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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL,
THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE, THE COMMITTEE OF THE REGIONS AND
THE EUROPEAN CENTRAL BANK**

Fourth report on the practical preparations for the future enlargement of the euro area

1. INTRODUCTION

Slovenia will adopt the euro on 1 January 2007; Cyprus and Malta have recently adopted their national changeover plans.

This report assesses the state of practical preparations at national and Community level for the future enlargement of the euro area. It is the fourth report on this subject. The preceding reports were adopted in November 2004, November 2005 and June 2006.¹

The Fourth Report focuses on recent developments concerning practical preparations in Slovenia as this country will enter the euro area on 1 January 2007, following the Council's decision that it fulfils the necessary conditions for the adoption of the euro. Furthermore, the report gives special attention to the preparations in Cyprus and Malta, two countries aiming to adopt the euro on 1 January 2008. Both countries have recently adopted their national changeover plans. Finally, the report examines the state of the preparations in the other Member States and at Community level.²

This, and previous, reports on the practical preparations are without prejudice to the Commission's Convergence Reports, required by the Treaty, on whether the Member States with a derogation fulfil the "Maastricht" convergence criteria.³

2. STATE OF PREPARATIONS AT NATIONAL LEVEL

2.1. National target dates for the adoption of the euro

Several countries have recently postponed their target date for euro adoption.

Several countries have altered, or are in the process of reviewing, their target dates for euro adoption because of their difficulties in fulfilling the convergence criteria as originally planned. Estonia originally aimed to adopt the euro on 1 January 2007. In April 2006 the government moved the target date to 1 January 2008. The Estonian government will assess the validity of this target date in autumn 2006. Lithuania initially also planned to adopt the euro on 1 January 2007. The Commission's Convergence Report of 16 May 2006 concluded, however, that the country did not fulfil the necessary conditions for adopting the euro. In October 2006, the Lithuanian

¹ COM(2004)748 of 10 November 2004; COM(2005)545 of 4 November 2005; COM(2006)322 of 22 June 2006.

² As from 2007, 13 EU Member States will form part of the euro area, while the total number of EU Member States will increase to 27, following the accession of Bulgaria and Romania. With the exception of Denmark and the United Kingdom, which have an "opt-out" status, the other 12 countries are "Member States with a derogation" which are expected to adopt the euro once the necessary conditions are fulfilled.

³ The latest Commission Convergence Reports were adopted on 16 May 2006 at the request of Lithuania (COM(2006)223) and Slovenia (COM(2006)224). The Commission will issue the next regular Convergence Report before the end of 2006.

government decided that "Lithuania will aim to join the euro area as soon as possible. The more favourable period for Lithuania to join the euro area starts from 2010." The Latvian authorities announced the postponement of their original target date (1 January 2008) in spring 2006. The new target date remains to be decided. The Czech government decided in October 2006 to withdraw the country's preliminary target date (1 January 2010) without defining a new date. Hungary also originally set 1 January 2010 as the country's target date for euro adoption; the date was withdrawn in 2006.

Slovakia preserves its original target date and aims at adopting the euro on 1 January 2009. Poland and Sweden have not put forward any target date. In Sweden, preparations are stalled in practice since the negative outcome of the referendum of 14 September 2003.

The table provides an overview of the current situation.

Euro adoption date	Member State
1 January 2007	Slovenia
Target date for euro adoption	Member States
1 January 2008	Estonia (to be confirmed), Cyprus, Malta
1 January 2009	Slovakia
To be (re-)determined	Czech Republic, Latvia, Lithuania, Hungary, Poland, Sweden

2.2. PREPARATIONS IN SLOVENIA

2.2.1. General framework

Preparations in Slovenia are well advanced, although further measures are required to strengthen consumer confidence in stable and fair pricing during the changeover.

Slovenia will adopt the euro on 1 January 2007 under a "big bang" scenario⁴ with a dual circulation period of 14 days.⁵

Slovenia seems generally well prepared for the introduction of the euro. In the course of the last few months, the country has made further progress regarding the practical preparations for the introduction of the euro, in particular with respect to the cash changeover. Further measures are necessary to strengthen consumer confidence, such as a comprehensive fair-pricing strategy agreed between consumers and retailers.

⁴ Under the "big bang" scenario, euro banknotes and coins are introduced at the same time as the euro is introduced as the currency of the Member State concerned.

2.2.2. *Financial sector and enterprises*

Retailers are required to give change exclusively in euro as from 1 January 2007.

Further details of the frontloading and sub-frontloading operation have been specified since the previous report in June 2006.⁶ The Bank of Slovenia concluded contracts with the commercial banks laying down the conditions for frontloading. A detailed plan for the distribution of euro banknotes and coins has been established. The number of coin mini-kits for the general public has been increased from 150 000 to 450 000, to be made available as from 15 December 2006 at commercial banks. In addition, 150 000 starter kits for retailers are envisaged, to be available as from 1 December 2006, as well as 100 000 euro coin sets with the Slovenian national sides, mainly for collectors.

Around 30% of the 1510 publicly accessible cash dispensers (ATMs) are expected to be converted by 00:30 and around 80% by 6:00 on 1 January 2007, while the remaining 20% are planned to be adapted before midnight on the same day.

In order to facilitate the exchange of national cash into euro cash, the Slovenian commercial banks have agreed to open 42 branches throughout the country on 1 and 2 January 2007. A list of the branches concerned and their opening hours will be made public well in advance.

According to the draft Act on the introduction of the euro it will be mandatory for enterprises, in particular retailers, and public authorities to give change exclusively in euro as from 1 January 2007.

2.2.3. *Public administration*

The production of Slovenian coins is under way.

The draft Act on the introduction of the euro was submitted to parliament in July 2006 and is expected to be adopted in autumn 2006. It will notably provide rules on the changeover to the euro, the dual circulation period, the exchange of tolar banknotes and coins into euro cash and the redenomination of securities.

Following a public call for tenders, Slovenia selected the Finnish Mint to produce its euro coins.⁷ Production started

⁵ The dual circulation period is the period starting on the day on which euro banknotes and coins are put into circulation (€-day) and during which both the national currency and the euro are legal tender in the Member State concerned.

⁶ Frontloading refers to the supply of euro banknotes and coins by the national central bank to credit institutions before the introduction of euro cash. Sub-frontloading means the distribution by credit institutions of frontloaded euro banknotes and coins to retailers and other businesses, and possibly to the public at large, before euro cash is introduced.

⁷ See OJ C 254, 20.10.2006, p. 6 for the publication of the national sides of the Slovenian euro coins.

after the Council's Decision of 11 July 2006 lifting Slovenia's derogation.

With respect to the protection of the euro against counterfeiting in Slovenia, the national central office as well as the national analysis centres for counterfeit euro banknotes and coins have been established within law enforcement. Slovenian experts participate in the relevant groups at European level, namely at the ECB, Europol and the Commission/OLAF, and have received relevant training.

2.2.4. *Consumers and the general public*

Slovenian consumers fear price increases.

The Commission concluded in its Third Report that in Slovenia further measures are necessary in order to strengthen consumer confidence in stable and fair pricing during the changeover. The results of the latest Eurobarometer, conducted in September 2006, confirm that a strong majority of respondents in Slovenia (66% compared to 70% in April 2006) fear price increases on the occasion of the changeover to the euro.⁸

In particular, agreements between retailers and consumers on fair pricing during the changeover should be concluded. Retailers should commit themselves to carry out the changeover fairly and not to take advantage from the transition to increase prices in a covert or untransparent manner. The fair-pricing commitment takes the form of an agreement or code of conduct, to be signed by the representative organisations of retailers and consumers, at national or sectoral level. Individual retailers have the possibility of signing up to the agreement. In order to ensure their credibility and to avoid price abuses, fair-pricing agreements should be accompanied by independent price monitoring in the months around the changeover. Manifest cases of non-compliance should be made public. It should be noted that fair-pricing does not imply price-freezing, nor is the objective to set up a rigid system of legal commitments combined with administrative enforcement measures.

