

Euro: introduction and use, legal framework for the enlargement of the euro area

2005/0145(CNS) - 21/12/2005 - Final act

PURPOSE: to clarify the rules governing the introduction of the euro in future participating Member States.

LEGISLATIVE ACT: Council Regulation 2169/2005/EC amending Regulation 974/98/EC on the introduction of the euro.

CONTENT: amendments to this Regulation have been adopted in order to clarify the rules regarding the introduction of the euro in non-participating euro Member States but who intend to adopt the euro as from 2007. The rules governing the change-over from national currency to euro are enshrined in Regulation 974/98. Specifically, this Regulation provides for the substitution of the euro for national currencies and rules which apply to the national currency units of these Member States during a transitional period. It sets out a timetable for transition to the euro. In addition, it provides for a transitional period between the substitution of the euro for the currencies of the participating Member States and the introduction of euro banknotes and coins. Many of the measures listed in Regulation 974/98 list dates and timetables, which have since become irrelevant to those countries wishing to adopt the euro in 2007, hence the need to amend the Regulation.

Specifically, the amendments bring the provisions of the Regulation into line with a 2007 change-over scenario. The following options are being made available:

- The transitional period can be reduced to zero, in which case the adoption date and the cash changeover date fall on the same day. In that case, euro banknotes and coins will become legal tender in that Member State on the euro adoption date.
- A Member State may decide to benefit from a “phasing-out” period of one year, during which it would be possible to continue to make reference to the national currency unit in new legal instruments.
- The general public should be able to exchange banknotes and coins denominated in the national currency unit for euro banknotes and coins free of charge during the dual circulation period (subject to certain ceilings).

ENTRY INTO FORCE: 18 January 2006.