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

**secondary legislation relating to
the euro and Greece**

Proposal for

COUNCIL REGULATION

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

Proposal for

COUNCIL REGULATION

**amending Regulation (EC) No 1103/97 on
certain provisions relating to the introduction of the euro**

Proposal for

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 Greece**

On 3 May 2000, the Commission adopted a proposal for a Council Decision in accordance with Article 122 (2) of the Treaty, proposing that Greece fulfils the necessary conditions for the adoption of the single currency and that the derogation of Greece is abrogated with effect from 1 January 2001.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the drachma which will take effect from 1 January 2001 and will have to take the other measures necessary for the introduction of the euro in Greece.

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

The Communication includes proposals for:

- Council Regulation amending Council Regulation (EC) N° 974/98 on the introduction of the euro.
- Council Regulation amending Council Regulation (EC) N° 1103/97 on certain provisions relating to the introduction of the euro.
- Council Regulation amending Council Regulation (EC) N° 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro.

EXPLANATORY MEMORANDUM

On 3 May 2000, the Commission adopted a proposal for a Council Decision in accordance with Article 122 (2) of the Treaty, proposing that Greece fulfils the necessary conditions for the adoption of the single currency and that the derogation of Greece is abrogated with effect from 1 January 2001.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the drachma which will take effect from 1 January 2001 and will have to take the other measures necessary for the introduction of the euro in Greece.

I. General considerations

The envisaged date for the adoption of the euro in Greece falls into the transitional period (1 January 1999 until 31 December 2001) during which the former currencies of the participating Member States are sub-units of the euro. Euro banknotes and coins will be introduced as from 1 January 2002. The scope of the measures to be taken for the introduction of the euro in Greece depends to a large extent on whether the length of the transitional period remaining after 1 January 2001 can be considered to be sufficiently long for Greece. Given that Greece will benefit from the experience gained in the other countries with respect to the preparations for 2002, it can be assumed that Greece will be able to comply with the established deadline of the end of the transitional period and that no specific provisions in the legal framework of the euro are necessary.

Therefore, the two Council regulations which form part of the legal framework of the euro - Regulation (EC) N° 974/98 on the introduction of the euro¹ and Regulation (EC) N° 1103/97 on certain measures relating to the introduction of the euro² – can be fully applied to Greece. They need to be amended for the sole purpose of integrating Greece and its currency into the existing framework.

II. Comments on the articles

Article 1

In the first paragraph of this article, three definitions in Article 1 of Regulation (EC) N° 974/98 are amended: Greece is included in the definition of ‘participating Member States’; the definition of ‘conversion rate’ is broadened to include conversion rates which are adopted after the start of the third stage of EMU on the basis of Article 123 (5) (ex 109 1 (5)); the definition of ‘national currency units’ is broadened to include units of former national currencies which are replaced by the euro after the start of the third stage.

The second paragraph provides for the substitution of the drachma by the euro as the currency of Greece as from 1 January 2001.

¹ OJ L 139, 11.5.1998, pp. 1-5

² OJ L 162, 19.6.1997, pp. 1-3

Article 2

The article fixes the date of entry into force of the regulation at 1 January 2001, ensuring that it will be applicable in conformity with the timing of the other Council acts relating to the adoption of the euro by Greece, i.e. the date of the abrogation of the derogation and the date of the entry into force of the conversion rate of the drachma.

Proposal for

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 (4), third sentence, and (5) thereof,

Having regard to the proposal from the Commission,¹

Having regard to the opinion of the European Parliament,²

Having regard to the opinion of the European Central Bank,³

Whereas:

- (1) 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; whereas this Regulation also includes rules which apply to the national currency units of these Member States during the transitional period ending on 31 December 2001, and rules on banknotes and coins;
- (2) Decision of 3 May 1998 in accordance with Article 121 (4) of the Treaty (98/317/EC) stipulated that Greece did not fulfil the necessary conditions for the adoption of the single currency;
- (3) Pursuant to Decision of 20 June 2000 in accordance with Article 122 (2) of the Treaty (00/.../EC) Greece now fulfils the necessary conditions and the derogation of Greece is abrogated with effect from 1 January 2001;
- (4) The introduction of the euro in Greece requires the extension to Greece of the provisions on the introduction of the euro which are applicable in the Member States in which the euro was introduced when the Community entered the third stage of Economic and Monetary Union;

