**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 18 March 2014

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DECLASSIFICATION[1]

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dated:	2 July 2013
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Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.

[1] Document declassified by the European Commission on 20 January 2014.

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Brussels, 2 July 2013

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Interinstitutional File:
2013/0231 (NLE)

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PROPOSAL

from:	European Commission
dated:	2 July 2013
No Cion doc.	COM(2013) 492 final
Subject:	Proposal for a COUNCIL REGULATION amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Latvia

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYETPUGARNAU to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

Encl.: COM(2013) 492 final

EUROPEAN COMMISSION

Strasbourg, 2.7.2013
COM(2013) 492 final

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Latvia

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 5 June 2013, the Commission adopted a proposal for a Council Decision in accordance with Article 140(2) of the Treaty on the Functioning of the European Union (hereinafter the Treaty), proposing that Latvia fulfils the necessary conditions for the adoption of the euro and that the derogation of Latvia is abrogated with effect from 1 January 2014.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the Latvian lats which will take effect from 1 January 2014.

Council Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro[1] sets the irrevocable conversion rates for the 17 Member States currently participating in the euro (Belgium, Germany, Estonia, Greece, Spain, France, Ireland, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland). In order to extend the scope of this Regulation to the Latvian lats, a reference to this currency needs to be added to this Regulation. Therefore, this initiative proposes amendments to this Regulation.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSEMENT

The formal procedure following the Commission proposal for a Council Regulation involves consultation of the ECB. Discussions with Member States on economic policy challenges in Member States are held under various headings on a regular basis in the Economic and Financial Committee and ECOFIN/Eurogroup. These include informal discussions on issues specifically relevant to the preparation of eventual euro area entry (incl. exchange rate policies). Dialogue with academics and other interested groups takes place in the context of conferences/seminars and on an ad-hoc basis.

Economic developments in the euro area and the Member States are assessed in the framework of the various procedures of economic policy co-ordination and surveillance (notably under Art. 121 of the Treaty), as well as in the context of the Commission's regular monitoring and analysis of country-specific and euro area-wide developments (incl. forecasts, regular publication series, input to EFC and ECOFIN/Eurogroup). In accordance with the proportionality principle and in line with past practice, no formal impact assessment is considered necessary.

[1] OJ L 359, 31.12.1998, p. 1.

3. LEGAL ELEMENTS OF THE PROPOSAL

3.1. Legal basis

Legal basis for the present proposal is Article 140(3) of the Treaty, which allows for the adoption of the conversion rate at which the euro shall be substituted for the currency of the Member State the derogation of which has been abrogated under Article 140(2) of the Treaty.

The Council shall act with the unanimity of the Member States whose currency is the euro and the Member State concerned on a proposal from the Commission and after consulting the ECB.

3.2. Subsidiarity and proportionality

The proposal falls under the exclusive competence of the Union. The subsidiarity principle therefore does not apply.

The present initiative does not go beyond what is necessary to achieve its objective and, therefore, complies with the proportionality principle.

3.3. Choice of the legal instrument

The Regulation instrument is the only appropriate legal instrument to amend Council Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro.

4. BUDGETARY IMPLICATIONS

The proposal has no implications for the budget of the Union.

5. COMMENTARY ON INDIVIDUAL ARTICLES

5.1. Article 1

The proposed rate is the present central rate of the Latvian lats in the exchange rate mechanism (ERM II).

As for the other currencies and in accordance with Council Regulation (EC) No 1103/97[2] on certain provisions relating to the introduction of the euro, the rate is determined with six significant figures.

5.2. Article 2

This Article sets the date of entry into force of the Regulation at 1 January 2014, ensuring that it will be applicable in conformity with the timing of the other Council

[2] OJ L 162, 19.6.1997, p.1

acts relating to the adoption of the euro by Latvia, i.e. the date of the abrogation of the derogation and the date of entry into force of the other measures necessary for the introduction of the euro in Latvia.

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Latvia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 140(3) thereof,

Having regard to the proposal from the European Commission[3],

Having regard to the opinion of the European Central Bank[4],

Whereas:

(1) Council Regulation (EC) No 2866/98 of 31 December 1998 on the conversion rates between the euro and the currencies of the Member States adopting the euro[5] determines the conversion rates as from 1 January 1999.

(2) According to Article 4 of the 2003 Act of Accession, Latvia is a Member State with a derogation as defined in Article 139(1) of the Treaty on the Functioning of the European Union (hereinafter the Treaty).

(3) Pursuant to Council Decision 2013/.../EU of … on the adoption by Latvia of the euro on 1 January 2014[6], Latvia fulfils the necessary conditions for the adoption of the euro and the derogation in favour of Latvia is abrogated with effect from 1 January 2014.

(4) The introduction of the euro in Latvia requires the adoption of the conversion rate between the euro and the Latvian lats. This conversion rate should be set at 0.702804 lats per 1 euro, which corresponds to the current central rate of the lats in the exchange rate mechanism (ERM II).

(5) Regulation (EC) No 2866/98 should therefore be amended accordingly,

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3 OJ C ,…, p.
4 OJ C ,…, p.
5 OJ L 359, 31.12.1998, p. 1.
6 …

HAS ADOPTED THIS REGULATION:

Article 1

In Article 1 of Regulation (EC) No 2866/98, the following line is inserted between the conversion rates applicable to the Cyprus pound and the Luxembourg francs:

"= 0.702804 Latvian lats".

Article 2

This Regulation shall enter into force on 1 January 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

For the Council
The President