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## **Communication from the Commission on communications strategy in the last phases of the completion of EMU**

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

**on communications strategy in the last phases of the completion of EMU**



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## EXECUTIVE SUMMARY

**1. The European Union is now in the final phase of a journey into Economic and Monetary Union** which began more than ten years ago. Monetary Union became a reality on 1 January 1999; since then the euro has been the currency of eleven Member States according to the blueprint laid down by the Treaty of European Union. The three year transition period will end at midnight on 31 December 2001. From 1 January 2002 banks will issue only euro notes and coins. Member States will make their best efforts to ensure that **the bulk of cash transactions will be made in euro by the end of a fortnight from 1 January**, and by the beginning of March 2002 the withdrawal of national notes and coins should be complete.

**Preparing for this is a formidable challenge. It calls for a sustained and concentrated communication campaign so that all actors can meet it successfully. If the principle of subsidiarity means that the main responsibility for communicating on the euro lies with Member States, there is still a substantial Community dimension too : the purpose of this Communication is to update the priorities and strategy of such a campaign, and to confirm the commitment of the Commission.**

### **2. The present situation**

The introduction of the euro on 1 January 1999 was a total success : banks, debt, share and foreign exchange markets all changed over to the euro in an orderly and well-prepared manner. The euro immediately established itself as one of the world's leading currencies, with euro-denominated bond issues more or less matching those in dollars. The stability guaranteed by the EMU economic policy framework, combined with structural reform, now gives us the prospect of a more prosperous and dynamic Europe.

Turning to what remains to be done before 2002 we notice.

**- SMEs are still not taking the changeover to the euro seriously enough.** On the whole, the pace of preparation by SMEs is not satisfactory and there is a real danger that some will not have made the necessary internal adjustments to be able to keep on trading after the end of the transition period on 31 December 2001. It may be that companies have been distracted by the Year 2000 problem.

**- The use of the euro has been significantly less than was anticipated before the introduction of the euro on 1 January 1999**, whether within companies, between companies, or by private individuals

**- Most people have received some information on the single currency but may be forgetting it.**

Part of the explanation undoubtedly lies in reactions to continuing high bank charges for cross-border financial transfers in the euro area, as well as other factors. Furthermore there has been little, if any incentive for the general population to prepare for what has seemed to be a distant event more than two years away.

**3. The communications strategy should succeed in being cost effective and in mobilising the support of the people. This should be done by close coordination and cooperation between all actors**, and especially with the European Central Bank which is starting a major campaign this year. The most effective efforts will be mounted by and in Member States: it will have greater impact when made by sources people trust, in an accessible and culturally appropriate form (subsidiarity and proximity).

Wherever possible, **public and private actors should identify indicators and set benchmarks** which will help them to measure progress being made by their communication activities.

Tracking should be done through surveys at both European and national levels, and the objectives and instruments of the campaigns kept under review and adjusted according to the results.

#### **4. The campaigns should be targeted at a number of groups:**

##### - Enterprises especially SMEs

**There is a real danger that unless action is taken soon, many thousands of enterprises will leave their changeover until the last moment or well into 2002.** This would create bottlenecks and resource shortages. It could create great confusion among consumers and be disruptive to the entire euro area economy.

This Communication puts forward a series of messages and recognises that both these and the means of passing them need to be adapted to the kind of enterprises in question.

##### - The general public

**Not only does the general public have the right as citizens and consumers to be informed about changes which will affect them all directly, but a well informed and well prepared population is necessary so that all other aspects of the changeover can pass off smoothly. They therefore need to be totally prepared by the time they start handling euro notes and coins, i.e. before 1 January 2002 at the latest.** This Communication suggests messages and channels of communication which are appropriate.

There are large groups of people in our societies who do not have easy access to traditional information flows. This means that they are unlikely to make much useful progress in learning the "euro language" if communications strategies depend exclusively on published materials and radio and television as instruments and channels for information. A strategy to overcome this problem is developed.

The Commission has constantly stressed the importance of bringing the message to school children because of the role they can play in teaching adults.

##### - Non-participant countries

Their needs, both "pre-ins" and non-members of the EU, also have to be taken into account.

The Communication distinguishes needs, according to the particular country's relationship to the euro area: that is, whether they are non-participating Member States (pre-ins), candidates for EU membership or third countries.

## **5. Sequencing:**

**In 2000 enterprises should be targeted intensely so that they can all take the necessary action in good time.** A steady flow of information to the general public should also be maintained: not only do they need to know that an intensive campaign will give them all the information they need in good time but, they also need to be reassured of the benefits of the single currency and kept informed of details of the changeover. Actions started in 1999 for informing the vulnerable part of the population need to be continued.

**In 2001 the campaign targeting both the general public and its more vulnerable sections should be intensified:** they need to know a variety of things but in particular they need to understand prices and values of the euro and become acquainted with the look of notes and coins. The campaign for enterprises must be continued and be readjusted as necessary to take account of the changed situation as shown by survey results.

**The campaign will need to continue into the early months of 2002,** during the period of dual circulation and possibly beyond.



## 1. INTRODUCTION

The European Union is now in the final phase of a journey into Economic and Monetary Union which began more than ten years ago. EMU became a reality on 1 January 1999 according to the blueprint laid down by the Treaty of European Union.

The advantages of EMU are already being felt.

- We now have a culture of stability. The process of preparing for EMU, notably the need to satisfy the convergence criteria, the disciplines of the Stability and Growth Pact and of close coordination of national economic policies have secured solid economic fundamentals and steadily improving prospects for economic growth;

- In the financial markets the euro has become the equal of the dollar as the currency of new international debt issues;

- The growth, combined with stable prices, low interest rates, and the reduction of uncertainties are bringing their benefits, not only to the business sector, but also to the population as a whole including higher levels of employment.