2.2.5. *Communication activities*

The communication campaign currently focuses on media advertising.

In the framework of the Partnership agreement concluded with the European Commission on 8 November 2005, the Slovenian communication campaign (September 2006 – January 2007) currently focuses on advertising in the national and regional media. TV and radio spots, print advertisements, web banners, advertising clips in cinemas and online games are produced. Two publications about the changeover to the euro will be

⁸ See chapter 3.

distributed to all households in November and December 2006. Other publications such as posters and leaflets will be available on request. Presentations during fairs or in schools and press events will be organised, and the Commission will support opinion polls targeting the general public.

Slovenia is participating in a twinning programme with the Netherlands in order to benefit from the Dutch experience in terms of euro communication.

2.3. Preparations in Cyprus and Malta

Tourists already widely use euro cash in Malta, and to some extent also in Cyprus.

Cyprus and Malta aspire to adopt the euro on 1 January 2008. Both Mediterranean islands are strongly dependent on tourism, and euro cash is regularly used in retail payment operations, particularly in tourist areas. Voluntary dual pricing in the national currency unit and the euro is widespread in Malta, notably in tourist shops, and is also applied in Cyprus on receipts in major department stores and in tourist resorts.

Cyprus is a strong financial centre which means that the switch to the euro will represent a significant logistical challenge for the financial sector.⁹

The financial sector in Malta is very concentrated; the two largest credit institutions manage 90% of bank accounts in value terms. The Maltese economy is characterised by a particularly high amount of national cash (approximately €2 789 per capita), corresponding to more than twice the euro-area average (€1 374). The backflow of national currency to the Central Bank and the exchange of Maltese lira cash into euro cash thus require special attention in terms of organisation and logistics.

2.3.1. Preparations in Cyprus

2.3.1.1. General framework

Cyprus' national changeover plan is still short of detail in several respects.

On 13 July 2006, the government approved the national changeover plan. It was prepared by the National Advisory Committee which is in charge of coordinating the national preparations for the introduction of the euro. The Central Bank of Cyprus published the cash changeover plan in June 2006. Cyprus envisages a "big bang" scenario with a dual circulation period of one month.

Cyprus' national changeover plan generally covers most of the practical issues for the introduction of the euro. However,

⁹ Cyprus has 400 credit institutions, with about 500 offices. The number of bank accounts per capita (2.90) exceeds the euro-area average (1.59) by 82%. Source: ECB, Blue Book.

further measures are necessary to enhance consumer confidence in stable pricing around the changeover, such as a comprehensive fair-pricing strategy agreed between consumers and retailers. Moreover, the national changeover plan is still short of detail in many respects and several important elements need to be further defined (e.g. the frontloading and sub-frontloading operations, the organisation of the backflow of national cash, the dual display of prices, etc.).

2.3.1.2. Financial sector and enterprises

Details of the frontloading operation still need to be defined.

Frontloading of euro banknotes and coins by the Central Bank of Cyprus to commercial banks is planned between October and December 2007. Moreover, banks will provide enterprises, in particular retailers, with euro cash before €-day so that they can give change exclusively in euro as from 1 January 2008. Pre-packed coin starter kits containing a suitable structure of denominations for initial transactions will be available both to businesses and the general public. The details, including on the timing of the frontloading operations, are still to be decided.

Commercial banks will only hand over euro cash in their transactions with customers as from 1 January 2008. As regards the conversion of the country's cash dispensers (ATMs) the present plan provides that ATMs will initially issue 10-, 20- and 50-euro banknotes. Replacing the 50-euro banknotes by 5-euro notes should be envisaged, particularly during the early phase of the cash changeover. This will reduce the amount of change which retailers need to return in cash transactions.

A campaign urging citizens to deposit hoarded legacy cash with banks, or to spend it well before €-day, is planned.

The Central Bank of Cyprus will continue to exchange national coins free of charge until the end of 2009 and national banknotes until the end of 2017. Commercial banks will be obliged to exchange Cyprus pound banknotes free of charge up to the amount of CYP 1 000 per customer per transaction, and Cyprus pound coins up to CYP 50 per customer per transaction until 30 June 2008. Individual banks have the option of increasing these ceilings for their own transactions. This protracted period of free exchange by commercial banks sends an ambiguous signal to the public and risks prolonging the cash changeover. It would be preferable to confine the free exchange to the period of dual circulation in order to prompt citizens to exchange their legacy cash as quickly as possible.

2.3.1.3. Public administration

The government has approved the three designs for Cyprus' euro coins.

The Ministry of Finance coordinates the preparation of the public sector. The adaptation of all computer systems used by the public administration is expected to be implemented by September 2007.

On 22 June 2006, the government approved the three designs for the national sides of the euro coins (see Annex 3). As Cyprus has no national mint, the euro coins will be produced abroad.

All three authorities responsible for the protection of the euro banknotes and coins against counterfeiting (the national central office and national analysis centres for counterfeit banknotes and coins) are situated within law enforcement. In relation to practical preparations on the protection of the euro, Cyprus has participated in training actions and cooperated in the framework of the relevant groups of the Commission, ECB and Europol.

2.3.1.4. Consumers and the general public

The mandatory dual display of prices will start one month after the fixing of the conversion rate.

The obligation to display prices both in Cyprus pounds and in euro is planned to enter into force one month after the Council adopts the decision lifting Cyprus' derogation and determines the conversion rate. It will apply until six months after the introduction of the euro.

In order to address consumers' fears of abusive price increases around €-day, the national changeover plan provides for the establishment of euro observatories which will monitor whether the dual display of prices is carried out according to the provisions of the law on the adoption of the euro in Cyprus, which is planned to be adopted at the end of 2006.

2.3.1.5. Communication activities

Malta's national changeover plan appears both detailed and comprehensive.

In the framework of the Partnership agreement which the European Commission signed with Cyprus on 5 May 2006 the Commission will implement various communication activities in co-operation with the Cypriot authorities. A high-level conference, an exhibition and a seminar for local journalists will be organised, publications, promotional material and portable stands produced and opinion polls conducted.

2.3.2. Preparations in Malta

2.3.2.1. General framework

The National Euro Changeover Committee (NECC) was

established on 13 June 2005 and entrusted with the coordination of the implementation of the euro changeover. Following the publication of a Preliminary Masterplan in January 2006, the government adopted the "Second updated Masterplan for the Euro Changeover in Malta" on 12 June 2006. The latter constitutes Malta's first comprehensive changeover plan which addresses the relevant aspects in a detailed manner. Some aspects require further specification (e.g. timing of frontloading and sub-frontloading; accelerated conversion of ATMs; the content of starter kits; dehoarding campaign), while there appears to be no justification for a "phasing-out" approach.

2.3.2.2 Changeover scenario

The plan envisages a "big bang" scenario with a dual circulation period of one month. The possibility of a "phasing-out" period is being considered.¹⁰

There seem to be no particular indications that certain sectors of the Maltese economy would not be able to cope with the challenges of the "big bang" scenario, in which case the "phasing-out" would not serve any clear purpose and therefore appears redundant. It should furthermore be noted that references to the national currency unit remain possible after the adoption of the euro whenever historical amounts are involved (e.g. in financial reports, tax declarations and other documents covering periods prior to the introduction of the euro).

2.3.2.3. Financial sector and enterprises

Six months before €-day, credit institutions will already start accepting euro banknotes at the conversion rate and without charges.

