Adoption by Lithuania of the euro on 1 January 2015

2014/0170(NLE) - 23/07/2014 - Document attached to the procedure

The Commission presented its fourteenth report on the practical preparations for the future enlargement of the euro area.

Following the Council Decision of 23 July 2014 concluding that Lithuania fulfils the necessary conditions for euro adoption, **the euro area will have 19 members as of 1 January 2015**.

Lithuania has **less than six months to finalise its preparations for the changeover**. This report assesses the state of play of the practical preparations for introducing the euro and the progress made in preparing the changeover-related communication campaign by mid-June 2014. It also provides a short overview on the results of the latest opinion poll on the state of public opinion on the euro.

Practical preparations in Lithuania are overall on a satisfactory path. However, the Commission has identified some areas where further efforts are necessary.

Preparations of the public sector: preparations of the public sector for the changeover are well underway. Like its Baltic neighbours Latvia and Estonia, Lithuania has refrained from appointing a specific 'Ms/Mr Euro', i.e. a person being the main press contact point for all changeover related question who embodies the changeover process for the general public. However, it is of particular importance to ensure that **enquiries from the public and the press quickly reach the proper point of contact**.

Preparations of the financial and banking sector: Lithuania intends to use a "**big bang**" changeover scenario and a dual circulation period of 15 calendar days. The start of the frontloading of euro coins to credit institutions is scheduled for 1 October 2014 with frontloading of euro banknotes to follow as of 1 November 2014.

Sub-frontloading of banknotes and coins to commercial banks' major clients will commence on 1 December 2014. The general public will have the opportunity to purchase starter kits with euro coins as of 1 December 2014.

Litas cash in circulation has significantly increased in the last years. 90 million litas banknotes are currently in circulation.

The Lithuanian authorities are in particular advised to take **additional measures with a view to reducing circulating litas cash already before €-day**. It is recommended to make use of concrete incentives for bank customers to dispose of (hoarded) cash, such as **abolishing or decreasing applicable bank charges** for depositing cash on bank accounts.

It is crucial that all **ATMs** will be available for euro withdrawal from 1 January 2015.

Preventing abusive practices and erroneous perception of the evolution of prices by the citizens: the period of dual display of prices in both litas and euro will start on 23 August 2014. Dual display of prices shall continue at least 6 months following the euro adoption date.

Considering that euro-related price increases are one of the main concerns voiced by Lithuanian citizens, the measures foreseen for preventing abusive practices and erroneous perceptions of the evolution of

prices by the citizens should be significantly strengthened. Information on price developments after €-day should be published already in the beginning of January 2015.

Efforts should be made to achieve the highest possible subscription rate to the Memorandum on Good Business Practice. Furthermore, it has to be ensured that **corrective action** against businesses not complying with the requirements for price display and conversion (e.g. rounding rules) or not implementing the Memorandum on Good Business Practice properly should be taken very quickly, with a view to taking a final decision within a maximum of 48 hours.

Information on the euro: in Lithuania, a relative majority of respondents is still against introducing the euro (48%, -7 pp) while 46% (+5 pp) are in favour. Nevertheless, the findings clearly show that **the number of supporters of euro introduction is rising steadily**.

As regards information about the euro, results in Lithuania have significantly increased since 2013 and score best in 7 new Member States (together with the Czech Republic). 50% (+9%) of citizens polled felt informed, and among them 42% rather well informed.

There is a need to focus the information campaign on **informing on practical aspects of the euro changeover in Lithuania**, to ensure a correct implementation of dual price display requirements and to closely monitor price settings during the changeover period as these are the major concerns of citizens.

With a view to allowing the Commission to assess the progress of the implementation of the communication campaign, it is important that the **European Commission is regularly informed** on the state of play of communication activities and results of the opinion polls commissioned by the Bank of Lithuania.

The Commission will **reassess Lithuania's practical preparations** for introducing the euro as well as the effects of the ongoing information campaign. The Commission's findings will be published in another report (Fifteenth Report on the practical preparations for the future enlargement of the euro area) before the end of 2014.