The three year transition period established by the European Council meeting in Madrid in December 1995 will end at midnight on 31 December 2001, and from 1 January 2002 banks in participating states<sup>1</sup> will issue only euro notes and coins. Member States will make their best efforts to ensure that the bulk of cash transactions can be made in euro by the end of a fortnight from 1 January, and by the beginning of March 2002 the withdrawal of national notes and coins should be complete.

Less than two years remain until the arrival of euro bank notes and coins; it is a relatively short period in which to prepare. There is much to accomplish:

- All enterprises, banks and administrations must be ready to operate only in euro by 1 January 2002.

- Every single person must also be ready. In a very short space of time; they have to acquire a new monetary language, involving a sense of value of the new currency and familiarity with the appearance of the new notes and coins.

This is a formidable challenge and meeting it is essential. **It calls for a sustained and concentrated communication campaign.** The purpose of this Communication is to define the priorities and strategy of such a campaign.

## 2. THE PRESENT SITUATION

### 2.1 INFORMATION AND COMMUNICATIONS SINCE 1995

Communications on the euro have been steadily intensifying since the Commission first outlined a strategy in its Green Paper of May 1995 *On the Practical Arrangements for the*

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<sup>1</sup>Unless the context indicates otherwise references are to the euro area, the participating Member States and their citizens, firms, etc.

*Introduction of the Single Currency.* In February 1998 the Commission adopted a Communication on the information strategy for the euro<sup>2</sup>

At the European level communication has been marked by close and successful coordination between the initiatives and on-going activities of the Commission, Parliament and the national campaigns developed by Member States.

The campaign "the euro, one currency for Europe" was launched in 1996 as part of the PRINCE programme (information programme for the European citizen) and more than €117 million has been committed in the past four years. In 1998-99 around two thirds was spent through agreements. These provide funding for communications and preparatory actions in Member States based on memorandums of understanding creating a partnership between the Member State, the Commission and the Parliament. In every case, the Member State concerned must at least match the volume of funds it is receiving from the Union's budget. Altogether, 13 agreements are in operation this year (the 11 countries participating in the euro plus Greece and Sweden).

**The European Parliament** has constantly promoted and voted finance for an information strategy to meet the needs of citizens. It is a partner of the Commission and the Member States in all those countries that are running information campaigns in conjunction with the European Commission.

Furthermore the Commission has been greatly helped by two reports from the European Parliament,<sup>3</sup> most of whose key recommendations have found a place in this Communication.

**The Commission** has based its communications activities on the guiding principles of partnership, coordination and subsidiarity. It has acted as a driving force and coordinator, as well as manager of the substantial funds allocated to information on the euro by Council and Parliament.

The Commission has also given high priority to partnering multiplier organisations, encouraging them to stimulate preparations by enterprises and to supporting cross-border cooperation designed to raise awareness of the euro among citizens and consumers. It launched and carried out information and training programmes under the Euro Made Easy project as well as pilot transnational applications in towns and regions. Seminars in major financial centres around the world are among the 80 different actions in third countries organised by the Commission's delegations. In addition, it has participated in exhibitions and produced a great deal of information and reference documents such as the InfEuro newsletter, interactive preparation kits, guides, videos and posters as well as the euro internet site with its interactive data base (QUEST).

**Member States** have been actively informing their populations about the euro, and those that are part of the euro area have launched large-scale campaigns involving television and the mass distribution of information materials. Free phones and special internet sites have been set up in several countries, many have set up travelling information exhibitions while special links with private sector campaigns have been widely established. Target audiences established by the agreements with the Commission (see above) are the general public, young people in education, elected officials, enterprises, civil servants, women, senior citizens and vulnerable social groups.

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<sup>2</sup>COM(1998)39 Commission Communication on the information strategy for the euro. February 1998.

<sup>3</sup>Rapporteur : Helena Torres Marques (A5-0076/1999) Rapporteur : Aldo Arroni (A4-0485/1998)

**Private sector information providers** have also been increasingly active. Sectoral organisations and associations have been diligent in both informing members and stimulating preparations for the euro. They include banks and financial institutions as well as the major European business federations. The latter have placed increasing emphasis on raising awareness among SMEs on the need to prepare to do business in the euro. The Commission has helped to fund many such initiatives at both national and regional levels in Member States, including actions by the Euro Info Centres which are constantly working to stimulate preparations by SMEs. It has also encouraged and financed actions by social policy-oriented non-profit organisations and NGOs.

## **2.2 THE STATE OF READINESS AT THE END OF 1999**

The introduction of the euro on 1 January 1999 was achieved successfully by those concerned, especially the financial sector. The earlier communications campaigns certainly contributed to this.

Reports from Member States, surveys carried out by the Commission and the private sector give the following picture of the status quo towards the end of 1999:

- **The use of the euro within companies, between companies and by private individuals has been significantly less than anticipated before the introduction of the euro on 1 January 1999.** Comparatively few enterprises had changed their accounting over to the euro which would help avoid bottlenecks in 2001; and very few individuals have knowingly used the euro for payment.

- **SMEs are still not taking the changeover to the euro seriously enough.** On the whole, the pace of preparation by SMEs is not satisfactory and there is a real danger that some will not have made the necessary internal adjustments to be able to keep on trading after the end of the transition period on 31 December 2001. It may be that enterprises have been distracted by the Year 2000 problem.

- Companies have, however, increasingly communicated with employees, customers and suppliers about practical aspects of the changeover

- **Dual pricing** displays in both national currencies and euros are being provided across a wide spectrum of retailing and service activities.

- **Most people have received some information on the single currency but may be forgetting it.** After the massive publicity surrounding the launch of the euro on 1 January, there were encouraging levels of public, interest in, awareness of, and of support for the euro. More recent polls suggest that with some notable exceptions, this has since fallen; and people are tending to forget what they once knew.