From the moment at which the irrevocable conversion rate is fixed (which constitutes the start of the period of mandatory dual display) credit institutions will accept euro banknotes deposited by their business clients into Maltese lira or euro accounts at the conversion rate, i.e. free of any exchange or administration charges. In the absence of fees for depositing euro cash into Maltese lira or euro accounts, retailers should be equally prepared to accept cash payments in euro from their customers at the conversion rate and without any charges.

In a subsequent step, frontloading of euro banknotes to credit

¹⁰ The "big bang" scenario with a "phasing-out" period is one of three possible scenarios for the introduction of the euro as provided by the Community legal framework, cf. Council Regulation (EC) No 2169/2005 of 21 December 2005 amending Regulation (EC) No 974/98 on the introduction of the euro (OJ L 346, 29.12.2005, p. 1). During the "phasing-out" period, new legal instruments may still refer to the national currency for a period of up to one year. The Member State concerned must limit the application of the "phasing-out" to certain types of legal instrument, or to legal instruments adopted in certain fields.

institutions will start in late October or early November 2007 (late November or early December 2007 for euro coins). Sub-frontloading operations to businesses will start on 17 December 2007, together with the distribution of coin starter kits with a value of approximately MTL 55 (approximately €128) for small businesses, notably retailers. The general public will be able to buy mini-kits worth approximately MTL 5 (approximately €11.65).

In addition, as from 1 December 2007, credit institutions will start exchanging Maltese lira into euro at the irrevocably fixed conversion rate, i.e. without any exchange charges. The authorities should however remind citizens that euro banknotes and coins become legal tender only on €-day and that they should not be used before that date in cash transactions.

With respect to the conversion of the country's 150 ATMs (approximately), it is presently foreseen that at least one ATM in all major localities will issue euro banknotes as from 1 January 2008 and that low denomination euro banknotes (10- and 20-euro banknotes) will be dispensed as from 1 January 2008.¹¹ Further steps are necessary to ensure a complete and timely conversion of all ATMs as of €-day.

In view of the high volume of Maltese lira cash detained on average by Maltese citizens, the Central Bank and the NECC are planning a campaign for the early return of Maltese lira banknotes and coins as of mid-2007, provided the decision to lift the country's derogation has been taken by that time. The Central Bank will redeem national banknotes and coins free of charge at the conversion rate for ten and two years respectively after the Maltese lira ceases to be legal tender. Credit institutions will exchange Maltese lira notes and coins into euro banknotes and coins free of charge for their clients, and for non-clients up to the amount of MTL 250, until the end of March 2008. As in the case of Cyprus a limitation of the free exchange to the period of dual circulation should be considered in order to avoid prolonging the cash changeover.

In order to assist enterprises in their changeover preparations, the NECC has published a "Euro changeover checklist for business organisations", complemented by a toolkit for retailers containing information on the planning and implementation of the retailers' changeover preparations, a euro converter and a conversion chart, thereby setting examples of good practice.

¹¹ See ECB, Blue Book.

A campaign for the early return of Maltese lira cash is planned.

2.3.2.4. Public administration

The three designs for the national sides of the Maltese euro coins were selected following a public consultation; the final designs were published by the Central Bank on 13 October 2006 (see Annex 3). As Malta does not have a national mint, the Maltese euro coins will be produced by the Monnaie de Paris, the mint chosen following a public call for tenders.

The national analysis centres for counterfeit banknotes and coins are established and situated in the Central Bank of Malta; the national central office is within law enforcement. Malta has been cooperating with other countries in the framework of the relevant groups at Europol, the ECB and Commission/OLAF and Maltese experts have been trained inter alia via the Commission programme 'Pericles'.

2.3.2.5. Consumers and the general public

Shops should display any cash handling charges for accepting euro payments separately.

Dual display of prices in euro and Maltese lira will be mandatory from 1 July 2007 (or from the date on which the conversion rate is being irrevocably fixed, if later) until 30 June 2008. It will be applicable to all governmental entities, businesses, non-profit organisations or other entities for the display of monetary amounts, prices or values of goods and services offered to the consumer. Voluntary dual display will be promoted by the NECC as from 1 January 2007 and guidelines for both mandatory and voluntary dual display have been published. They notably provide that the dual display must be based on the conversion rate as soon as it has been fixed or (for the voluntary display) on the ERM central rate. Any cash handling charges imposed by retailers accepting payments in euro before the credit institutions lift the charges for the deposit of euro banknotes must be displayed separately from the price in euro. Fines or other penalties may be imposed in the event of breaches of the guidelines.

While there is in general no particular need to apply dual displays before the conversion rate has been fixed, this may be different in countries which are strongly dependent on tourism, such as Cyprus and Malta. Such (voluntary) dual display may either be used for information purposes only or otherwise indicate that retailers are prepared to accept payment both in national currency and in euro. In this respect, the Maltese guidelines not only contribute to a uniform implementation of dual displays in all shops opting for the voluntary approach, but also to the transparency of charges, and therefore constitute an example of good practice in an economy where dual display is common already before the fixing of the conversion rate.

The FAIR initiative will foster fairness and transparency in the pricing of goods and services during the changeover.

The NECC's FAIR (Fair-pricing Agreements In Retailing) initiative will become effective as from 1 January 2007. The initiative fosters fairness and transparency in the pricing of goods and services during the changeover and at the same time assists consumers in becoming familiar with the new scale of values. Retailers and other enterprises transacting with consumers will be invited to subscribe to FAIR with the Euro Observatory¹², which will coordinate FAIR and monitor its implementation. Companies signing up to FAIR commit themselves to follow the NECC's guidelines (e.g. on dual display of prices) and to apply a fair pricing strategy, in particular not to increase prices for the simple reason that the euro is being introduced. They will be entitled to display the FAIR campaign mark and be granted free training for their staff dealing with consumers. The approach to fair pricing promoted by the Maltese authorities, based on clear commitments and credible monitoring, provides a valuable tool in fostering consumer confidence during the changeover. The government has undertaken, when adapting monetary amounts to convenient amounts in euro, to smooth them in favour of the consumer, thus setting an example to the private sector.

The NECC invited relevant organisations to submit innovative proposals which could enhance consumers' confidence in the changeover and notably allay citizens' concerns about possible price increases. Proposals were received by 6 October 2006 and are currently being assessed.

2.3.2.6. Communication activities

The Maltese information campaign on the euro has been launched.

The NECC has also embarked on a national information campaign, including the launch of a national helpline for the public and the launch of specific campaigns for different target groups (consumers, business community, children, the elderly and vulnerable groups). Malta's slogan for its euro communication campaign is: "the euro – in our common interest". A media campaign already started in 2006, although the intensive advertising campaign will be concentrated in the last months of 2007. Under the Partnership agreement concluded with the European Commission on 5 May 2006, the Commission will partially finance the production of some publications, the media campaign and the salaries of information officers.

2.4. Preparations in the other Member States

For certain

On 30 June 2006, the Czech National Co-ordination Group for

¹² See Commission Recommendation of 23 April 1998 on dialogue, monitoring and information to facilitate the transition to the euro (OJ L 130, 1.5.1998, p. 29).

countries, there have been no major developments in terms of practical preparations since the previous report issued in June 2006.

the Euro Introduction adopted a recommendation to the government concerning the changeover scenario, suggesting that it opt for the "big bang" scenario. This recommendation was approved by the government on 25 October 2006

Both Estonia and Lithuania implemented their communication campaigns after the conclusion of the Partnership agreements signed with the European Commission on 8 November 2005, but the postponement of the introduction of the euro has slowed down the information activities. Both countries are currently updating and revising their communication strategies.

Latvia and Slovakia produced their first draft communication strategies. In June 2006, preliminary discussions started with a view to the conclusion of Partnership agreements with the Commission supporting the countries' communication activities.

