

Preparations for Euro Changeover

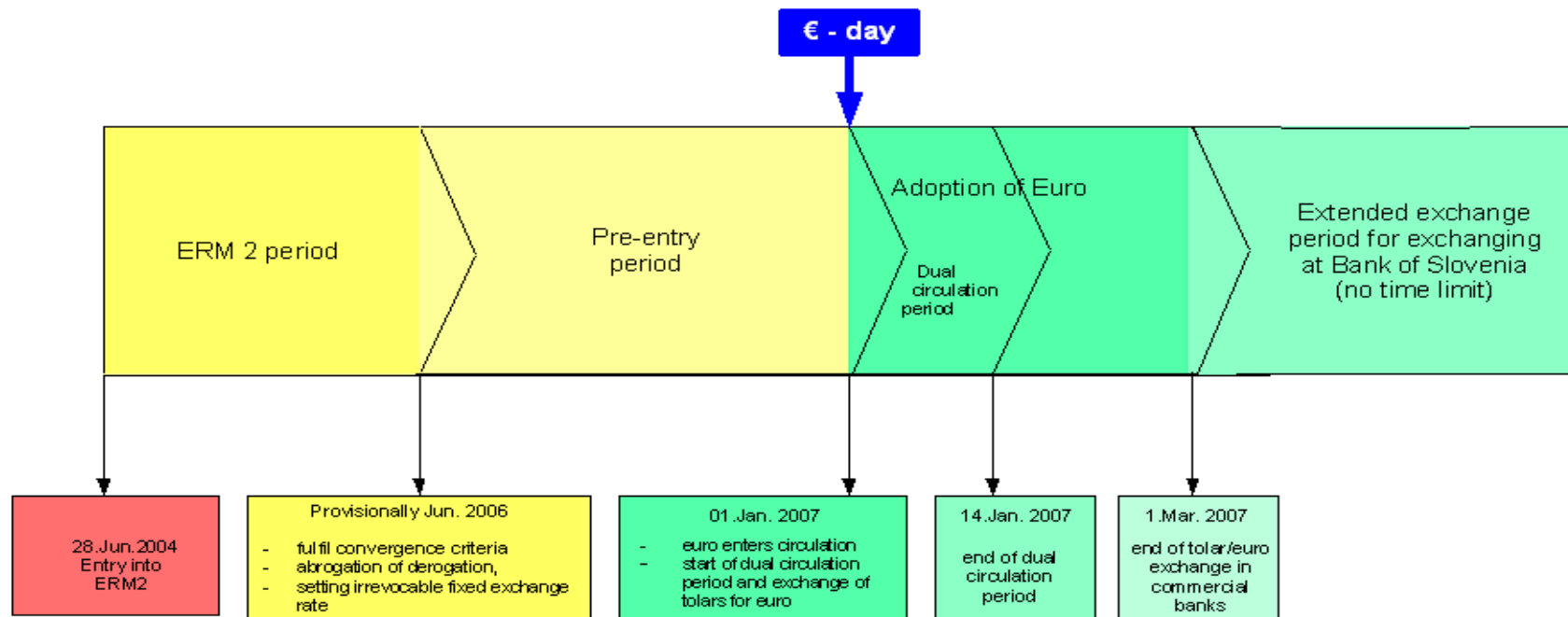
Planning and timing in the case of Slovenia

Prague, 28 March 2009

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Eurochangeover

TIMETABLE FOR EURO ADOPTION*



* all dates are provisional

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Policy documents:

- 1. Medium term monetary policy framework – November 2001**
- biannual assessment of monetary policy (Monetary policy report)
- 2. Joint BoS / Government ERM II entry and Euro adoption programme – November 2003**

Changeover documents:

- 1. Joint BoS / Government Changeover masterplan – February 2005**
- first supplement - February 2006
- second supplement – November 2006 (envisaged)
- 2. Joint Bos / Government Communication campaign – June 2005**