Furthermore there has been a drop in interest and part of the explanation undoubtedly lies in reactions to high bank charges for cross-border financial transfers in the euro area as well as other factors. Furthermore there has been little, if any incentive for the general population to prepare for what has seemed to be a distant event more than two years away.

### **3. PRIORITIES AND STRATEGY FOR 2000 AND 2001**

This assessment of four years communication, the current state of readiness, and the fact that monetary union has now been successfully introduced, means that the priorities and strategy for 2000 and 2001 should now be refocused.

#### **3.1 OPERATING PRINCIPLES**

On the basis of its extensive experience of communicating on the euro and discussions with those responsible for communication in Member States, the Commission has identified the following principles as essential to success.

##### **Clearly defined objectives**

All those contributing to euro information should clearly define what “being ready for the euro” means and set associated objectives. Those objectives are specific for each target group and are developed further in the sections dealing with Target Groups (3.2) and Benchmarking (3.3).

##### **Close coordination and cooperation**

European, national, regional and local authorities will have a greater impact through coordinated actions rather than acting without reference to each other. The European institutions must work closely together, including the Economic and Social Committee and the Committee of the Regions. A new challenge will be the task of integrating actions by Member States with a campaign to be launched by the European Central Bank (see section 4.4). The Commission is in a position to ensure this at a European level and for initiatives taken in third countries outside the European Union, but special arrangements will be needed within each Member State, including the pre-in countries.

##### **Subsidiarity**

The most comprehensive, and therefore the most effective communications actions have to be mounted by and within the Member States. This is the logic behind the agreements between them, the European Commission and the European Parliament outlined in section 2.1.

##### **Proximity**

Information is more likely to be taken seriously if it is disseminated proactively by sources that individuals trust. This is particularly important for SMEs, and individual entrepreneurs, and for those who have difficulty having access to information by other means. In addition to optimising the advantages of regional and local authorities, the essence of proximity is that it mobilises a wide range of other organisations and structures to provide information to people, frequently face-to-face, in an accessible, technically and culturally appropriate form.

##### **Tracking, monitoring and flexibility**

Flexibility is essential so that the aims, objectives and instruments of the campaigns can be kept under review and adjusted in the light of changing circumstances. For this feedback is needed. To this end, from now and for as long as is necessary, regular and detailed surveys must be carried out to give regular assessments of the success, or lack of it, of the information campaigns. This is the essence of the benchmarking approach described below in section 3.3.

Tracking should be carried out by both European and national authorities preferably in a coordinated way to avoid duplication of effort. The Commission will disseminate the results to those principally concerned.

## **3.2 TARGET GROUPS**

### **3.2.1 Enterprises**

#### *The need to prepare for the changeover*

There is a legal requirement on all businesses in the euro area to trade in euro from 1 January 2002. Obviously retailers must handle the notes and coins of the national currency for the relatively short time that they remain in circulation. But an enterprise which cannot trade in euro from 1 January cannot legally trade. In particular, there are no provisions for making new agreements or contracts in old national currency units after 31 December 2001.

According to a survey carried out in the spring of 1999 by the European Observatory for SMEs, on a sample of 7,000 of the EU's 18 million SMEs, only 43% had already considered the impact of the euro on their activities, and even fewer, 18%, had a detailed strategy. Many intend to wait until next year, or even 2002, before doing so. The same poll suggests that a significant minority have only a slender grasp of their legal obligations, since 24% do not envisage completing their adjustment to the single currency until the middle or end of 2002.

**It is clear that too many businesses have not yet focused on how to become euro users in time. There is a real prospect that many thousands of enterprises will leave their changeover until the last moment or well into 2002. This would create bottlenecks and resource shortages. It could create great confusion among consumers and be disruptive of the entire euro area economy.**

#### *The content of communication*

The aim should be to persuade all businesses, right down to the smallest artisan or retailer, that they must have:

- a date for being ready to trade in euro and for changing internal accounts over to the euro. This can be an important issue affecting the competitiveness of a business;
- a plan for the changeover (what are the tasks to be carried out and by when);
- the resources human and otherwise needed to carry out the plan;
- a budget.

This means they must prepare for: keeping accounts, pricing products and services, dealing with customers and consumers, making and receiving payments, issuing invoices, and paying taxes and social security, and paying staff, all in euros.

Furthermore a very large number of businesses face a strategic challenge. They also have to adjust to the fact that their domestic market is now very much larger than it once was and its conditions are increasingly more competitive and characterised by transparency of prices in euros. This can bring direct benefits to the business. It should begin with an assessment of the impact of the euro on markets, pricing policies and product design and development. At the same time, managers must also look for new opportunities for streamlining the company's

structure and operating costs for example, by centralising treasury management, diversifying suppliers and simplifying accounting.

Obviously, the smaller the enterprise, the less extensive the change and the easier and swifter the changeover - in many cases it will just be a matter of invoicing and making payments in euro and keeping accounts in euro. But any business which is at all dependent on a computer for its operations and management will have to have acquired and tested the appropriate software well before the end of 2001.

Special focus should also be put on a number of sub-groups:

- small and micro enterprises including individual business people;
- retailers, particularly small retailers which need to know how to handle euro notes and coins in addition to accomplishing their own changeover;
- enterprises in tourist destinations because they may be among the first to be asked to receive payments in euro;
- enterprises in pre-in countries who may be little aware that if they buy or sell goods and services in the euro area they must be ready to handle the euro. A more extensive preparation will be needed by enterprises in countries that may join the euro area by 2002;
- enterprises in geographically peripheral or isolated areas that may have been less exposed to the information campaigns that have so far been mounted.