In Hungary, Poland and Sweden, there have been no noteworthy developments since the previous report.

Annexes 2 and 3 provide an overview of the status of practical preparations in the other Member States.

3. State of public opinion in the recently acceded Member States

The latest results confirm the positive evolution of people's general attitude towards the euro.

The most recent Eurobarometer survey on public opinion in the recently acceded Member States was conducted in September 2006.¹³ The results broadly confirm most of the trends of the April 2006 survey.

As far as familiarity with and knowledge about the euro are concerned, the results of the September survey are very similar to the previous ones. The results relating to the perceived information level reveal a modest improvement.

The overall climate regarding the euro introduction is still largely positive, and has generally improved compared to 2004 or 2005, even though support decreased slightly compared to April 2006. The situation however differs markedly from country to country (see graph). Overall, 50% of respondents in the recently acceded Member States believe that the adoption of the euro will have, on average, positive consequences for their country, which is slightly (2 percentage points) lower than in April 2006.

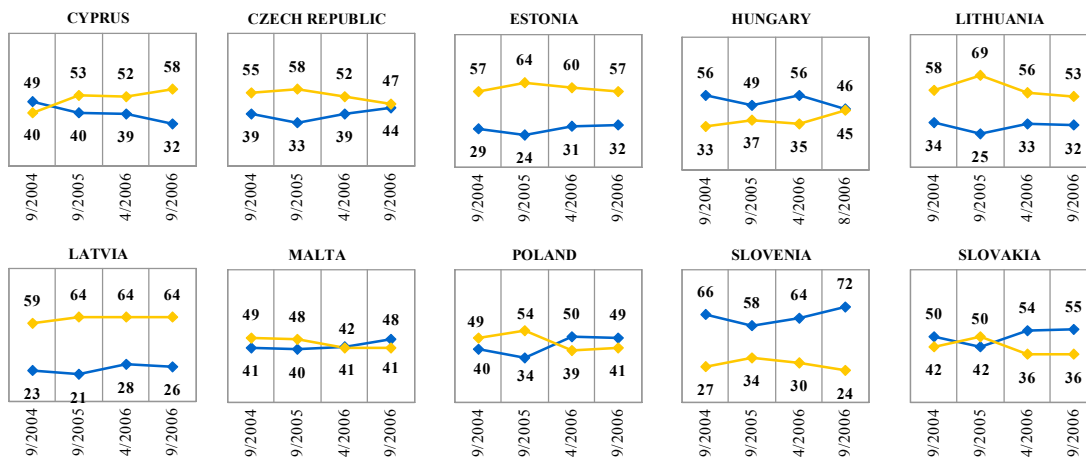
The September results also broadly confirm the results of previous surveys as regards people's expectations about the

¹³ http://ec.europa.eu/public_opinion/flash/fl191_en.pdf

euro. While acknowledging the tangible benefits for daily life, their expectations of its macroeconomic and political effects are mixed.

Opinions on the replacement of the national currency with the euro

■ % very and rather happy ■ % very and rather unhappy



source: FLASH EB 101
september 2006
GALLUP

Q15. Are you personally happy or not that the euro could replace the (NATIONAL CURRENCY)?

ANNEX 1 – Preparations at Community level

1. Euro coins

On 7 June 2005, at the initiative of the Commission, the Ecofin Council decided that the common sides of the 1- and 2-euro and the 10-, 20- and 50-cent coins, which currently depict the EU before it was enlarged from 15 to 25 Member States, should be amended. The necessary design and technical work has been finalised and the new common sides now depict the European continent.¹⁴ Slovenia will be the first euro-area Member State to issue euro coins with the new common side in 2007. The other euro-area Member States may also start to apply the new common sides as from 2007 for new production, and will in any event switch to the new common side in 2008 at the latest.

In July 2006, the Memorandum of Understanding on the start of euro coin production and on preparatory tasks prior to the start of production was signed between the Republic of Cyprus, the euro-area Member States and the European Commission.

2. Communication activities

Preparing citizens in Slovenia for the introduction of the euro has been a priority for the Commission's communication policy in the second half of 2006. Following the decision by the Council on 11 July 2006 to allow Slovenia to adopt the euro on 1 January 2007, the Commission has, in close cooperation with the Slovenian authorities, organised a number of communication activities and supported actions undertaken by the Slovenian government (publications, seminars, website, call centres, advertising and media campaign, etc.).

Both before and after the changeover to the euro, the Commission will carry out surveys targeting Slovenian enterprises, including retailers, and commercial banks. The purpose is to collect information, notably about the level of preparedness for the new currency, the cash changeover and the conversion of administrative and financial systems.

The Commission also started to implement the Partnership Agreements with Cyprus and Malta signed on 5 May 2006. The Partnership Agreements cover technical and financial support to the countries concerned for their national communication campaigns, including publications, media campaigns, conferences and opinion polls.

¹⁴ See OJ C 225, 19.9.2006, p. 7, for the official publication of the new common sides.

ANNEX 2 – List of relevant changeover characteristics

The table below provides an overview of certain relevant changeover characteristics in each Member State concerned. It is solely based on officially approved and publicly available information and does therefore not reflect preparations which are still under way. It should be noted that the state and degree of progress of preparations should be assessed in the context of the target date, as preparations tend to speed up as the changeover approaches.

X: Officially approved/established and published
(in particular in the national changeover plan)

	CZ	EE	CY	LV	LT	HU	MT	PL	SI	SK	SE
Changeover plan											
National target date		X	X				X		X	X	
National Changeover Plan		X	X	X	X		X		X	X	
National Changeover Committee	X	X	X	X	X		X		X	X	
Cash Changeover details											
Type of scenario		X	X	X	X		X		X	X	
Length of dual circulation period		X	X	X	X		X		X	X	
Exchange at commercial banks after dual circulation period		X	X	X	X		X		X	X	
Exchange at central bank after dual circulation period		X	X	X	X		X		X	X	
Frontloading of financial institutions		X		X	X		X		X	X	
Sub-frontloading of retailers		X		X	X		X		X	X	
Sub-frontloading of the general public		X ¹⁵					X ¹				
Deferred debiting					X						
Piggy coin operations ¹⁶		X			X		X				
Arrangements for extended bank opening hours around €-day							X		X		
ATMs dispensing euro only as from €-day		X		X	X		X		X	X	
Denominations of notes in ATMs specified		X					X		X		
Transport and storage for euro cash		X									
Transport and storage for legacy cash		X		X							
Change only given in euro by retailers as from €-day		X	X		X		X		X	X	
Coin starter kits for retailers			X				X		X		
Coins mini-kits for general public			X				X		X		
Design of national side of the euro coins		X	X		X		X		X	X	
Supply arrangements for euro coins		X					X		X		

¹⁵ Exchange at banks at the conversion rate without service fees.

¹⁶ This term refers to campaigns encouraging citizens to deposit hoarded cash with banks well in advance of the changeover to the euro.

