

Introduction of the euro

1996/0250(CNS) - 03/05/1998 - Final act

OBJECTIVE: adoption of provisions laying down the legal framework for the use of the euro.

COMMUNITY MEASURE: Council Regulation (EC) No 974/98 on the introduction of the euro.

SUBSTANCE: the main elements of the Regulation are as follows: a) replacement of the currencies of the Member States participating in monetary union with the euro: - as from 01/01/1999, the currency of the participating Member States will be the euro. The currency unit will be one euro. One euro will be divided into one hundred cent; - the euro will be substituted for the currency of each participating Member State at the conversion rate; - the euro will be the unit of account of the European Central Bank and the central banks of the participating Member States. b) transitional provisions applicable during the period from 01/01/1999 to 31/12/2001: the Regulation lays down that during the period when banknotes and coins denominated in euro are not yet in circulation, there will be a legally binding equivalence between the euro and national currency units. It guarantees that private economic operators will be able to use the euro during the transitional period if they so wish, but that this will not be compulsory. Thus, during the transitional period, contracts, national laws and other legal instruments may be drawn up in euro or national currency. c) euro banknotes and coins: the Regulation lays down the procedure for replacing national coins and banknotes with coins and banknotes denominated in euro at the end of the transition to the single currency. As from 01/01/2002, the ECB and the central banks of the participating Member States will issue banknotes and coins denominated in euro. Banknotes and coins denominated in national currency will cease to be legal tender, at the latest, six months after the expiry of the transitional period (01/07/2002), although this period may be shortened by national law. **ENTRY INTO FORCE:** 01/01/1999.