### ***Channels***

Besides the centralised campaign in each country it is necessary to use a number of other channels of communication such as:

- well-established multipliers for reaching these target enterprises, including auditors and accountants, chambers of commerce, industry or crafts, business organisations and sectoral federations at both the national and European levels. Finally, banks are vital channels of information because of the services they provide to all SMEs.
- Large companies that work with SMEs should also provide them with information and a stimulus to make the changeover. It is, after all, in the interests of both sides of the business relationship.

Local and regional authorities can stimulate all these channels.

There is no shortage of materials for helping SMEs to make the change produced by the Commission, the Member States, trade associations, accountancy bodies etc. However, these need to be regularly reviewed to make sure that they are actually adapted to the needs of the broad range of enterprises, especially the smallest ones, and can be easily understood by them.

### ***Sequencing***

The campaign should be very intensive in 2000 so that all enterprises take the necessary action in good time.

In 2001 the campaign will need to be recalibrated to take account of the new conditions shown up by the surveys (see section 3.1.5). Special attention will be given in 2001 to retailers who will have to cope with the introduction of notes and coins, and who will also play a crucial role in helping consumers become familiar with the euro.

### **3.2.2 General Public**

#### ***The need to prepare for the changeover***

Not only does the general public have the right as citizens and consumers to be informed about changes which will affect them all personally, but a well informed population is a necessity so that all other aspects of the changeover can pass off smoothly.

#### ***The content and channels of communications***

The public's detailed requirements for information will vary from one Member State to another, but the sooner people can begin to think in euro, the smoother will be the changeover. For most people, being ready for the euro by the end of 2001 is mainly about recognising and identifying bank notes and coins and getting familiar with prices and values in euro.

Research suggests that several areas of knowledge need strengthening:

- The conversion rate of one's own currency and the fact that it really is irrevocable;
- Understanding prices and values in euro;
- The confidence to avoid being cheated in currency conversions;
- practical implications on salaries, pensions and other income;
- arrangements for the changeover to euro notes and coins in 2002;
- the look and feel of the new notes and coins;
- the stability in buying power of the euro;

However, there may also be a general need to give reassurance by:

**Reminding** people why the European Union has adopted the euro and of some of the benefits that are emerging, including economic growth, stable prices and low interest rates. If the general public has a broadly positive attitude to the single currency based on well-informed understanding of EMU, they will approach the task of learning the new monetary language much more readily.

**Reassuring** people that even after the end of the period of dual circulation, old banknotes will retain their value, and that national central banks will be willing to exchange them for euro notes for many years to come.

**Continuing** and monitoring use of initiatives in this field, such as the logo *Payments in euro accepted*. A majority of Member States have adopted the logo which commits any retailer or professional who uses it to respect principles of best practice governing conversion into euros, display of prices in euros, training personnel and supplying information to the consumer.

Broadly equivalent initiatives have been adopted in all other Member States of the euro area. Widespread acceptance and use of the logo by the retailing sector could increase consumer confidence.

**Creating or strengthening local observatories** for the euro, where there is still need. The scheme, which has been adopted in the majority of participating Member States, is one way of reassuring consumers that the authorities are monitoring the evolution of practices and taking their problems into account. Local observatories could also work well to develop trust and confidence between economic operators and to feed back information on how well professionals using the logo are respecting their commitments on best practices, the degree of the euro's use and any difficulties being encountered.

### **Sequencing**

In 2000 a steady flow of information to the general public is necessary: the sooner people learn the euro the better: Messages on the steady buying power of the euro and on the details of the changeover in 2002 are examples, furthermore people need to be reassured that they will be informed in good time on the other topics mentioned above, and all aspects of the campaign in 2001 (budgets, training trainers, materials etc.) need to be prepared.

2001 should see a major effort on all the areas of knowledge mentioned above which need strengthening.

### **3.2.3 Groups in need of special help**

#### **The need**

There are large groups of people in our societies who do not have easy access to traditional information flows. This means that they are unlikely to make much useful progress in learning the "euro language" if communications strategies depend exclusively on published materials (whether paper-based or electronic) and radio and television as instruments and channels for information.

Most at risk are those :

- suffering economic and social marginalisation who have difficulty managing a budget and coping with everyday expenses;
- who are socially isolated, living away from or outside family units, or geographically isolated in distant locations;
- suffering physical disabilities (the blind and visually impaired, the deaf and aurally impaired) and mental disabilities;
- who are illiterate – a recent OECD study says illiteracy affects over 30% of the populations in developed countries.

While in many ways the basic messages remain the same as for the general public (of which they form a part), research sponsored by the Commission among these groups under its Euro Made Easy project indicates that they need something more akin to training than a traditional information campaign. Their representatives were involved in designing training materials, subsequently validated by experts, which the Commission is making available to public authorities, non-governmental organisations and other groups in the Member States.



## **Sequencing**

In 2000 actions started in 1999 with vulnerable groups should be continued and extended, and large scale programmes for 2001 planned and organised. Information and teaching materials which have now been developed need to be prepared. Where appropriate, national and local authorities should also make a start on training trainers and identifying and mobilising individuals and groups able to help the vulnerable.

2001 will see the culmination of the campaign.

### **3.2.4 School population**

With one or two exceptions, the euro has been slow to make an appearance in the school curricula of the Member States but began to do so in several euro area countries with the start of the school year in September 1999. The Commission has constantly stressed the importance of this since 1997 because of the role children, especially of primary school age, can play in teaching adults: for example they could "adopt" elderly or handicapped people in their neighbourhoods to teach them the euro.

It has set up an "Education and the Euro" working group which brings together representatives of the Ministries of Education of all Member States, except Denmark, and representatives of the national agencies for the Socrates programme. The tasks of this group, which includes representatives from several pre-in countries, are to promote new initiatives and to exchange information and good practices. In addition to this, the euro was established as a thematic priority for Comenius, the Socrates chapter on school education, for the years 1999 and 2000. As a consequence, several school projects on the euro and projects for the development of teacher training courses and pedagogical materials on this theme were supported under Comenius in 1999. It is to be expected that, this year, new educational projects on the euro will be submitted to the Commission.

