# EURO: The legal point of view

By Professor **Const. GE. ATHANASSOPOULOS**

It has already become absolutely clear, and time between now and 1/1/1999 (date of its introduction) serves only too well to confirm this, that the EURO, the currency of the EU Member States that have joined (or will soon join) the Economic and Monetary Union -EMU-, has been welcomed world-widely with a feeling of contentment and success, as soon as the EU applied the relevant decisions.

The fact that, during the second month of its life, the EURO was down against the US dollar as opposed to its starting exchange rate (down from 1,14 USD in January 1999 to 1,12 USD in February 1999), cannot diminish the euphoria brought about by its introduction, and is mainly due to the increase of USA's GDP, which also increased the demand for the US dollar.

Nonetheless, the following facts are indicative:

The EUROLAND zone, that is the zone which includes the 11 Member States that have joined the EMU (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Spain and Portugal) - Denmark, UK and Sweden have not joined in at their own volition, while Greece did not meet the criteria-, will be the second largest economic zone worldwide, with a GDP of 5,500,000,000,000 ECUs (contrary to 6,800,000,000,000 ECUs of the USA). The exports of the 11 Member States will exceed those of the USA, and will be twice as high as those of Japan. Moreover, 291,000,000 inhabitants of the EUROLAND will be using a single currency, as opposed to 269,000,000 Americans using the dollar, and 126,000,000,000 Japanese using the yen.

Furthermore, it is estimated that, with the introduction of the EURO, 30% of world trade will be conducted in EURO prices. This will directly cause the US dollar to loose some of its luster, while banks will suffer losses due to abandoned parities of exchange, money conversions, exchange commissions, etc...

Beyond the economic point of view, however, there are some legal dimensions directly related to the introduction of the EURO.

Primarily, the creation and the application of the EURO are based on two Regulations, whose draft proposals were agreed upon by the European Council in the Dublin Summit of 1996.

The said Regulations establish the status of the EURO as a single currency. As far as the currencies, which, up to 31/12/1998, had been the national currencies of the 11

countries that have joined the EMU, their status will be transitory for the period between 1/1/1999 and 31/12/2001 the latest, date in which they will seize to exist.

However, due to the fact the EURO notes and coins will not be immediately available, the 11 countries will be able to use their national moneys during the transition period, while 1 EURO under different forms will be equivalent to 1 ECU.

During the period of transition, any obligation that exists in contracts of any kind, can be freely undertaken, and credit payments can be made, either in EURO or in national currencies.

At the end of that period, however, national moneys will seize to exist and all financial obligations in contracts or legal texts will be met solely in EURO, according to parities conversion tables.

The introduction of the EURO does not permit, nor justify, the invocation of a change of conditions to be used to rescind or modify a contract.

Furthermore, as far as the introduction and use of the EURO, the European Parliament, with a special Resolution, has demanded that the unimpeded usage of the EURO be allowed in parallel with national currencies in countries which have not yet joined the EUM.

Among other things, the Resolution demands that:

a. No obstacles should be imposed by local authorities for the parallel use of the EURO in Denmark, Greece, the UK, and Sweden.

b. The European Central Bank, through a special Committee that the Bank itself will set up, should follow the parallel use of the EURO in these 4 countries.

c. The said 4 countries, in order to avoid the dangers inherent in the parallel use of the EURO, should join the EMU as soon as possible.

Greece, the country where the fable of Pandora's «compass» (box made of box-wood) was born, having fully realized the significance of the Economic and Monetary Union, has oriented its efforts towards its integration into it. Especially, in view of the recent ratification by the Greek Parliament of the Amsterdam Treaty, the country lives, works and revolves around that primal objective with passion, but also with prudence as well as audacity.

**ΚΕΝΤΡΟ ΕΠΙΜΟΡΦΩΣΗΣ ΜΕΛΕΤΩΝ ΕΡΕΥΝΑΣ ΚΑΙ ΑΝΑΠΤΥΞΗΣ**
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