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OJ L 139, 11.5.1998, pp. 1-5

- (5) For Member States whose currency is replaced by the euro after the date at which the Community entered the third stage of Economic and Monetary Union, the definition of “national currency units” should refer to the unit of the Member State’s currency as it was defined immediately before the introduction of the euro in that Member State,
- (6) The provisions on the transitional period apply as from 1 January 2001 in the case of Greece,

HAS ADOPTED THIS REGULATION:

Article 1

1. Article 1 of Regulation (EC) No 974/98 shall be amended as follows:
- in the first indent, the word “Greece” shall be inserted between the words “Germany” and “Spain”,
 - in the third indent, the words “or in accordance with the fifth paragraph of this article” shall be added at the end,
 - in the fifth indent, the words “or, as the case may be, on the day before the euro is substituted for the currency of a Member State which adopts the euro at a later date” shall be added at the end.
2. The first sentence of Article 2 of Regulation (EC) No 974/98 shall be replaced by the following: “As from 1 January 1999 the currency of the participating Member States except Greece shall be the euro. As from 1 January 2001 the currency of Greece shall be the euro.”

Article 2

This Regulation shall enter into force on 1 January 2001.

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

Done at Brussels,

For the Council
The President

EXPLANATORY MEMORANDUM

On 3 May 2000, the Commission adopted a proposal for a Council Decision in accordance with Article 122 (2) of the Treaty, proposing that Greece fulfils the necessary conditions for the adoption of the single currency and that the derogation of Greece is abrogated with effect from 1 January 2001.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the drachma which will take effect from 1 January 2001 and will have to take the other measures necessary for the introduction of the euro in Greece.

I. General considerations

The Regulations (EC) N° 1103/97 on certain provisions relating to the introduction of the euro¹ and N° 974/98 on the introduction of the euro² are complementary. Regulation N° 1103/97 includes those provisions where there was an urgent need for legal certainty before the date at which it was possible to take measures on the basis of Article 123 (4) of the Treaty (ex 109 1 (4)). The latter article was available as a legal basis only after it was confirmed which Member States fulfilled the necessary conditions for the adoption of the single currency. Forming together the legal framework of the euro, the two regulations include a number of current definitions of notions relating to the currency. The purpose of the proposed amendment is to ensure that the definitions in the two regulations remain identical in order to avoid legal uncertainty.

II. Comments on the articles

Article 1

In this article, two definitions in Article 1 of Regulation (EC) N° 1103/97 are amended: the definition of 'conversion rate' is broadened to include conversion rates which are adopted after the start of the third stage of EMU on the basis of Article 123 (5) (ex 109 1 (5)), and the definition of 'national currency units' is broadened to include units of former national currencies which are replaced by the euro after the start of the third stage.

Article 2

This article fixes the date of entry into force of the regulation at 1 January 2001, ensuring that the new definitions are applicable as from the date at which the amended Regulation (EC) N° 974/98, which includes the same definitions, enters into force.

¹ OJ L 162, 19.6.1997, pp. 1-3

² OJ L 139, 11.5.1998, pp. 1-5

Proposal for

COUNCIL REGULATION

**amending Regulation (EC) No 1103/97 on
certain provisions relating to the introduction of the euro**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission,¹

Having regard to the opinion of the European Parliament,²

Having regard to the opinion of the European Central Bank,³

Whereas:

- (1) Regulation (EC) No 1103/97 of 17 June 1997 on certain provisions relating to the introduction of the euro⁴ includes rules on the adoption of the conversion rates between the euro and the currencies of the Member States which adopt the euro and on the use of these rates for conversions of monetary amounts; whereas these rules apply to the conversion rates of the currencies of those Member States which adopted the euro when the Community entered the third stage of Economic and Monetary Union; whereas it is necessary to extend the rules to the conversion rates of the currencies of any Member States which adopt the euro at a later date;
- (2) For Member States whose currency is replaced by the euro after the date at which the Community entered the third stage of Economic and Monetary Union, the definition of “national currency units” should refer to the unit of the Member State’s currency as it was defined immediately before the introduction of the euro in that Member State,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 1 of Regulation (EC) No 1103/97,

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4 OJ L 162, 14.6.1997, pp. 1-3

- the words “or in accordance with the fifth paragraph of this article” shall be added at the end of the third indent,
- the words “or, as the case may be, on the day before the euro is substituted for the currency of a Member State which adopts the euro at a later date” shall be added at the end of the fourth indent.