## **Sequencing**

The start of the school year in 2000 is the last chance to introduce new initiatives.

### **3.2.5 Pre-ins**

Pre-in countries have special needs; Greece and Sweden have agreements as described in section 2.1.

The Greek government hopes that the decision will be taken so that it can introduce euro notes and coins on the same date as the countries already in the euro area.

Denmark, Sweden and the United Kingdom are all home countries for many of the tourists visiting the euro area. Their citizens need to be kept informed of what is happening about monetary union.

All countries need to prepare those enterprises which trade with or invest in, the euro area, to be prepared for the changes which their partners will be making. This also applies to their tourism industry.

### **3.2.6 Third countries**

The euro has already become a major currency for financial markets. Banks and financial institutions throughout the world are now making payments and trading in euro. Euro denominated capital markets are wide and deep. As a result, it is no longer necessary to make a major communications effort in world financial centres.

However, it is necessary to step up communications efforts in those countries which have important economic and trade ties with the EU. This is specially true of the candidate countries.

Other targets are the authorities and public administrations of most other countries which have a specific interest in the euro, either because they have large trade flows with Euro Area, or because their currency is linked to the euro, because they have important reserves in EU currencies, because they have an important foreign debt, or because they are themselves involved in a process of regional (monetary) integration. The euro communication effort should continue and be intensified in the coming years for this group of countries.

### **3.3 BENCHMARKING PROGRESS**

A benchmark is more than just a quantifiable target; it is an objective that in most cases will require a coherent set of initiatives to accomplish. The functional value of benchmarking in communications is twofold:

- it forces decision-makers to identify and distinguish the precise outcomes they wish to achieve;
- it enables flexible use of communications instruments and actions so that they can be adjusted in the light of actual performance.

The Commission suggests that, wherever possible and on a somewhat harmonised basis, public administrations and private actors identify indicators and set benchmarks which will help them to measure progress being made by their communications activities. The following suggestions are based on section 3.2.

#### **3.3.1 Benchmarks for enterprises** could include:

- the proportion of the SME population that has a plan for fully changing over to the euro by 31 December 2001;
- the proportion of small and micro enterprises that are able to work in euro;
- the proportion of companies that are keeping accounts in euro; for example as reflected in the volume of VAT declarations in euro;
- the extent to which retailers are dual pricing with the euro price in the largest characters;
- the extent to which cash handlers are able to cope with the introduction of euro bank notes and coins and the withdrawal of national currency.

### **3.3.2 Benchmarks for the general public could include:**

- the extent to which people know the euro values of the items they purchase most frequently;
- how widespread is knowledge of the period of dual circulation and of the period in which national notes and coins can be exchanged for euro;
- the rates at which people are switching their bank accounts to euro and consciously purchasing in euro;
- how much people are aware of the retailing logo system and other measures designed to ensure fair treatment for the consumer, including the rounding rules;
- degrees of familiarity with the denominations and appearances of euro bank notes and coins;
- levels of understanding of the impact of the changeover on revenues, savings and long-term contracts such as life assurance and mortgages;
- the extent to which people feel well informed.

### **3.3.3 Achieving the benchmarks**

The Commission believes that the objective of all public authorities' communications strategies in 2000 and 2001 should be the achievement of pre-determined benchmarks of the kind outlined above for individuals and business. Priorities and actions should be planned for the two year period and should seek to make incremental progress on each benchmark. Furthermore the benchmarks may need to be refined over time.

Using its own data and that provided by Member States and reputable private sources, the Commission will seek to track the movement towards euro competence of both individuals and enterprises. The Commission will undertake regular qualitative and quantitative surveys in 2000 and 2001 to have comparable data, and will make these available.

It will regularly monitor the current state of readiness of enterprises and their behaviour towards the euro.

Public presentation of a clear communications strategy followed by public debate on aims, means and objectives can itself be a successful exercise in communications, focusing discussion on central issues such as the needs of vulnerable groups and the preparation of SMEs.

## **4. COMMUNICATIONS ROLES AND RESPONSIBILITIES**

### **4.1 EUROPEAN PARLIAMENT**

As mentioned in section 2.1 the Parliament plays an important part in the definition, evaluation and implementation of the euro communications strategy. Parliamentary bodies will continue to be associated with developments in the communications effort and in partnerships with the Member States. As part of the process that allocates the budget, the EP has ensured that the financial means are available for maintaining these partnerships. Members of the Parliament are urged to play an active part in the events and initiatives developed under this effort in each Member State.

## **4.2 MEMBER STATES**

People's attitudes are greatly influenced by their contact with public administrations, and whatever the role of the Commission, the principle of subsidiarity means that the main responsibility for communicating on the euro lies with Member States. Their directors of information meet regularly, inter alia to exchange best practice (see section 4.3.ii).

The majority have, or will soon have, a strategy document for their communications actions in 2000 which in some cases covers 2001 as well. Some countries will be producing their 2001 strategy during the year.

In particular although most countries already have special programmes for vulnerable groups or are developing them this year, gaps do appear to exist. Not all countries have such actions, and in some countries the actions only cover some segments of the vulnerable population.

A majority of countries run their own surveys of opinions and state of readiness; a few rely uniquely on Eurobarometer, though all refer to it.

In most countries governments and national central banks seem already to have established contact to help coordinate information, or will soon do so, (see section 4.4.) ; this practice should be encouraged.

## **4.3 EUROPEAN COMMISSION**

There will be two main aspects to the Commission's communications role in 2000-2001.