	CZ	EE	CY	LV	LT	HU	MT	PL	SI	SK	SE
Further changeover details											
Necessary adaptations of national law identified		X		X	X		X		X	X	
Dual display of prices before €-day		X	X	X	X		X		X	X	
Dual display of prices after €-day		X	X	X	X		X		X	X	
Dual display of utility bills		X					X		X	X	
Dual display of civil servants' wages							X				
Voluntary dual display of prices		X			X		X			X	
Agreements on price stability or fair pricing			X	X	X		X		X		
Price monitoring projects		X	X	X	X		X		X	X	
Training for cash handlers		X		X			X			X	
Accounting adaptations		X		X			X			X	
Share capital conversion		X					X			X	
Rounding rules in legislation		X							X	X	
Evaluation of the costs involved for the public sector											
Twinning agreement			X		X	X	X	X	X	X	
Communication activities											
Communication strategy		X	X	X	X		X		X	X	
Partnership agreement		X	X		X		X		X		

ANNEX 3 – Table: State of practical preparations (October 2006)

	Czech Republic	Estonia
Changeover plan		
National target date for euro adoption	The preliminary target date (1 January 2010) has been withdrawn by the government on 25 October 2006. No new date has been set for the time being.	1 January 2008 (to be confirmed) The government will assess the validity of the current target date in autumn 2006.
National coordinating institution	On 23 November 2005 the Deputy Minister of Finance was appointed as the National Coordinator of the Euro Introduction. The National Co-ordination Group on Euro Introduction was established and held its first meeting on 20 February 2006. Six Working Groups were established for particular areas of preparatory activity for the euro.	The National Changeover Committee, chaired by the Secretary General of the Ministry of Finance, was set up on 27 January 2005.
(Approved) National Changeover Plan	The Czech Republic's Euro Accession Strategy was approved by the Government in October 2003: http://www.cnb.cz/euro_index.php According to the Resolution of the Government No. 1231 of 25 October 2006 the Minister of Finance in cooperation with the Governor of the Czech National Bank will examine the current strategy and submit the results to the government by 31 August 2007. The Institutional Arrangements for the Introduction of the Euro in the Czech Republic were adopted by the Government on 23 November 2005. The National Changeover Plan will be submitted to the government by the end of March 2007.	The first draft of the euro adoption plan was approved by the government on 1 September 2005: http://www.fin.ee/index.php?id=13324 . The fourth version of Estonia's National Changeover Plan was approved by the National Changeover Committee on 18 May 2006: http://euro.eesti.ee/EU/Prod/Euroveeb/Main_Page/left_menu_content4748/Changeover_to_the_euro_in_Estonia/europlan_en.jsp
Changeover details		
Type of scenario	"Big bang" On 30 June 2006, the Czech National Coordination Group adopted a recommendation to the government concerning the changeover scenario, suggesting that it opt for the "big bang" scenario. The recommendation was approved by the government on 25 October 2006.	"Big bang".
Dual circulation period		Two weeks.
Exchange of national banknotes and coins		Banknotes and coins: commercial banks at least 6 months after €-day free of charge, some branches 12 months. Central Bank indefinitely, free of charge.

Campaign for rapid withdrawal of national banknotes and coins		Campaign for collection of coins before €-day planned; credit institutions are recommended to launch early cash deposit campaigns.
Frontloading and sub-frontloading		Frontloading 2 months before €-day; sub-frontloading by credit institutions to major clients 1 month before €-day (precondition: no distribution to general public before €-day). Banks will offer to change kroons into euro banknotes at the conversion rate and without a service fee at least one month prior to €-day.
ATMs issuing euro only		All ATMs will dispense euro only within 48h as of €-day.
Change in euro only		In general, change will be given in euro, but the option of giving change in kroons remains for the dual circulation period.
Dual display of prices		Compulsory: 6 months before and after €-day.
Consumer confidence building measures (e.g. agreements with retailers)		Monitoring of the prices of certain frequently consumed goods and services under the supervision of the Ministry of Economic Affairs and Communications. Leaflets containing information on the euro were made available to the public in summer 2006.
Adaptation of national law	The legislative needs with respect to national law adaptation for the introduction of the euro are being analysed in the framework of the Working Group for Legislation of the National Coordination Group on the Euro Introduction.	Draft Act on the Introduction of the Euro ("umbrella law") and draft amendments to the Business Code are in the final stage of inter-ministerial consultation.
Euro banknotes and coins		
Design of the national side	Competition under consideration.	Design selected and published in December 2004.
Nr of different coin designs		One design.
Coin supplier	Not decided yet. The current coin supplier, the Czech Mint, is an independent division of Jablonex Group a.s.; the Czech Mint is connected with the National Bank by business contracts based on tender procedures.	Coins to be minted abroad; following an international tender euro coins will be minted by the Mint of Finland.
Estimation on the need for banknotes and coins	230 million banknotes and 950 million coins.	150-200 million coins.
Communication activities		
Communication strategy	Under preparation within the framework of the Working Group for Communication.	Endorsed by the National Changeover Committee on 21 June 2005 and updated on 18 May 2006.
Addresses of websites on euro changeover, activation date: Government/Ministry	Central euro address: www.zavedenieura.cz Governmental EU information department:	www.euro.eesti.ee , launched in January 2006.

of Finance; Central Bank	http://www.euroskop.cz/euro Czech National Bank: http://www.cnb.cz/cz/mezinarodni_vztahy/euro/ Ministry of Industry and Trade: http://www.mpo.cz/cz/eu-a-vnitni-trh/euro-pristoupeni-cr-k-eurozone/default.html	
Partnership agreement		Signed 8 November 2005.
Other issues		
ERM II entry		28 June 2004
Twinning agreement	Under preparation (discussion on details with the Commission and with Austrian and Slovenian experts.)	

STATE OF PRACTICAL PREPARATIONS (October 2006)

	Cyprus	Latvia
Changeover plan		
National target date for euro adoption	1 January 2008	1 January 2008 (under revision)
National coordinating institution	Joint coordination by the Minister of Finance and the Central Bank of Cyprus, established on 29 December 2004.	The Steering Committee for the preparation and coordination of the euro changeover was established on 18 July 2005.
(Approved) National Changeover Plan	The National Changeover Plan was approved by the National Advisory Committee on 29 March 2006 and by the Council of Ministers on 13 July 2006. The plan was published on the national euro web site.	The Cabinet of Ministers of the Republic of Latvia approved the Action Plan for Implementation of the Single European Currency on 1 November 2005, and the first draft of Latvia's National Euro Changeover Plan on 28 February 2006 (Government Order No 148, 6 March 2006).
Changeover details		
Type of scenario	"Big bang" envisaged.	"Big bang".
Dual circulation period	1–31 January 2008.	One month.
Exchange of national banknotes and coins	The exchange of national banknotes and coins is governed by the (draft) "umbrella law" for the adoption of the euro in Cyprus. The draft law provides for the exchange of banknotes and coins by the Central Bank for 10 years and 2 years respectively. Commercial banks will exchange national banknotes and coins for euro, free of charge, at least for the amount of CYP 1 000 for banknotes and CYP 50 for coins per transaction, for a period of 6 months after €-day.	Commercial banks, currency exchange offices and post offices for 6 months after €-day free of charge; the Bank of Latvia will exchange without time limit free of charge.
Campaign for rapid withdrawal of national banknotes and coins	A campaign is planned to encourage citizens to use hoarded cash or to deposit it with banks before the introduction of the euro.	Not envisaged due to the high nominal value of coins in Latvia and their intensive use in day-to-day payments.
Frontloading and sub-frontloading	Planned between October and December 2007. A working group was set up between the Central Bank and commercial banks to define processes and timing. Frontloading of coins will be carried out from a Coin Centre, currently under construction. Starter kits will be issued both to businesses and the general public.	Frontloading to banks starts on 1 December 2007, sub-frontloading on 15 December 2007 (precondition: euro banknotes and coins may not be publicly circulated before €-day).
ATMs issuing euro only	Commercial banks will make the necessary arrangements to issue only small denomination euro banknotes (10-, 20-, and 50-euro banknotes) in ATMs as from €-day.	As of 1 January 2008 ATMs will dispense euro banknotes only.
Change in euro only	It is planned that the retail sector will be frontloaded with euro coins so as to give change in euro only as from €-day, as far as possible.	After the end of the dual circulation period.