Article 2

This Regulation shall enter into force on 1 January 2001.

Done at Brussels,

*For the Council
The President*

EXPLANATORY MEMORANDUM

On 31 December 1998, the Council adopted the conversion rates between the euro and the eleven currencies of the Member States which fulfilled the necessary conditions and which adopted the euro with effect from 1 January 1999. The Council had decided on 2 May 1998 that Greece was one of the Member States which at that time did not fulfil the necessary conditions for the adoption of the single currency.

On 3 May 2000, the Commission adopted a proposal for a Council Decision in accordance with Article 122 (2) of the Treaty, proposing that Greece fulfils the necessary conditions for the adoption of the single currency and that the derogation of Greece is abrogated with effect from 1 January 2001.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the drachma which will take effect from 1 January 2001 and will have to take the other measures necessary for the introduction of the euro in Greece.

I. General considerations

The conversion rates of the currencies which were replaced by the euro at the beginning of Stage Three were adopted on the basis of the first sentence of Article 123 (4) of the Treaty (ex 109 1 (4)). The rates of currencies of Member States joining the euro area at a later date are adopted according to Article 123 (5). In 1998, the rates had to be fixed under the constraint that this measure would by itself not modify the external value of the euro, i.e. that the rate of conversion between the ECU basket and the euro would be 1 : 1. Therefore it was not possible to determine and to adopt the conversion rates between the euro and the national currencies before the last day of the year, after the final exchange rates of the ECU basket had been calculated by the Commission according to the established rules. This constraint is no longer existent.

Fixing the conversion rate of the drachma and substituting the euro for the drachma are complementary decisions which must take effect on the same date, as was the case for the initial eleven currencies. By contrast, the date at which the decisions are taken must not necessarily be the same; it would not, however, seem logical to adopt the conversion rate before taking a decision on the substitution of the currency.

II. Comments on the articles

Article 1

The proposed rate is the present central rate of the drachma in the exchange rate mechanism (ERM II). This is the rate following revaluation of the drachma by 3½ percent on 15 January 2000.

As for the other currencies and in accordance with Council regulation (EC) N° 1103/97 on certain provisions relating to the introduction of the euro, the rate is determined with six significant figures.

Article 2

This article ensures that the regulation will be applicable in conformity with the timing of the other Council acts relating to the abrogation of the derogation of Greece and the date of the substitution of the euro for the drachma.

Proposal for

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 (4), first sentence, and (5) thereof,

Having regard to the proposal from the Commission,¹

Having regard to the opinion of the European Central Bank,²

Whereas:

- (1) 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 pursuant to Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro;⁴
- (2) Decision of 3 May 1998 in accordance with Article 121 (4) (98/317/EC) stipulated that Greece did not fulfil the necessary conditions for the adoption of the single currency;
- (3) Pursuant to Decision of 20 June 2000 in accordance with Article 122 (2) of the Treaty (00../EC) Greece now fulfils the necessary conditions, and the derogation of Greece is abrogated with effect from 1 January 2001;
- (4) Pursuant to Regulation (EC) No 974/98, as amended by Regulation (EC) No ../00, the currency of Greece will be the euro as from 1 January 2001;
- (5) The introduction of the euro in Greece requires the adoption of the conversion rate between the euro and the drachma,

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OJ L 359, 31.12.1998, pp. 1-2

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OJ L 139, 11.5.1998, pp. 1-5

HAS ADOPTED THIS REGULATION:

Article 1

In the list of conversion rates in Article 1 of Regulation (EC) No 2866/98, the following shall be inserted between the rates of the German mark and the Spanish peseta:

“ = 340.750 Greek drachma”.

Article 2

This Regulation shall enter into force on 1 January 2001.

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

Done at Brussels,

For the Council
The President