### **i. Targeted actions**

#### **Towards enterprises**

The Commission will continue to work closely with Member States, representative organisations of enterprises as well as banking and accountancy federations to bring the maximum encouragement to bear on enterprises to prepare for the euro. It will also identify best practices in changeover preparations and maximise the exchange and transfer of knowledge and experiences.

It will continue to distribute information materials to SMEs through sectoral organisations and Euro Info Centres, with a special focus on retailers, tourist enterprises and enterprises in geographically isolated areas and pre-in Member States. The materials include preparation kits incorporating a CD-Rom to help individual enterprises complete their changeover plan, and a preparation guide for tourism enterprises.

Euro Info Centres will also continue to organise euro-clubs for entrepreneurs, internet sites, question and answer data bases, seminars and advice for companies carrying out euro impact assessments.

The Commission will organise a Round Table in the first half of 2000 on the use of the euro to draw practical conclusions on the first year of the single currency and to help raise awareness levels of business.

## **Towards the general public**

While the main task of reaching the general public belongs to the Member States, the Commission will make a contribution to the task of preparing people for the euro by means of a variety of tools which are detailed in a Commission Staff Working Paper being issued together with this Communication. Most of the Commission's products are freely available for reproduction on request.

In addition to its ongoing supporting activities (see section 1.3), the Commission is able to draw on the experience of its Euro Made Easy programme to help in designing programmes for those with special needs and to contribute to the training of trainers. Details are also given in the Commission Staff Working Paper.

The Commission will organise a Round Table to raise awareness, particularly in the media, of issues associated with mobilising help for vulnerable groups.

Another source of support to Member States is the Socrates programme in which a number of projects featuring the euro will contribute to disseminating information on the single currency in educational establishments. An "observatory" has been created within the Europa web site for the purpose of distributing teaching instruments and materials.

## **Towards tourists**

Because of the high level of travel within the EU and the resulting payments, the Commission is aware that, as potential early users of the euro, tourists travelling in Europe can give a leading example to the population-at-large. It will consider producing a guide for tourists describing the advantages to them of using the euro and how they can use it for payments in the participating Member States.

## **Towards third countries**

The Commission will continue to use its delegations in third countries as the principal channel for communicating on the euro. Furthermore, many of the tools developed for the campaign within the Union are also very useful for communicating at long distance. An example is the EURO web site which carries a great deal of information, which can be drawn upon by delegations.

### **ii. Monitoring and coordination.**

Meetings of national directors of communications on the euro will be even more important instruments of coordination between now and the end of next year. This year their tempo will rise from three to four a year. At the same time, the Commission's coordination of Member States activities on the euro in the education sector will continue through regular meetings of the working group set up for this purpose. The Commission will also monitor these activities.

The benchmarking exercise (see section 3.3.3.) will also contribute to this.

The partnerships with the Commission, the European Parliament and the Member States and the European Parliament will continue to be helpful instruments for ensuring compatibility between initiatives at the national and European levels. The Commission will seek to ensure a successful coordination between national campaigns and that of the European Central Bank.

#### **4.4 THE EUROPEAN CENTRAL BANK**

The ECB and the Eurosystem (European System of Central Banks) will play the central role in distributing the new euro notes and coins on 1 January 2002. While preserving their statutory independence they are co-operating closely with finance ministries and other authorities in Member States to ensure that the introduction of euro notes and coins is a success. Similarly, they will work closely with EU delegations in their external communications.

The ECB launched in November 1999 an extensive bank note information campaign: the Euro 2002 campaign. It will start by forging partnerships and organising events in 2000 and will reach its climax in the final months of 2001.

The main goals of the campaign are:

- to help the general public to recognise genuine euro banknotes and coins, with special emphasis on their security features;
- to show shop and bank cashiers how to detect possible counterfeits;
- gradually to prepare the general public for the introduction of euro banknotes and coins so that they are favourably received.

The campaign's main target audiences will be:

Group 1: The general public. Including non-EU citizens resident in the euro area, visitors to the euro area, the visually handicapped, other vulnerable groups (e.g. the elderly, the illiterate and people living in poverty), schoolchildren and students.

Group 2: The business community. This will include financial institutions and bureaux de change in and outside the euro area, large and small retailers, and the tourism, hotel and transport industries.

Group 3: Public authorities. Including government ministries, local authorities in the EU Member States, national central banks within the European System of Central Banks (ESCB) and non-ESCB central banks throughout the world, embassies, consulates and information offices of euro area countries throughout the world and police forces.

Group 4: Multipliers such as the media, commercial banks, large retailers, major travel and tourism companies.

#### **5. CONCLUSIONS**

Realising Monetary Union on 1.1.1999 was one of the most remarkable achievements of the European Union since its foundation nearly half a century ago. The introduction of notes and coins on 1 January 2002 is highly significant from a political point of view: it makes the whole undertaking a reality both for the people of the euro area, and for the rest of the world.

This requires a great deal of effort by all concerned. The process has been started, but much work is still to be done.

A smooth changeover to the euro depends on the whole population being well informed. This Communication has outlined the various needs for information on the introduction of the

euro, and given details of how to respond successfully to these needs. The campaign needs to continue over the next two years.

In 2000 enterprises should be targeted most intensely so that they can all take the necessary action in time. A steady flow of information to the general public should also be maintained: not only do they need to know that there will be an intensive information campaign in good time, but they need to be reassured of the benefits of the single currency and kept informed of details of the changeover. Actions started in 1999 for informing the vulnerable part of the population need to be continued.

In 2001 the campaign in favour of both the general public and its more vulnerable sections should be intensified: they need to know a variety of things but in particular they need to understand the value of the euro and become acquainted with the look of notes and coins. The campaign for enterprises must be continued but readjusted to take account of the changed situation as shown by survey results.

