

COUNCIL DECISION

of 31 December 1998

on the position to be taken by the Community regarding an agreement concerning the monetary relations with the Principality of Monaco

(1999/96/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 109(3) thereof,

Having regard to the recommendation from the Commission,

Having regard to the opinion of the European Central Bank,

- (1) Whereas according to Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro⁽¹⁾ the euro will be substituted as from 1 January 1999 for the currency of each participating Member State at the conversion rate;
- (2) Whereas the Community will have competence for monetary and exchange rate matters in the Member States adopting the euro as from that date;
- (3) Whereas the Council is to determine the arrangements for the negotiation and conclusion of agreements concerning monetary or foreign exchange regime matters;
- (4) Whereas France has particular monetary links with the Principality of Monaco which are based on various legal instruments⁽²⁾; whereas financial institutions located in the Principality of Monaco have the potential right to access the refinancing facilities of the Banque de France and whereas they participate in some French payment systems under the same conditions as French banks;
- (5) Whereas the euro will be substituted for the French Franc on 1 January 1999;
- (6) Whereas according to Declaration (No 6) annexed to the Final Act of the Treaty on European Union, the Community undertakes to facilitate the renegotiations of existing arrangements with the Principality of Monaco as might become necessary as a result of the introduction of the single currency;
- (7) Whereas the arrangements between France and the Principality of Monaco in their present form need to be amended or, as the case may be, replaced at

the earliest possible date, taking into account the allocation of competence to the Community for monetary and exchange rate matters as laid down in the Treaty;

- (8) Whereas, given the close economic relations between the Principality of Monaco and the Community, it is appropriate that an agreement concerning banknotes and coins, the access to payment systems and the legal status of the euro in the Principality of Monaco is concluded between the Community and the Principality of Monaco; whereas, given the historical links between France and the Principality of Monaco, it is appropriate that France negotiates and may conclude the new agreement on behalf of the Community;
- (9) Whereas, in order to allow the Principality of Monaco to have the same currency as France, it is appropriate to agree that the Principality of Monaco uses the euro as its official currency and grants legal tender status to euro banknotes and coins issued by the European System of Central Banks and the Member States which have adopted the euro;
- (10) Whereas it is important that the Principality of Monaco ensures that Community rules on banknotes and coins denominated in euro are applicable in the Principality of Monaco; whereas euro banknotes and coins need appropriate protection against counterfeiting; whereas it is important that the Principality of Monaco takes all the necessary measures to combat counterfeiting and to cooperate with the Community in this area;
- (11) Whereas the European Central Bank (ECB) and the national central banks may engage in all types of banking transactions in relation to financial institutions located in third countries; whereas the ECB and the national central banks may, under appropriate conditions, allow financial institutions in third countries access to their payment systems; whereas the agreement between the Community and the Principality of Monaco shall not impose any obligations on the ECB or on any national central bank;

⁽¹⁾ OJ L 139, 11. 5. 1998, p. 1.

⁽²⁾ *Ordonnance monégasque fixant le cours légal et le cours forcé des monnaies et billets du 2 janvier 1925; Convention franco-monégasque relative au contrôle des changes, 14 avril 1945; Echange de lettres entre la France et Monaco du 18 mai 1963 relatif à la réglementation bancaire dans la Principauté, as amended by the Echange de lettres du 27 novembre 1987.*

- (12) Whereas the Commission and the ECB in its field of competence will have to be fully associated with these negotiations; whereas it is appropriate that France submits the draft agreement to the Economic and Financial Committee for its opinion; whereas the draft agreement will have to be submitted to the Council in the case that the Commission or the ECB or the Economic and Financial Committee are of the opinion that this is necessary;
- (13) Whereas existing arrangements between France and the Principality of Monaco should be amended or, as the case may be, replaced so as to avoid any inconsistencies between such arrangements and the agreement between the Community and the Principality of Monaco concerning their monetary relations,

HAS ADOPTED THIS DECISION:

Article 1

France shall notify the Principality of Monaco of the need to amend the existing arrangements between France and the Principality of Monaco at the earliest possible date as far as monetary matters are concerned and offer negotiations for a new agreement.

Article 2

The position to be taken by the Community in the negotiations with the Principality of Monaco for an agreement concerning matters referred to below shall be based on the principles laid down in Articles 3 to 6.

Article 3

1. The Principality of Monaco shall be entitled to use the euro as its official currency.
2. The Principality of Monaco shall be entitled to grant legal tender status to euro banknotes and coins.

Article 4

The Principality of Monaco shall undertake not to issue any banknotes, coins or monetary surrogates of any kind unless the conditions for such issuance have been agreed with the Community.

Article 5

1. The Principality of Monaco shall undertake to make Community rules on euro banknotes and coins applicable in the Principality of Monaco.
2. The Principality of Monaco shall undertake to cooperate closely with the Community with regard to measures against counterfeiting of euro banknotes and coins.

Article 6

Financial institutions located in the Principality of Monaco may have access to the payment systems within the euro area under appropriate conditions to be determined with the agreement of the ECB.

They may be subject to minimum reserve and statistical reporting obligations of the ECB.

Article 7

France shall conduct the negotiations with the Principality of Monaco on the matters referred to in Articles 3 to 6 on behalf of the Community. The Commission shall be fully associated with the negotiations. The ECB shall be fully associated with the negotiations in its field of competence. France shall submit the draft agreement to the Economic and Financial Committee for opinion.

Article 8

France shall be entitled to conclude the agreement on behalf of the Community unless the Commission or the ECB or the Economic and Financial Committee are of the opinion that the agreement should be submitted to the Council.

Article 9

France shall review its existing arrangements with the Principality of Monaco in order to make them compatible with the agreement between the Community and the Principality of Monaco concerning their monetary relations.

Article 10

This Decision is addressed to the French Republic.

Done at Brussels, 31 December 1998.

For the Council

The President

R. EDLINGER