Dual display of prices	According to the draft "umbrella law", the dual display of prices will be mandatory in the period starting one month after the abrogation of the derogation and the fixing of the conversion rate between the euro and the Cyprus pound until six months after €-day. Ministries and the Central Bank will issue circulars to supplement the law.	Compulsory three months from before until one year after €-day.
Consumer confidence building measures (e.g. agreements with retailers)	Euro observatories will be established in all districts.	Monitoring of price developments in the retail trade, verification of the accuracy of price displays and "fair trader" campaign envisaged.
Adaptation of national law	A draft "umbrella law" for the adoption of the euro in Cyprus is planned to be adopted at the end of 2006. The impact of the euro on existing laws has been assessed and the necessary changes are under preparation.	"Umbrella law" on basic provisions for the euro changeover in Latvia is currently being prepared. All ministries are involved in reviewing national legislation to identify the necessary amendments and new legislation required.
Euro banknotes and coins		
Design of the national side	The Council of Ministers approved the designs for the national sides of the euro coins on 22 June 2006. The designs were unveiled on 11 October 2006.	In process.
Nr of different coin designs	Three designs.	Four designs.
Coin supplier	Coins to be minted abroad at approved national and/or private mints, through tender procedures.	Coins will be minted abroad. The call for tenders for the production of coins will be held once the design has been finalised.
Estimation on the need for banknotes and coins	79 million banknotes (value €1730m), 545 million coins (value €147.4m).	87 million banknotes and 300 million coins.
Communication activities		
Communication strategy	A Comprehensive Strategic Communication Plan for the Adoption of the Euro in the Republic of Cyprus was approved by the Council of Ministers on 5 April 2006. The relevant action plans were approved, and implementation has started.	"Communication strategy for the euro changeover in Latvia" approved by the Steering Committee of Latvia's euro implementation project on 12 April 2006.
Addresses of websites on euro changeover, activation date: Ministry of Finance/Government; Central Bank	www.euro.cy , activated on 31 May 2006 as part of the communication campaign's official kick-off event. Other government websites and the Central Bank's website provide links to the changeover website.	Planned euro changeover website: www.euro.lv . A working group has been set up to develop the concept of this site. Updated information on the euro changeover process is available on the website of the Ministry of Finance: http://www.fm.gov.lv/page.php?id=105 .
Partnership agreement	Signed on 5 May 2006.	
Other issues		
ERM II entry	2 May 2005	2 May 2005
Twinning agreement	Between IE – MT – CY: communication and information strategy (finalised); between GR – CY: technical issues related to the changeover.	

STATE OF PRACTICAL PREPARATIONS (October 2006)

	Lithuania	Hungary
Changeover plan		
National target date for euro adoption	The specific target date has not been set. According to the government, Lithuania will aim to join the euro area as soon as possible and the more favourable period for Lithuania to join the euro area starts from 2010.	The update of the Convergence Programme of 1 September 2006 aims at meeting the Maastricht criteria in 2009. A new target date for the adoption of the euro has not been specified.
National co-ordinating institution	Commission for the Coordination of the Adoption of the Euro in Lithuania, established on 30 May 2005.	Preparatory work is ongoing in the Ministry of Finance and Magyar Nemzeti Bank (central bank of Hungary).
(Approved) National Changeover Plan	The first version of the National Changeover Plan was approved by the government on 29 September 2005. The draft second version of the National Changeover Plan, dated April 2006, has been published: http://www.finmin.lt/notes_images/web/stotis_inf.nsf/0/80C39F584F795D97C22570AD0054C826/\$File/LT%20Changeover%20plan_en.pdf	In 2006, the Central Bank prepared a proposal for a national changeover plan focusing on its tasks and forwarded it, inter alia, to the Ministry of Finance. A summary of this proposal was published in October 2006.
Changeover details		
Type of scenario	"Big bang".	"Big bang" with possible phasing out features.
Dual circulation period	15 days.	One month.
Exchange of national banknotes and coins	Commercial banks: free of charge for 60 days after €-day. Central bank: free of charge for an unlimited period.	Credit institutions and post offices: at least during the dual circulation period. Magyar Nemzeti Bank: in the case of banknotes for 20 years and in the case of coins for 5 years after the end of the dual circulation period.
Campaign for rapid withdrawal of national banknotes and coins	Consumers will be encouraged to deposit cash with banks as early as possible.	
Frontloading and sub-frontloading	Frontloading of euro banknotes to commercial banks one month before €-day at the latest and of euro coins three months before €-day at the latest. Sub-frontloading of euro banknotes and coins to retailers during the last month before €-day.	
ATMs issuing euro only	As from €-day ATMs will dispense euro banknotes.	
Change in euro only	Recommendation to give change in euro only.	
Dual display of prices	Compulsory: 120 calendar days before €-day until 120 days after €-day; voluntary: recommendation to use dual display as early as possible after the adoption of the conversion rate.	
Consumer confidence	Business organisations will be encouraged to	

building measures (e.g. agreements with retailers)	adopt a Code of Good Business Practice (on correct conversion, no price increases etc.); enterprises committing themselves will be authorised to use the special logo of the Code.	
Adaptation of national law	A Law on the Adoption of the Euro has been drafted (rules on conversion and exchange of the litas to the euro, withdrawal of litas from circulation, publication of the images of notes and coins, redenomination of securities, dual display of prices etc.). The law will be adopted once the decision to lift the derogation has been taken. All existing legal acts that need to be adapted with a view to the euro were identified by December 2005.	
Euro banknotes and coins		
Design of the national side	Approved.	
Nr of different coin designs	Three designs.	
Coin supplier	Lithuanian Mint.	National Mint.
Estimation on the need for banknotes and coins	Estimation of 118 million banknotes and 290 million coins has been made on the condition that the euro will be introduced on 1 January 2007.	0,5 billion banknotes and 1 billion coins.
Communication activities		
Communication strategy	The "Public information and communication strategy on the adoption of the euro of Lithuania" was approved by the government on 29 September 2005. The strategy is currently under revision. The Bank of Lithuania has completed the procedure for the selection of a provider of euro information services.	
Addresses of websites on euro changeover, activation date: Ministry of Finance/Government; Central Bank	Websites of the Bank of Lithuania (www.lb.lt) and of the Ministry of Finance (www.finmin.lt). A national website is under development.	www.euro.mnb.hu (activation envisaged in the course of November 2006)
Partnership agreement	Signed on 8 November 2005.	
Other issues		
ERM II entry	28 June 2004	
Twinning agreement	Between NL – SI – LT: communication and information strategy; between BE – LT on tax-related questions; between BE – LT on departmental management related to the changeover.	Between AU – HU: communication and information strategy (finalised).

STATE OF PRACTICAL PREPARATIONS (October 2006)

	Malta	Poland
Changeover plan		
National target date for euro adoption	1 January 2008	
National co-ordinating institution	Two Committees appointed on 13 June 2005: a Steering Committee and a National Euro Changeover Committee (NECC) reporting to it.	Inter-institutional working group Ministry of Finance / national central bank.
(Approved) National Changeover Plan	The Second Updated Master Plan for the Euro Changeover in Malta was adopted by the government on 12 June 2006 http://mfin.gov.mt/image.aspx?site=NECC&ref=Master%20Plan%202	
Changeover details		
Type of scenario	"Big bang" with a "phasing-out" period.	
Dual circulation period	January 2008.	
Exchange of national banknotes and coins	It is planned that, as from 2 January 2008, credit institutions will start accepting the exchange of Maltese lira notes and coins into euro notes and coins, free of charge for their clients and up to a 'household amount' of MTL 250 for non-bank clients. In both cases free exchange is planned to be provided until the end of March 2008. The Central Bank of Malta will continue to exchange all Maltese lira coins and notes, subject to anti-money laundering regulations, for two years and ten years respectively after the Maltese lira ceases to be legal tender.	
Campaign for rapid withdrawal of national banknotes and coins	A de-hoarding campaign is being designed by the NECC and the Central Bank of Malta. The campaign will target the general public and specific target groups and is expected to unfold as of mid-2007 (after the decision lifting Malta's derogation).	
Frontloading and sub-frontloading	Frontloading to credit institutions is planned to start from late October/early November 2007 and sub-frontloading by credit institutions to businesses and other cash handlers is planned to start from 17 December 2007. As from 1 December 2007, credit institutions will exchange Maltese lira into euro at the irrevocably fixed conversion rate without any exchange charges.	
ATMs issuing euro only	It is planned that at least one ATM in all major localities will dispense euro banknotes as from 1 January 2008.	
Change in euro only	Planned as from 1 January 2008.	

