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DECLASSIFICATION[1]

of document:	ST 11496/14 RESTREINT UE/EU RESTRICTED
dated:	2 July 2014
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Subject:	Proposal for a COUNCIL REGULATION amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Lithuania

Delegations will find attached the declassified version of the above document.

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

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[1] Document declassified by the European Commission on 23 July 2014.

Council of the European Union

Brussels, 2 July 2014

11496/14

RESTREINT UE/EU RESTRICTED

ECOFIN 717
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Interinstitutional File:
2014/0208 (NLE)

PROPOSAL

from:	European Commission
dated:	2 July 2014
No Cion doc.	COM(2014) 447 final
Subject:	Proposal for a COUNCIL REGULATION amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Lithuania

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

Encl.: COM(2014) 447 final

RESTREINT UE

EUROPEAN
COMMISSION

Strasbourg, 1.7.2014
COM(2014) 447 final

2014/208 (NLE)

Proposal for a

COUNCIL REGULATION

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

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RESTREINT UE

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 4 June 2014, 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 Lithuania fulfils the necessary conditions for the adoption of the euro and that the derogation of Lithuania is abrogated with effect from 1 January 2015.

In case of a positive decision, the Council will subsequently have to adopt the conversion rate between the euro and the Lithuanian litas which will take effect from 1 January 2015.

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 18 Member States currently participating in the euro (Belgium, Germany, Estonia, Greece, Spain, France, Ireland, Italy, Cyprus, Latvia, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland). In order to extend the scope of this Regulation to the Lithuanian litas, a reference to this currency needs to be added to this Regulation. This is the object of this proposal.

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, ECOFIN and 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 Article 121 of the Treaty), as well as in the context of the Commission's regular monitoring and analysis of country-specific and area-wide developments (incl. forecasts, regular publication series, input to EFC, ECOFIN and Eurogroup). In accordance with the proportionality principle and in line with past practice, no formal impact assessment is considered necessary.

3. LEGAL ELEMENTS OF THE PROPOSAL

3.1. Legal basis

Legal basis for the present proposal is Article 140(3) of the Treaty, according to which the Council shall adopt the conversion rate at which the euro shall be

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

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 Lithuanian litas 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 2015, ensuring that it will be applicable in conformity with the timing of the other Council acts relating to the adoption of the euro by Lithuania, 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 Lithuania.

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

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2014/208 (NLE)

Proposal for a

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

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[5] determines the conversion rates to the euro as from 1 January 1999.

(2) According to Article 4 of the 2003 Act of Accession, Lithuania is a Member State with a derogation as defined in Article 139(1) of the Treaty.

(3) Pursuant to Council Decision 2014/.../EU of …[6], Lithuania fulfils the necessary conditions for the adoption of the euro and the derogation of Lithuania is abrogated with effect from 1 January 2015.

(4) The introduction of the euro in Lithuania requires the adoption of the conversion rate between the euro and the Lithuanian litas. This conversion rate should be set at 3.45280 litas per 1 euro, which corresponds to the current central rate of the litas in the exchange rate mechanism (ERM II).

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

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 Latvian lats and the Luxembourg francs:

"= 3.45280 Lithuanian litas".

[3] OJ C ,…, p.
[4] OJ C ,…, p.
[5] 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 (OJ L 359, 31.12.1998, p. 1).
[6] Council Decision 2014/.../EU of … on the adoption by Lithuania of the euro on 1 January 2015 […]

Article 2

This Regulation shall enter into force on 1 January 2015.

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

Done at Strasbourg,

For the Council
The President