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Greece's euro plan is ready

Transition to single currency will mobilize both the public and private sectors

By Irini Chryssolora

Greece's National Plan on the Transition to the Euro - the single European currency - is ready. National Economy and Finance Minister Yiannos Papantoniou will present it at a special event in Zappeion next Wednesday, the same day he submits the plan to the European Commission.

The Plan details the moves that must be made to effect a smooth transition into the euro zone from January 1, 2001, the date the government has said it will join.

The other euro-zone members must approve Greece's entry in the spring of 2000.

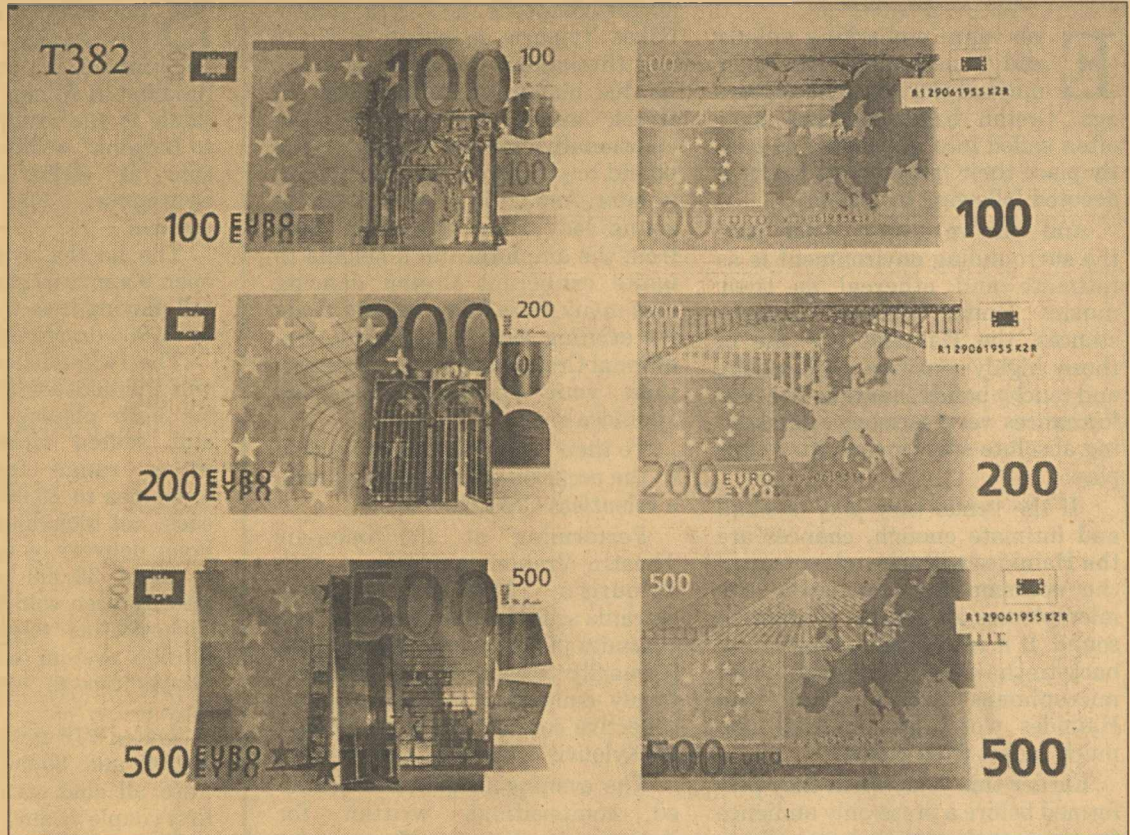
The Plan's authors want to use the occasion of its publication to mobilize all those involved - including the civil service, banks and enterprises - so that they can prepare themselves for the new era.

The Plan was compiled under the auspices of the National Coordinating Committee for the euro, a body presided over by Papantoniou and composed of law, industry, commerce and civil service representatives. The actual drafting was done by a committee under national economy ministry secretary-general Giorgos Papaioannou; vice-president Costas Massouras is the person responsible for the civil service's adaptation to the euro.

The Plan's main sections are the following:

● **The transition framework:**

It is emphasized that Greece aims to join the euro club - whose members are 11 of the current 15 European Union member-states - on January 1, 2001; from January 1, 1999, the drachma will join the ERM-2, the second incarnation of the European exchange-rate mechanism, with the other currencies which have not joined the euro club (the pound sterling, Sweden's krona and Denmark's krone). Regarding the circulation of euro coins and banknotes, the Plan provides for the



Euro notes will enter our lives in January 2002, but we must prepare long before.

National Mint to begin printing them during the second half of 1999; euros, however, will not enter circulation until the beginning of 2002. Decisions on the appearance of the coins' and notes' "national side" will be made before the end of 1998. It must be noted that it has not yet been decided what the euro's subdivision will be called in Greek.

● **The public sector:** This is an especially long chapter, which describes all the changes which must be made in the public sector. These include the drafting of the budgets in euros, salary and pension payments, the conversion of the public debt, changes needed in taxation, customs, the local government, social insurance funds and public utilities. There is emphasis on the compatibility of changes, so that each department can fully cooperate with others. There are already 32 ad hoc groups

throughout the public sector dealing with the transition to the euro.

● **Financial sector:** Refers to the changes needed in the Bank of Greece, the commercial banks and the Athens Stock Exchange. Besides changing their accounting systems, the banks will also have to deal with the withdrawal of all drachma notes; in all euro-zone states, national currencies will be withdrawn between January 1 and July 1, 2002.

● **Enterprises:** The approach towards the enterprises is based on the principle that immediate adaptation is non-mandatory. However, enterprises are clearly advised to begin the necessary changes as soon as possible, so as to avoid losing clients. This is especially targeted to those exporters dealing primarily with euro-zone countries. It is advised that enterprises adopt dual price structures - in drachmas and euros - even if such pricing is not

mandated by law, as has happened in other countries (e.g. Austria). The state will not undertake to finance enterprises' transition costs, as their representatives in the coordinating committee had demanded. There are special chapters on industries, small and medium enterprises, retailers, shipping companies, the tourism and insurance industries.

● **Consumers:** The section focuses on informing the citizens about transactions in euros. The information campaign will be the next focus of action for the National Coordinating Committee. It is preparing a full-fledged campaign, including brochures, an information telephone line, a Web site and seminars for special professional groups.

The plan will be revised each year, up to January 1, 2002, when euro coins and notes will first circulate.