



EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 28 August 2000

at the request of the German Federal Ministry of Finance

**on a draft legislative proposal for the issue of a 1 DM gold coin and the establishment of a
'Monetary Stability' Foundation**

(CON/00/17)

1. On 31 July 2000 the European Central Bank (ECB) received a request from the German Federal Ministry of Finance for an ECB opinion on a draft legislative proposal for the issue of a 1 DM gold coin and the establishment of a 'Monetary Stability' Foundation.
2. The ECB's competence to deliver an opinion is based on Article 2 of Council Decision 98/415/EC of 29 June 1998 on the consultation of the ECB by national authorities regarding draft legislative provisions¹, as the legislative proposal contains provisions concerning currency matters and means of payment. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the ECB, this ECB opinion has been adopted by the Governing Council of the ECB.
3. According to paragraph 1 of the draft legislative proposal, the Deutsche Bundesbank shall be authorised to issue a gold coin for 1 DM in its own name in the year 2001 in commemoration of the Deutsche Mark, with a circulation of up to one million pieces. The ECB takes note of the fact that the draft legislative proposal does not impose an obligation on the Deutsche Bundesbank to make use of such right.
4. Paragraph 3 of the draft legislative proposal states that the 1 DM gold coin shall be legal tender until the end of 31 December 2001.

As the 1 DM gold coins will be attributed the status of legal tender, the ECB recalls that the issue will form part of the total volume of coins to be issued in accordance with the first sentence of Article 106(2) of the Treaty establishing the European Community, whereby such total volume requires the approval of the ECB.

¹ OJ L189, 3.7.1998, p. 42-43.

5. The ECB takes note that, according to paragraph 5(3) of the draft legislative proposal, the gold required to mint the 1 DM gold coins will be taken from the Bundesbank's gold reserves. As explained in the official statement of reasons attached to the draft legislative proposal, the Deutsche Bundesbank will use an estimated 12 tonnes of gold for the production of one million coin blanks; it is further stated that this is less than 0.4% of the gold reserves of the Deutsche Bundesbank. Paragraph 7 of the draft legislative proposal states that the issue price for the gold coins will be determined by the Deutsche Bundesbank depending on the respective market rate for gold.

In this context, the ECB stresses the importance of the declaration contained in the official statement of reasons to paragraph 5 of the draft legislative proposal according to which the Deutsche Bundesbank will seek to obtain approval from the ECB, if required, pursuant to Article 31.2 of the Statute of the European System of Central Banks and of the European Central Bank for the sale of central bank gold.

6. The ECB holds the view that the minting and sale of gold coins is not in contradiction with the central bank gold agreement of 26 September 1999 between the ECB and the central banks of Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom. In this context, note is taken of the fact that the Deutsche Bundesbank has already informed the ESCB of its intention to issue the 1 DM gold coins.
7. Finally, the ECB welcomes the intention of the Federal Government to maintain and promote the public awareness of the importance of monetary stability.
8. The ECB confirms that it has no objection to this ECB opinion being made public by the competent national authorities at their discretion.

Done at Frankfurt am Main on 28 August 2000.

The Vice President of the ECB

[signed]

Christian Noyer