Dual display of prices	Mandatory dual display of prices from 1 July 2007 (or from the irrevocable fixing of the conversion rate, if later) until 30 June 2008. Voluntary dual display will be promoted by the NECC as from 1 January 2007.	
Consumer confidence building measures (e.g. agreements with retailers)	<p>Following consultation both within the NECC and of the public, the Fair-pricing Agreements in Retailing (FAIR) initiative is expected to be launched by the last quarter of 2006. The FAIR initiative provides for the conclusion of formal agreements in which retailers notably commit themselves not to increase prices for the simple reason that the euro is introduced.</p> <p>A Euro Observatory on the basis of EC Recommendation 98/288/EC is being set up.</p> <p>The NECC has requested relevant organisations to submit innovative and creative proposals which enhance consumers' confidence in the euro changeover process. The NECC will be co-financing such initiatives.</p>	
Adaptation of national law	The Euro Adoption Act 2006 entered into force on 29 September 2006. A workshop is identifying the need for amendments to existing legislation and is drafting respective proposals.	
Euro banknotes and coins		
Design of the national side	The three designs for the national sides of the Maltese euro coins were selected following a public consultation; the final designs were published by the Central Bank on 13 October 2006.	Public survey.
Nr of different coin designs	Three designs.	
Coin supplier	As Malta does not have a national mint, the Maltese euro coins will be produced by the Monnaie de Paris, the mint chosen following a public call for tenders.	National Mint.
Estimation on the need for banknotes and coins	<p>Estimated 92.5 million euro notes.</p> <p>Estimated 206 million euro coins.</p>	Between 4 and 5 billion coins.
Communication activities		
Communication strategy	<p>"Multi-annual communication strategy in preparation for the adoption of the euro (2006-2008)" adopted by the Steering Committee for the adoption of the euro on 19 April 2006.</p> <p>The NECC has prepared a detailed action plan for 2006 and 2007 including a significant information campaign reaching specific target groups including consumers, the business community, children, the elderly and vulnerable groups. It has recruited a team of information officers to assist the general public and has also launched a national helpline to assist the</p>	

	<p>different target groups.</p> <p>The NECC launched its information campaign in June 2006. The NECC unveiled the slogan “the euro – in our common interest” and launched a three-digit helpline which has proven popular among the general public. The campaign includes public relations initiatives, articles on national newspapers and magazines and an advertising campaign. The team of information officers is also constantly participating in television and radio programmes as well as giving public talks to NGOs, local councils and other important multipliers. A specific campaign targeting businesses is planned in autumn.</p>	
<p>Addresses of websites on euro changeover, activation date:</p> <p>Government/Ministry of Finance;</p> <p>Central Bank</p>	<p>NECC: http://www.euro.gov.mt</p> <p>Central Bank of Malta: http://www.centralbankmalta.com/site/euroadoption.html</p> <p>Ministry of Finance: http://mfin.gov.mt</p>	
Partnership agreement	Signed on 5 May 2006.	
Other issues		
ERM II entry	2 May 2005	
Twinning agreement	<p>Between IE – MT – CY: communication and information strategy (finalised).</p> <p>Between AT-MT: establishment of Euro Observatory.</p>	Between DE – PL: communication and information strategy and practical issues.

STATE OF PRACTICAL PREPARATIONS (October 2006)

	Slovenia	Slovakia	Sweden
Changeover plan			
National target date for euro adoption	1 January 2007 (euro adoption date)	1 January 2009	Not yet decided.
National co-ordinating institution	The Coordinating Committee for Technical Preparations to Introduce the Euro was created in July 2004.	Ministry of Finance	
(Approved) National Changeover Plan	A Masterplan for the Euro Changeover was approved in January 2005. First update was adopted by the government on 2 February 2006. Both documents are available on: http://www.bsi.si/en/publications.asp?MaPalId=717 and http://www.evro.si/en/slo-and-euro/documents/ .	The National Changeover Plan was approved on 6 July 2005: http://www.nbs.sk/ZAKLNBS/PUBLIK/BROZURY/NARPLAN.PDF (Slovak) http://www.nbs.sk/ZAKLNBS/PUBLIK/BROZURY/NARPLANA.PDF (English).	
Changeover details			
Type of scenario	"Big bang".	"Big bang".	
Dual circulation period	1 January to 14 January 2007.	16 days.	
Exchange of national banknotes and coins	Commercial banks will exchange tolar banknotes and coins free of charge until 1 March 2007; Banka Slovenije will exchange tolar banknotes without time limit and tolar coins until 31 December 2016 free of charge.	Commercial banks exchange banknotes until end 2009 and coins until June 2009 (free of charge). The Central Bank exchanges banknotes without time limit and coins for 5 years.	
Campaign for rapid withdrawal of national banknotes and coins	A campaign of the banking sector is planned for the rapid withdrawal of national banknotes and coins.		
Frontloading and sub-frontloading	Frontloading of coins to banks as of 16 September 2006, of banknotes as of 11 December 2006; sub-frontloading of coins as of 1 December 2006, of banknotes as of 11 December 2006; coin mini-kits for the general public as of 15 December 2006, while starter kits for retailers as of 1 December 2006	One to four months prior to €-day.	
ATMs issuing euro only	ATMs will only dispense €10 and €20 banknotes as of €-day.	As of €-day ATMs will issue euro only.	
Change in euro only	Change will be given in euro only as of €-day.	Change will be given in euro only.	
Dual display of prices	Compulsory from 1 March 2006 to 30 June 2007.	Compulsory: from one month after the fixing of the conversion rate to one year after euro adoption. Voluntary: for further 6 months.	
Consumer confidence building measures (e.g. agreements with retailers)	Price Watch Project: The Consumer Association of Slovenia is monitoring price developments in the retail sector for	Evolution of prices in 2008 and 2009 will be closely monitored; consumers will be informed of the results; consumers can raise	

	specific goods and services in cooperation with the Statistical Office of the Republic of Slovenia and will publish the names of retailers who increase prices excessively.	complaints with supervisory bodies or apply to the courts; voluntary ethical code has been drafted with retailers and entrepreneurs.	
Adaptation of national law	The draft Introduction of the Euro Act was sent to the ECB for consultation on 3 May 2006 and submitted to Parliament in July 2006. Amendments to the Salary Tax Act were adopted in December 2005; amendments to the Bank of Slovenia Act, to the Payment Transactions Act, to the Minor Offences Act and to the Companies Act were adopted in April 2006. The amendments to the Collateralisation Act were adopted in June 2006.	"Umbrella law" planned to be adopted by 1 January 2008. The necessary amendments to existing legislation have been identified by January 2006 and are envisaged to be adopted in 2008 at the latest.	
Euro banknotes and coins			
Design of the national side	Approved.	Final design of the national side for the euro coins was chosen by public tender followed by an opinion poll and announced in December 2005.	
Nr of different coin designs	Eight designs.	Three designs.	
Coin supplier	Coins to be minted by national mints abroad; the Mint of Finland has been chosen as producer of euro coins.	National Mint.	
Estimation on the need for banknotes and coins	94 million banknotes and 296 million coins.	400 million coins.	
Communication activities			
Communication strategy	Endorsed by Bank of Slovenia on 19 May 2005 and by the government on 2 June 2005.	Communication strategy on the euro introduction in the Slovak Republic is part of the National Changeover Plan.	
Addresses of websites on euro changeover, activation date: Government/Ministry of Finance; Central Bank	National website on euro changeover: http://www.evro.si , activated on 15 February 2006. Special section on the euro on the webpage of Bank of Slovenija: http://www.bsi.si . Toll-free phone line: 080 2002. Free euro post cards.	http://euro.vlada.gov.sk ; http://www.euromena.sk .	
Partnership agreement	Signed on 8 November 2005		
Other issues			
ERM II entry	28 June 2004	28 November 2005	
Twinning agreement	Between NL – SI – LT: communication and information strategy.	Between AU – SK: communication and information strategy; Between BE – SK: technical issues related to the changeover (finalised).	