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Changeover plan in Slovenia

- 1. Scenario chosen:** Big Bang
- 2. Coordination od activities:** national coordination body, co-chaired by BoS and MF
- 3. Changeover rules:**
 - Council Regulations
 - Changeover national law

ERM II entry: June 28, 2004

Central parity: 1€ = 239,640 SIT

Joint policy statement

Policy issues:

1. Demand management

- relevance of fiscal policy
- convergence of interest rates

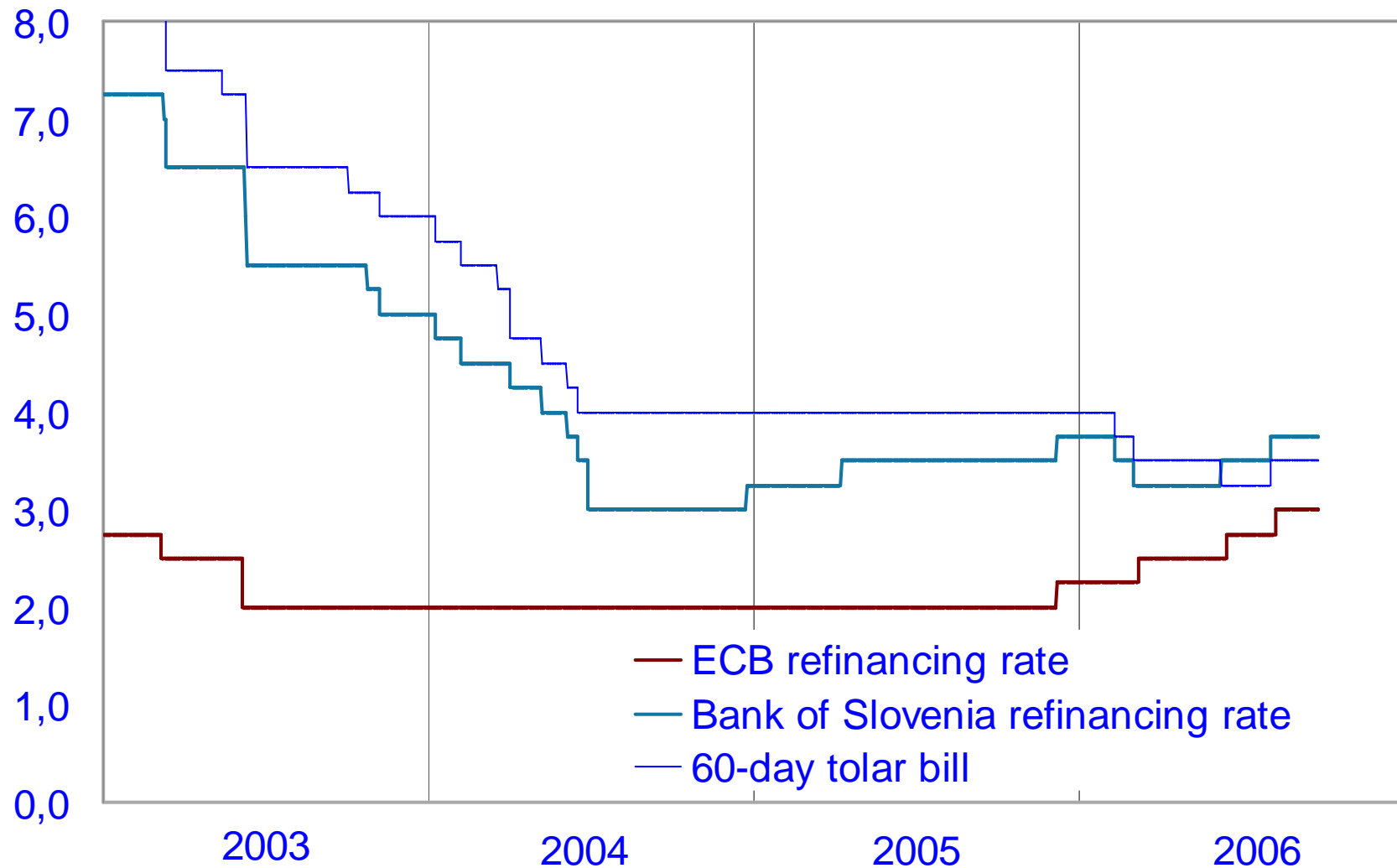
2. Competitiveness

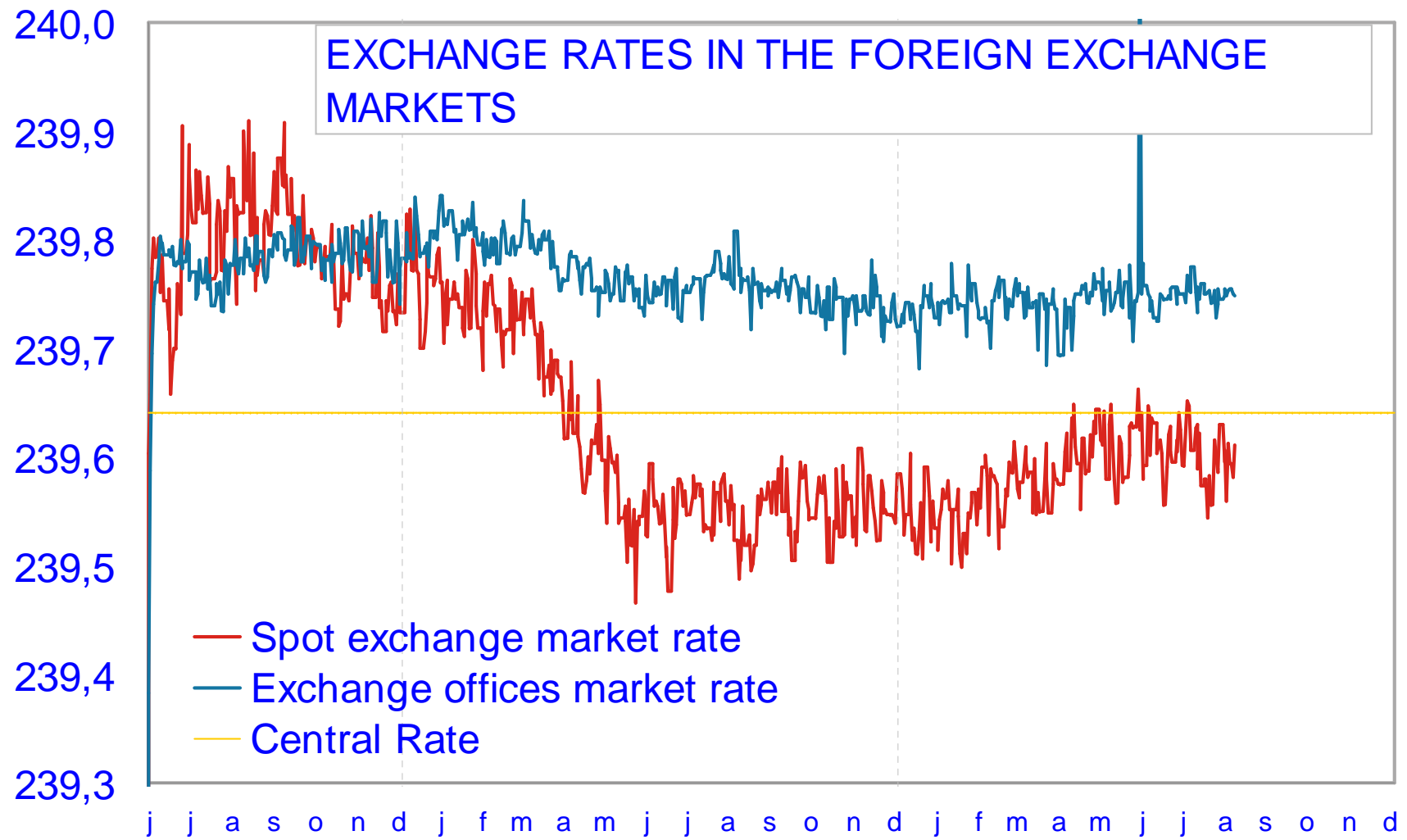
- stability of the ER
- labor costs development
- structural reforms

