditions for the adoption of the single currency at the time when the Community entered the third stage of economic and monetary union.
- (2) Council Regulation (EC) No 2596/2000⁵ amended Regulation (EC) No 974/98 to provide for the substitution of the euro for the currency of Greece.
- (3) Council Regulation (EC) No 2169/2005⁶ amended Regulation (EC) No 974/98 in order to prepare for subsequent introductions of the euro in Member States which have not yet adopted the euro as the single currency.
- (4) According to Article 4 of the 2003 Act of Accession, Slovenia is a Member State with a derogation as defined in Article 122 of the Treaty.
- (5) Pursuant to Council Decision 2006/.../EC of 2006 in accordance with Article 122(2) of the Treaty on the adoption by Slovenia of the single currency on 1 January 2007⁷, Slovenia fulfils the necessary conditions for the adoption of the single currency

¹ OJ C , , p. .

² OJ C , , p. .

³ OJ C , , p. .

⁴ OJ L 139, 11.5.1998, p. 1. Regulation as last amended by Council Regulation (EC) No 2169/2005 (OJ L 346, 29.12.2005, p. 1).

⁵ OJ L 300, 29.11.2000, p. 2.

⁶ OJ L 346, 29.12.2005, p. 1.

⁷ OJ L , , p.

and the derogation in favour of Slovenia is to be abrogated with effect from 1 January 2007.

- (6) The introduction of the euro in Slovenia requires the extension to Slovenia of the existing provisions on the introduction of the euro set out in Regulation (EC) No 974/98.
- (7) Slovenia's changeover plan specifies that euro banknotes and coins should become legal tender in that Member State on the day of the introduction of the euro as its currency. Consequently, the euro adoption date and the cash changeover date shall be 1 January 2007. No “phasing-out” period applies.
- (8) Regulation (EC) No 974/98 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EC) No 974/98 is amended in accordance with the Annex to this Regulation.

Article 2

This Regulation shall enter into force on 1 January 2007.

This Regulation shall be binding in its entirety and directly applicable in all Member States in accordance with the Treaty, subject to Protocols 25 and 26 and Article 122(1).

Done at Brussels,

For the Council
The President

Annex

In the Annex to Regulation (EC) No 974/98, the following line is inserted between the entries for Portugal and Finland.

Member State	Euro adoption date	Cash changeover date	Member State with a "phasing-out" period
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"Slovenia	1 January 2007	1 January 2007	No"
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EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 16 May 2006, the Commission adopted a proposal for a Council Decision in accordance with Article 122(2) of the Treaty, proposing that Slovenia fulfils the necessary conditions for the adoption of the single currency and that the derogation of Slovenia is abrogated with effect from 1 January 2007.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the Slovenian tolar which will take effect from 1 January 2007.

Council Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro¹ governs the initial introduction of the euro in the first-wave euro-area Member States and Greece. In order to extend the scope of this Regulation to the Slovenian tolar, a reference to this currency needs to be added to this Regulation. Therefore, this initiative proposes amendments to this Regulation.

2. LEGAL ASPECTS

2.1. Legal basis

Legal basis for the present proposal is Article 123(5) EC, which allows for the adoption of the conversion rate at which the euro shall be substituted for the currency of the Member State the derogation of which has been abrogated under Article 122(2) of the Treaty.

The Council shall act with the unanimity of the Member States without a derogation and the Member State concerned on a proposal from the Commission and after consulting the ECB.

2.2. Subsidiarity and proportionality

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

The present initiative does not go beyond what is necessary to achieve its objective and, therefore, complies with the proportionality principle.

2.3. Choice of the legal instrument

The Regulation instrument is the only appropriate legal instrument to amend Council Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro.

¹ OJ L 359, 31.12.1998, p. 1. Regulation as last amended by Council Regulation (EC) No 1478/2000 of 19 June 2000 (OJ L 167, 7.7.2000, p. 1).

3. BUDGETARY IMPLICATIONS

The proposal has no implications for the Community budget.

4. COMMENTARY ON INDIVIDUAL ARTICLES

4.1. Article 1

The proposed rate is the present central rate of the tolar in the exchange rate mechanism (ERM II).

As for the other currencies and in accordance with Council Regulation (EC) No 1103/97 on certain provisions relating to the introduction of the euro, the rate is determined with six significant figures.

4.2. Article 2

This Article sets the date of entry into force of the Regulation at 1 January 2007, ensuring that it will be applicable in conformity with the timing of the other Council acts relating to the adoption of the euro by Slovenia, i.e. the date of the abrogation of the derogation and the date of the entry into force of the other measures necessary for the introduction of the euro in Slovenia.

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 123(5) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Central Bank²,

Whereas:

- (1) Council Regulation (EC) No 2866/98 of 31 December 1998 on the conversion rates between the euro and the currencies of the Member States adopting the euro³ determines the conversion rates as from 1 January 1999.
- (2) Council Regulation (EC) No 1478/2000⁴ amended Regulation (EC) No 2866/98 to provide for the substitution of the euro for the currency of Greece.
- (3) According to Article 4 of the 2003 Act of Accession, Slovenia is a Member State with a derogation as defined in Article 122 of the Treaty.
- (4) Pursuant to Council Decision 2006/.../EC of ... in accordance with Article 122(2) of the Treaty on the adoption by Slovenia of the single currency on January 2007⁵, Slovenia fulfils the necessary conditions for the adoption of the single currency and the derogation of Slovenia is abrogated with effect from 1 January 2007.
- (5) The introduction of the euro in Slovenia requires the adoption of the conversion rate between the euro and the tolar. This conversion rate shall be set at 239.640 Slovenian tolar per 1 euro, which corresponds to the current central rate of the tolar in the exchange rate mechanism (ERM II).

¹ OJ C ,..., p.

² OJ C ,..., p.

³ OJ L 359, 31.12.1998, p. 1, as amended by Council Regulation (EC) No 1478/2000 of 19 June 2000 (OJ L 167 of 7.7.2000, p. 1).

⁴ OJ L 167, 7.7.2000, p. 1.

⁵ ...

(6) Regulation (EC) No 2866/98 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 1 of Regulation (EC) No 2866/98, the following line is inserted between the conversion rates applicable to the Portuguese escudo and the Finnish mark:

“= 239.640 Slovenian tolar”,

Article 2

This Regulation shall enter into force on 1 January 2007.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President