



*European Economic and Social Committee*

**ECO/189**  
**Practical preparations –**  
**future enlargement of the**  
**euro area**  
**(third report)**

Brussels, 26 October 2006

**OPINION**

of the

European Economic and Social Committee

on the

**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**

**"Third report on the practical preparations for the future enlargement of the euro area"**

COM(2006) 322 final

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On 13 July 2006, the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

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On 4 July 2006 the Committee Bureau instructed the Section for Economic and Monetary Union and Economic and Social Cohesion to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Ms Roksandić as rapporteur-general at its 430th plenary session, held on 26 October 2006 and adopted the following opinion by 102 votes to 1 with 4 abstentions.

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## 1. **Summary**

1.1 The EESC believes that the Commission Communication accurately and exhaustively sets out the current process of preparing for the Euro in Slovenia, as well as the progress made by the ten other Member States that are due to adopt the Euro once they meet the necessary conditions. It therefore endorses the Commission Communication.

1.2 The EESC recommends that the Commission think carefully about the matter and, where possible, takes account of the Committee's recommendations in its future reports and recommendations.

## 2. **Commission Communication**

2.1 The Commission document is the regular annual report on progress made by the eleven Member States<sup>1</sup> that are due to adopt the Euro and become members of the Euro area once they have met the necessary conditions. It is already the third of its kind since 2004. The present report was drawn up ahead of the normal November deadline because of the anticipated enlargement of the Euro area with the entry of Slovenia on 1 January 2007<sup>2</sup>; it provides a detailed review of current preparations in that Member State. Ongoing practical preparations at national level in the other ten Member States are also set out in the report.

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<sup>1</sup> All the new Member States which joined on 1 May 2004 are Member States with a derogation by virtue of Article 4 of the Accession Treaty. Sweden became a Member State with a derogation in May 1998.

<sup>2</sup> Council Decision 2006/495/EC and Council Regulation (EC) No. 1086/2006, both dated 11 July 2006.

2.2 With regard to the process of enlarging the Euro area, which is the political and economic responsibility of Member States, the Commission emphasizes the importance of careful forward planning and in-depth, comprehensive preparation which should involve both the public and private sector, as well as the wider public. In its conclusions, the report lists further steps that need to be taken in Slovenia. It also stresses the need to step up preparations in the other Member States and to consolidate the majority of the national plans for the adoption of the Euro.

### 3. **General Conclusions**

3.1 This is the first Commission report to be examined by the EESC on the practical preparations for the future enlargement of the Euro area, although it is already the third in a row to be issued since the Euro area was established in 2002. Nonetheless, it should be emphasised that the introduction of the Euro must not be considered and dealt with merely as a technical project, but rather as a major change with significant economic, monetary and social consequences.

3.2 Member States are, without a doubt, the ones responsible for making sure that the adoption process is a success. However, it should be emphasized that all civil society organisations need to be involved, given that they represent individual interest groups and ensure the active involvement of such groups in that process throughout the Member States due to adopt the Euro. The current enlargement will take place in individual Member States and not in twelve all at once, as was the case in 2002 when the Euro was introduced. In 2001, the EESC noted that not only had a significant amount of resources been mobilised for that process, but that also all the interested parties had been active in the changeover, and that the public had been well prepared and fully involved<sup>3</sup>. It is particularly important, and, indeed, urgent, to ensure that the same conditions prevail in Slovenia, given that the country is less than three months away from adopting the Euro.

3.3 Opinion polls<sup>4</sup> show that the Slovenian public is the best informed about the Euro, out of all the Member States due to enter the Euro area. The information campaign carried out with national and European funding contributed significantly to this. It is nevertheless worrying that the Slovenian public, according to the latest Eurobarometer opinion poll carried out in April 2006, is also the most sceptical about the effects on inflation of the Euro's introduction, even more so than in those Member States deemed to be the most sceptical about the Euro<sup>5</sup>.

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3 OJ C 155 of 29.05.2001

4 Annex to the third Commission report, working document, SEC(2006) 785, 25.

5 Ibid, 31.

3.4 Monitoring the prices of both goods and services, especially public sector services, in the run up to the introduction and for a specified period afterwards, can significantly help reduce public scepticism about the negative effects of adopting the Euro. It also reduces the possibility of unjustified price hikes and "rounding up" in currency conversion. The European Parliament resolution on the enlargement of the Euro zone<sup>6</sup> draws attention to similar problems.

3.5 Voluntary cooperation between consumer organisations and traders is appropriate, but not sufficient. Publishing a monitoring review on the price of goods every three months in the final run up to the Euro does not seem enough to minimise the negative public perceptions about the effects of introducing the Euro.

#### 4. **Specific recommendations**

4.1 The Committee proposes that the Commission recommend that in their preparations for adopting the Euro and in addition to the necessary information campaigns, Member States pay special attention to ensuring that all interest groups are involved in the process, with the support of civil society organisations. To this end, Member States and the EU should provide financial resources to train and prepare the various interest groups for work and life with the new Euro currency.

4.2 Serious consideration should be given to the introduction of arrangements for monitoring the prices of public sector services, as well as monthly price changes for goods and services generally, during the six month period prior to the Euro's introduction and for at least one year afterwards. Member States could thus in future avoid the shortcomings detected during the 2002 introduction of the Euro and again during subsequent enlargements of the Euro area.

Brussels, 26 October 2006.

The President  
of the  
European Economic and Social Committee

The Secretary-General  
of the  
European Economic and Social Committee

Dimitris Dimitriadis

Patrick Venturini

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<sup>6</sup> European Parliament resolution on the enlargement of the Euro zone of 1 June 2006, pt. 12.