The information needs for non-participants in EMU, whether Members of the EU (“pre-ins”) or third countries, will also be catered for over the next two years. This should distinguish needs, inter alia, according to the country’s relationship to the euro area: that is, whether they are non-participating Member States (pre-ins), candidates for EU membership, or third countries.

The campaign will need to continue into 2002, during the period of dual circulation and possibly beyond.

To achieve all this, the Commission will continue to undertake every effort to make adequate human resources available so that the budgetary resources are applied as appropriate following the guidelines in this Communication.

## ANNEX

### FINANCIAL STATEMENT

#### **TITLE OF OPERATION**

Information campaign - The euro, one currency for Europe: adaptation of the information strategy.

#### **BUDGET HEADING INVOLVED**

B3-306 / B3-306A: Prince (Information programme for European citizens) - Information activities in connection with specific policies.

#### **LEGAL BASIS**

Autonomous Commission decision.

#### **DESCRIPTION OF OPERATION**

##### **General objectives**

The overall objectives of the information strategy for the euro in the final phase of achieving EMU are to:

- warn against a false impression that introducing the euro no longer needs training, preparation or information;
- stimulate and help enterprises and economic and financial operators, whether public or private, to undertake the work needed to change to the euro.
- prepare all citizens and consumers for the changeover to the euro in their daily life;

##### **Period covered**

This communication covers the period 2000-2002 inclusive.

#### **CLASSIFICATION OF EXPENDITURE**

NCE (non-compulsory expenditure)

DA (differentiated appropriations)

#### **TYPE OF EXPENDITURE**

Grants for part-financing in partnership with Member States and civil society, and service contracts.



## FINANCIAL IMPACT

### Method of calculating total cost of operation

Based on the experience of the first years, the main expenditure items are the following:

- Partnership with Member States,
- Information in third countries,
- Partnership with civil society,
- Meetings, debates, conferences,
- Information tools,
- Studies, surveys,
- Miscellaneous.

### Prince project\* (EUR million) - Euro Programme

Past						Future		
	1996	1997	1998	1999	2000	2001	2002	Total
<b>Total</b>	18.7	30.8	30	35.1	32	p.m. <sup>o</sup>	p.m. <sup>o</sup>	p.m. <sup>o</sup>

Partnerships with Member States take high priority. Until now the rule was a maximum of 50% part-financing from the European Union budget. The amount of Commission aid depends especially on the relative population. The Commission's share of total expenditure on information has been adjusted in some Member States because of the volume of expenditure by the national authorities.

Expenditure on the PRINCE programme (project EURO) should follow the rhythm of the information strategy on the changeover to the euro. That implies a drop in expenditure in 2000 compared to 1999. In 2002, expenditures should at least cover the period of dual circulation in euro area countries.

Credits for the PRINCE programme (project EURO) should be such as to maintain the leverage needed so that the role, priorities and information tools of the European Institutions are taken into account.

Partnership with civil society remains essential for transnational projects run by NGOs, professional federations, European associations and transnational media.

In 2000 and beyond European Institutions should adapt the basic information materials as necessary. The same thing goes for surveys, both quantitative and qualitative, with even more exact follow up in 2001 and an evaluation in 2002.

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\*Reminder: This budget line also covers priority actions on the IGC and Enlargement.

<sup>o</sup>This does not prejudice the decisions to be taken according to budgetary procedures.

Apart from the partnerships with Member States information activity undertaken directly by the Commission are mostly transnational.

## **FRAUD PREVENTION MEASURES**

All contracts will be awarded following tendering procedures, according to the Financial Regulation in force.

Partnerships with the Member States are based on a Memorandum of Understanding establishing the framework in which the agreements for part-financing of the communication plans are signed.

Grants to civil society will follow the applicable Commission rules. The current revision of these rules will be taken into account.

## **ELEMENTS OF COST-EFFECTIVENESS ANALYSIS**

### **Specific objectives**

To contribute to a successful transition to the single currency by ensuring the availability of the necessary information at the appropriate time and in the appropriate places.

To agree to focus on activity on small and medium enterprises (SMEs) from 1 January 2000, while making sure that this activity really meets their needs in a highly decentralised way.

To create the conditions so that administrations and all manner of public authorities in contact with the public have the tools and information ready to fulfil the mission to explain.

The European single currency will have to be explained and understood in the rest of the world.

### **Target groups**

- SMEs - in particular micro-enterprises, one-person businesses, tradesmen and shopkeepers;

The general public, and in particular vulnerable groups, for whom specially adapted information has been developed by concerned associations with the help of the Commission (the Easy Euro project).

- regional and local authorities, elected representatives and public servants;

- third countries, including governmental and non-governmental partners of the European Union, as well as European citizens living outside the EU.

### **Grounds for the operation**

In an area as sensitive as money, the reduction in uncertainties on the practicalities of the changeover to the euro, the support of the key players, the acceptance and support of the public at stages of the process are factors on which the success of the final changeover to the single currency will depend.

## **Monitoring and evaluation of the operation**

Monitoring and evaluation of the operation is based on permanent instruments and external evaluations.

Annual surveys will continue on the application of the three Commission Recommendations of 1998 and of the Euro logo agreement.

The Eurobarometer survey, which is conducted regularly, provides indicators on public opinion and its evolution concerning the single currency. It should be supplemented by more specific surveys, depending on the groups targeted.

Permanent monitoring and evaluation machinery has been put in place in all the Member States with which agreements are implemented. This machinery involves setting up a monitoring group, the production of monthly reports and field evaluation missions.

Under the partnership with civil society, each grant is the subject of a financial and activity report by the beneficiary, which is subsequently evaluated.

## **ADMINISTRATIVE EXPENDITURE**

### **Effect on the number of posts**

No net impact on the allocation of resources.

### **Overall financial impact on human resources**

No additional needs.

### **Increase in other administrative expenditure as a result of the operation**

No additional needs.

