

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

Attendance

Chancellor of the Exchequer - Gordon Brown
Economic Secretary to the Treasury - Ruth Kelly MP
Secretary of State, DTI - Patricia Hewitt MP
Secretary of State, Scotland Office - Helen Liddell MP
Chair of the Cross Party Parliamentary Group on Euro Preparations -
Barry Sheerman MP
Director General, CBI - Digby Jones
President, British Chambers of Commerce - Anthony Goldstone
Chairman, British Retail Consortium - The Hon David Sieff
President, British Bankers Association - Andrew Buxton
General Secretary, TUC - John Monks
Director for Europe, Bank of England - John Townend
Managing Director, Financial Services Authority - Michael Foot
European Secretariat, Cabinet Office - Rachel Green

Gus O'Donnell
Jonathan Taylor
Mike Glycopantis
Dave Ramsden
Roger Hargreaves

Minutes of the meeting

The Chancellor welcomed John Townend, representing the Governor of the Bank of England, and Michael Foot, representing the Chairman of the FSA. The Chancellor introduced the agenda.

Working with the euro now

The Economic Secretary updated the Committee on the progress of the Government's work to help British business work with the euro now. The Government was using a range of regional and sectoral forums to support businesses, and a range of practical tools including a letter to 1.5 million SMEs, a comprehensive website, factsheets and 50 accessible case studies. The network of Regional Euro Forums would be holding over 100 euro events in the run up to 1 January.

The Chancellor thanked the Committee members for their organisations' ongoing support for this work, and noted the important role being played by the Business Advisory Group, the banking sector and the Council of Travel and Tourism. He said that businesses would require support through 2002, and that organisations should continue to work closely with their members.

The Committee agreed that businesses would become increasingly interested in the euro as 1 January approached. Awareness would continue to increase during 2002, as businesses began to deal in euro and tourists and business travellers came into contact with the new currency. It was noted that the FCO, DTI and Treasury were preparing a leaflet for travellers which would be jointly launched by Ministers.

Changeover planning

The Economic Secretary set out the progress of public sector preparations for the possibility of UK entry into the single currency. Under the direction of the Euro Ministers Committee, all central government departments had now completed strategies for the conversion of internal systems and processes in the event of a UK changeover. Departments were investing to build euro compatibility in as computer systems were modernised. The Economic Secretary also confirmed that planning would be extended to local authorities. The Committee welcomed this progress.

The Chancellor said that Government was following developments in the euro area closely,

and was building key experiences into the UK's changeover planning. This would be an important element of euro preparations work during 2002. Treasury officials would establish a group to identify the key lessons for business, which would report back to the Committee. John Townend confirmed that the Bank was leading work to learn from the changeover in the financial services sector.

Fifth Report on Euro Preparations

The Economic Secretary outlined the main elements of the Fifth Report on Euro Preparations, the Executive Summary of which had been made available to the Committee. The Report sets out detail on the Government's work to prepare the UK for the arrival of the euro on 1 January, and developments in the euro area. The Report also outlines that work continues under the framework established by the National Changeover Plans. The Economic Secretary said that the phased approach to the introduction of euro services remains at the centre of that framework.

Legacy currency issues

John Townend asked for clarification on the issue of share conversion for UK companies whose shares are denominated in legacy currencies. The Chancellor said that officials from DTI and Treasury would work closely with the Bank to explore all options.

Andrew Buxton said that most major Banks would be collecting unused legacy currency coinage and passing it on to charities. The Chancellor said that this should be encouraged.

The Committee agreed to meet early in 2002 to review progress.