ANNEX 4

Euro coins designs of the future national sides of Cyprus

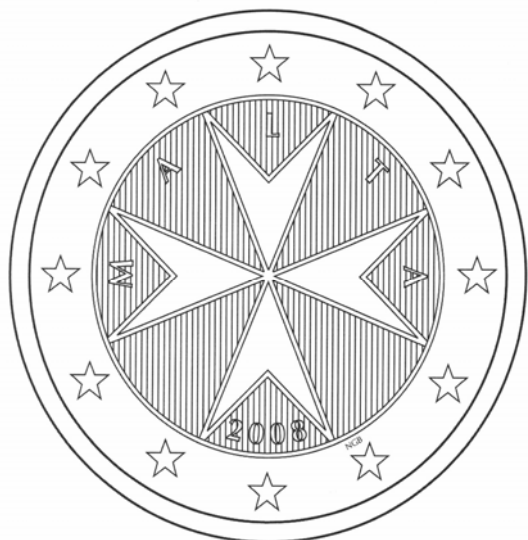


1- and 2-euro coin 10-, 20- and 50-cent coin

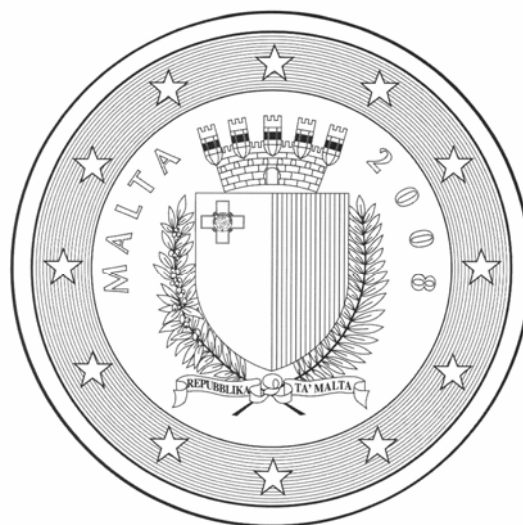


1-, 2- and 5-cent coin

Euro coins designs of the future national sides of Malta



1- and 2-euro coin



10-, 20- and 50-cent coin



1-, 2- and 5-cent coin

ANNEX 5 - State of public opinion in the recently acceded Member States

The European Commission recently commissioned another Eurobarometer survey on public opinion in the recently acceded Member States concerning their attitudes towards and knowledge about the introduction of the euro. Gallup Europe conducted this survey in September 2006. It was the fourth such Eurobarometer survey (following surveys in September 2004 and 2005, and in April 2006), again polling over 10 000 citizens.

1. Familiarity with and knowledge about the euro

Respondents in the recently acceded Member States are already relatively familiar with the single currency. 77% of the respondents have already seen euro banknotes while 70% have seen euro coins. Less than half of the respondents have already used the euro. Generally, euro banknotes are better known and more used in the recently acceded Member States than coins.

In addition to these practical aspects, the survey also tested the respondents' knowledge of the euro's general features. As to the design of the single currency, only a minority of respondents was able to respond correctly that banknotes are identical throughout the euro area (45% compared to 46% in April 2006), and that the coins have national designs on one side (37%, unchanged). As in April 2006 and before, only 40% identified the correct number of euro-area Member States. A relatively stable majority of citizens (67%, previously 69%) in each surveyed country believes that their country can decide whether it will adopt the euro or not.

Regarding the expected date of introduction of the euro, the results show a marked shift since April 2006, corresponding to actual developments. While in spring the majority of the population of the Baltic States believed that their countries would adopt the euro before 2008 (72% in Lithuania, 71% in Estonia and 51% in Latvia), only a minority now shares this opinion (35%, 44% and 36%, respectively).

2. Information and information channels

The results of the September 2006 survey reveal a moderate increase in the perceived information level, both on average as well as in each country except Latvia. Overall, 5% of respondents believe that they are *very* well informed about the euro, and another 35% report that they are rather well informed. These figures have improved for the second time, suggesting that the dissemination of information has been gradually improving over time. Inversely, 58% consider that they are not very well, or not at all, informed about the euro, including respondents in Cyprus (60%) and Malta (62%), which are aiming to introduce the euro on 1 January 2008. The results suggest that demand for information is far from satisfied for the time being.

As in April 2006, an average of 77% of respondents express their confidence in national central banks as a trusted source of information. European institutions are perceived as the second most trusted source (results being slightly lower than in April 2006: 67% relative to 70%). Most respondents continue to prefer mass media and banks as channels of information and are mainly interested in practical information on the euro introduction, e.g. the value of the euro (93%), how to avoid being cheated (92%), the changeover scenario (90%), etc. The survey confirms once more that a dual display of prices is considered essential in preparing for the changeover, both in shops (85%) and on utility bills (75%).

3. Perceptions of and support for the single European currency

As in April 2006, citizens in the recently acceded Member States are prepared – at least mentally – to have their currency replaced by the euro: 47% are very or quite happy about a future changeover, which is comparable to the April 2006 findings. The trends are very much country-dependent: the relative share of citizens happy about the euro changeover increased in five of the ten recently acceded Member States, while it has decreased in the other five since April 2006.

Generally, citizens expect that the advantages will be greater for their country than for themselves. Only 8% think that the introduction will have a very positive effect (no change compared to April 2006), and 42% that it will have a positive rather than a negative effect on the country (a 2-percentage-point decrease from April 2006). Similar figures on a personal level show that 8% expect very positive (+1), and 36% rather positive (-3) consequences when it comes to adopting the single currency in their country. A significant minority of 40% expect negative personal consequences, but fewer citizens fear a similar outcome for their country (36%).

Support for the euro decreased significantly in Hungary and Cyprus, and somewhat less in Poland, Malta and Latvia, while increasing in the other Member States. Citizens in Malta and Cyprus remain sceptical, despite the possibility of their countries adopting the euro in the near future. While only 31% of respondents expect positive consequences for Malta, 48% (compared to 42% previously) appear to be very or rather happy with the euro replacing their national currency. In Cyprus, the picture is more pessimistic: only 29% expect positive consequences for the country, which is the lowest rate of all ten countries, and only 32% (compared to previously 39%) are very or rather happy.

4. Expectations and fears regarding the adoption of the euro

The September results broadly confirm previous surveys as regards citizens' expectations of the euro. 45% (compared to 46% in April 2006) of the respondents continue to fear that the introduction of the euro will increase inflation in their country. There is still broad consensus in the recently acceded Member States that the euro is an international currency and that there are several benefits associated with their country's adoption of the euro.

Regarding the euro's economic or political effects, respondents generally acknowledge that it will have positive effects on public finances (44%, unchanged). Citizens are split (40% agree and 39% disagree) when asked whether the euro will favour employment or boost economic growth.