## **Euro Papers**

The following papers have been issued. Copies may be obtained by applying to the address:

**European Commission, Directorate-General for Economic and Financial Affairs**

**200, rue de la Loi (BU-1, -1/10)**

**1049 Brussels, Belgium**

- No. 1 External aspects of economic and monetary union, by Directorate General II, Economic and Financial Affairs (July 1997).
- No. 2 Accounting for the introduction of the euro, by Directorate General XV, Internal Market and Financial Services (July 1997).
- No. 3 The impact of the introduction of the euro on capital markets, by Directorate General II, Economic and Financial Affairs (July 1997).
- No. 4 Legal framework for the use of the euro, by Directorate General II, Economic and Financial Affairs (September 1997).
- No. 5 Round Table on practical aspects of the changeover to the euro -May 15, 1997 - Summary and conclusions, by Directorate General II, Economic and Financial Affairs (September 1997).
- No. 6 Checklist on the introduction of the euro for enterprises and auditors, by Fédération des Experts Comptables Européens (September 1997).
- No. 7 The introduction of the euro—Compilation of community legislation and related documents, by Directorate General II, Economic and Financial Affairs (October 1997).
- No. 8 Practical aspects of the introduction of the euro, by Directorate General II, Economic and Financial Affairs (November 1997).
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- No. 11 Preparing Financial Information Systems for the euro, by Directorate General XV, Internal Market and Financial Services (December 1997).
- No. 12 Preparations for the changeover of public administrations to the euro, by Directorate General II, Economic and Financial Affairs (December 1997).
- No. 13 Report of the Expert Group on Technical and Cost Aspects of Dual Display, by Directorate General II, Economic and Financial Affairs (December 1997).
- No. 14 Report of the Expert Group on banking charges for conversion to the euro, by Directorate General XV, Internal Market and Financial Services (January 1998).
- No. 15 The Legal Implications of the European Monetary Union under the U.S. and New York Law, by Niall Lenihan, (Study commissioned by Directorate General II, Economic and Financial Affairs) (January 1998).
- No. 16 Commission Communication on the information strategy for the euro, by Directorate General X, Information, communication, culture, audiovisual communication and Directorate General II, Economic and Financial Affairs (February 1998).
- No. 17 The euro: explanatory notes, by Directorate General II, Economic and Financial Affairs (February 1998).

- No. 18 Report by the Working Group on “Acceptance of the new prices and scales of values in euros”, by Directorate General XXIII, Enterprise Policy, Distributive Trades, Tourism and Social Economy and Directorate General XXIV, Consumer Policy Service (February 1998).
- No. 19 Report of the Expert Working Group “Euro-Education”, by Directorate General XXII, Education, Training and Youth (February 1998).
- No. 20 Report by the Working Party “Small businesses and the euro”, by Directorate General XXIII, Enterprise Policy, Distributive Trades, Tourism and Social Economy (February 1998).
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- No. 22 The introduction of the euro and the rounding of currency amounts, by Directorate General II, Economic and Financial Affairs (March 1998).
- No. 23 From Round Table to Recommendations on practical aspects of the introduction of the euro, by Directorate General II, Economic and Financial Affairs (May 1998).
- No. 24 The impact of the euro on Mediterranean partner countries, by Jean-Pierre Chauffour and Loukas Stemitsiotis, Directorate General II, Economic and Financial Affairs (June 1998).
- No. 25 The introduction of the euro - Addendum to the compilation of community legislation and related documents, by Directorate General II, Economic and Financial Affairs (July 1998).
- No. 26 The implications of the introduction of the euro for non-EU countries, by Peter Bekx, Directorate General II, Economic and Financial Affairs (July 1998).
- No. 27 Fact sheets on the preparation of national public administrations to the euro (Status : 15 May 1998), by Directorate General II, Economic and Financial Affairs (July 1998).
- No. 28 Debt redenomination and market convention in stage III of EMU, by Monetary Committee (July 1998).
- No. 29 Summary of experts’ reports compiled for the euro working group/European Commission - DG XXIV on psycho-sociological aspects of the changeover to the euro, by Directorate General XXIV, Consumer Policy and Consumer Health Protection (November 1998).
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- No. 31 How large companies could help their small suppliers and distributors change over to the euro. Proceedings and conclusions of the Workshop held on 5 November 1998 in Brussels. Organised by the Directorate General II and The Association for the Monetary Union of Europe (January 1999).
- No. 32 Risk capital markets, a key to job creation in Europe. From fragmentation to integration - Report prepared by Delphine Sallard, Directorate General II, Economic and Financial Affairs, on a conference organised by the European Commission on 24 November 1998, in Brussels (January 1999).
- No. 33 The impact of the changeover to the euro on community policies, institutions and legislation (Progress towards implementing the Commission’s Communication of November 1997), by Directorate General II, Economic and Financial Affairs (April 1999).
- No. 34 Duration of the transitional period related to the introduction of the euro (Report from the Commission to the Council), by Directorate General II, Economic and Financial Affairs (April 1999).
- No. 35 EU Repo markets: opportunities for change, (Report of the Giovannini Group) (October 1999).

- No. 36 Migrating to euro - System strategies & best practices recommendations for the adaptation of information systems to the euro, (Report by the Euro Working Group) (October 1999).
- No. 37 Euro coins – from design to circulation, by Directorate General II, Economic and Financial Affairs (May 2000).
- No. 38 Communication from the Commission on communications strategy in the last phases of the completion of EMU, by Directorate General II, Economic and Financial Affairs (August 2000).

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- No. 73 Partial Equilibrium Calculations of the Impact of Internal Market Barriers in the European Community, by Richard Cawley and Michael Davenport (October 1988).
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- No. 79 Country Studies - The United Kingdom, by Tassos Belessiotis and Ralph Wilkinson (July 1990).
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