

Standing Committee on Preparations for Euro held in HM Treasury (II)

Attendance

Chancellor of the Exchequer
Governor of the Bank of England - Eddie George
Secretary of State for Trade and Industry - Peter Mandelson
Economic Secretary to the Treasury - Patricia Hewitt
Minister for Trade and Competitiveness in Europe - Lord Simon
Parliamentary Under-Secretary of State for Scotland - Lord Sewel
Parliamentary Under-Secretary of State for Northern Ireland - Lord Dubs
Parliamentary Under-Secretary of State for Wales - Peter Hain
Managing Director and Head of Financial Supervision, Financial Services Authority - Michael Foot
Vice-President of the CBI - Lord Marshall
President of the British Chambers of Commerce - John Entwistle
Chairman of the British Bankers' Association - Andrew Buxton
General Secretary of the TUC - John Monks
Head of the Home Civil Service - Sir Richard Wilson
Sue Killen
Clive Maxwell
Sarah Holroyd

Minutes of the meeting

The Chancellor introduced the agenda. It would be important to decide on a plan of action extending beyond January 1999.

Preparations for 1999

Following recommendations from the Standing Committee, the Euro Preparations Unit in HM Treasury had organised a major campaign to raise awareness of the impact of the launch of the euro in other countries on 1 January 1999 for small and medium-sized businesses, using press and television advertisements and direct mailing to 1.6 million businesses. This had been successful. A quarter of a million sets of factsheets had so far been sent to businesses following their responses to advertising and mailing. Results were now being analysed to identify regions and sectors which were lagging, so that they could be better targeted. Twelve regional fora were in place to provide advice to firms on the ground across the UK. It was agreed that:

- it would be important to consider the need for additional advertising before and after January 1999, once full analysis of the current campaign was available.

Preparations in the financial markets in the UK were judged to be progressing well. The conversion weekend at the end of 1998 would be a major exercise, and the Bank of England and Financial Services Authority were closely involved. It was agreed that:

- the Government should emphasise with other EU countries the need for close cooperation among financial regulators over preparations for the launch of the euro

The public sector would be ready for the launch of the euro in January 1999. An organisational structure involving a committee of "Euro Ministers" from each Government department, officials within central government, and a network reaching out to other parts of the public sector, including the health service and local authorities, had been established. Preparations in local government were considered important, partly because of its role in advising local businesses. The Inland Revenue and Customs & Excise had taken steps to allow payment of taxes in euros from January 1999, following the principle that the authorities would bear banking costs, but that the individual taxpayer would be responsible for any exchange rate risk. Customs & Excise was now training staff to handle enquiries about using

the euro. The Government was considering proposals to allow some grant payments to be made in euros where there was sufficient demand. The Committee agreed that:

- preparations in the public sector would continue to be important to provide leadership to business, as well as for practical purposes.

Preparations for the option of joining

The Committee had agreed in January 1998 the need to prepare an outline national changeover plan to be published around the end of the year, to set out the steps if the UK were to join the single currency. Work on this had progressed, involving well over 100 organisations. The Business Advisory Group and the committee of "Euro Ministers" had been consulted.

The Chancellor proposed that a cross-party group of Members of Parliament could be formed to discuss euro preparations.

It was agreed that:

- the outline changeover plan should be published early in 1999;
- the Committee would meet again, in December, to consider the outline changeover plan further;
- it would be important to learn from the lessons of member states joining in January 1999;
- that a cross-party Advisory Group on preparations for EMU should be formed.