3. Financial deepening

- importance of supervision

Convergence of BoS interest rates
to the ECB refinancing rate





Convergence assessment

- individual request for Convergence Report on March 2, 2006
- positive convergence assessment in the Convergence Reports of the ECB and the Commission on May 16, 2006
- positive opinions of European Parliament and European Council in composition of Head of States and Governments on June 15, 2006
- ECOFIN decision on July 11, 2006
- Euro adoption on January 1, 2007

Preparations in EU

1. Amendments to Regulation 974/98
 - definition of alternative scenarios (3)
2. Decision on new common side of eurocoins
3. Activation of PAN II
4. Cooperation with the Republic of Slovenia
 - Strategic partnership between the Government of Republic of Slovenia and the Commission (November 2005)

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Preparations in Slovenia

1. Legal Convergence adjustment

- adjustments of BoS Law to the ESCB and ECB Statute

2. Legal adjustment to changeover

- Law on Euro adoption
- six other laws

3. Accession to Eurosystem

- accession to TARGET
- transition to the use of ECB instruments

4. Cash Changeover

- decision on motives for national side of eurocoins
- minting of coins with new national and common side
- front and subfrontloading (distribution logistic, ownership issues, insurance, stocking, security, counterfeiting etc.)

Eurochangeover

Preparations in Slovenia

4. Business adjustments

- public administration, banks, stock exchange, enterprises, craftsmen
- specific issues: conversion, accounting payments, ATMS, AVMS, POS terminals, credit cards, continuity of contracts, rounding, IT support etc.

5. Switch in minds

- double pricing
- communication campaign

Law on Euro adoption

1. Conversion without costs during changeover period. Bank right to charge costs for cash conversion over 1.500 Euro, if not announced in advance.
2. 14-days dual circulation period, two months changeover period.
3. Switch in interest rates from SITIBOR to EURIBOR.
4. Conversion of debt instruments bottom up by instrument (default method)
5. Obligation of state authorities to convert tolar values into euros in procedures under their authority.

Law on Euro adoption

6. Rounding of prices of sensitive products and services on more decimals (electricity, phone impulses, public utilities, gasoline).
7. Debtors obligation to correctly convert tolar values when presenting payment orders. Special transitional regime for certain payment instruments.
8. Exchange rate on the date of acquiring for determination of taxable base at the date of sale of capital assets for citizens.
9. Irrevocably fixed exchange rate for conversion of pensions and other social transfers.
10. Tolars values in legal acts and instruments accounted for as euro values, converted at irrevocably fixed exchange rate.

Dual Pricing

The majority of countries that have introduced the euro, have regulated dual pricing through agreements between:

- corporate and trade associations
- governments
- consumer organisations

Countries that regulated dual pricing by law:

- Austria
- Greece
- Portugal

Dual Pricing

Dual pricing in Slovenia:

The Euro Changeover Masterplan (prepared jointly by the Bank of Slovenia and the Ministry of Finance) stipulated (in February 2005) that the Ministry of the Economy would, in cooperation with the Chambre of Commerce and Industry, study and prepare the legal basis (a law) for implementing dual pricing in Slovenia.

The law regulates:

- optional dual pricing
- mandatory informative dual pricing
- dual pricing of goods and services offered to consumers by companies

The law only applies to relations between companies and consumers; it does not regulate transactions between companies.