

EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

at the request of the Council of the European Union under Article 109(3) of the Treaty establishing the European Community on three recommendations for three Council Decisions concerning monetary relations with the Principality of Monaco, the Republic of San Marino and the Vatican City

(1999/C 127/05)

1. On 21 December 1998 the European Central Bank (ECB) received a request from the Council of the European Union for an ECB Opinion on three Recommendations of the Commission of the European Communities (COM(1998) 789 final) for three Council Decisions (EC) on the position to be taken by the Community regarding an agreement concerning monetary relations with the Principality of Monaco, the Republic of San Marino and the Vatican City respectively.
2. The ECB's competence to deliver an opinion is based on Article 109(3) of the Treaty establishing the European Community (hereinafter referred to as the 'Treaty'). In accordance with Article 17.5, first sentence, of the Rules of Procedure, this ECB opinion has been adopted by the Governing Council of the ECB. It is only in the context of the exceptional circumstances of the changeover to the euro that the ECB has agreed to comply with the request of the Council and adopt its Opinion within the short deadlines established in the consultation request.
3. The draft Council Decisions provide for agreements to be concluded between the Community and the Principality of Monaco, the Republic of San Marino and the Vatican City respectively. The agreements concern only the issuance and use of banknotes and coins, access to payment systems within the euro area and the legal status of the euro in the Principality of Monaco, the Republic of San Marino and the Vatican City. This is to comply with Declaration No 6 of the Treaty, which requires the Community to undertake to facilitate the renegotiations of existing arrangements with the Principality of Monaco, the Republic of San Marino and the Vatican City, as might become necessary as a result of the introduction of the single currency.
4. The ECB agrees with the scope of monetary links to be established on the basis of the agreements laid down in the draft Council Decisions. Given the existing economic relations between France and the Principality of Monaco on the one hand, and Italy and the Republic of San Marino and the Vatican City on the other, the ECB considers it appropriate for agreements concerning banknotes and coins, access to payment systems and the legal status of the euro to be concluded between the Community and the Principality of Monaco, the Republic of San Marino and the Vatican City respectively.
5. The ECB welcomes the fact that the draft Council Decisions adequately reflect the transfer of competence for monetary matters to the Community and the respective distribution of these competences between the Council of the European Union, the Commission of the European Communities and the European System of Central Banks. In particular, the ECB welcomes the fact that access by financial institutions located in the Principality of Monaco, in the Republic of San Marino and in the Vatican City to payment systems within the euro area needs to be agreed with the ECB; that, within its field of competence, the ECB will be fully associated with the negotiations of the agreement; and that the ECB is empowered to initiate the submission of the draft agreements to the Council for decision.
6. The ECB takes note of the fact that neither the Treaty nor the draft Council Decision on Monaco provide the legal basis to allow the ECB, as from the start of Stage Three, to impose minimum reserve requirements and statistical reporting obligations on credit institutions or monetary financial institutions located in the Principality of Monaco or to allow a continuation of the current links between the Principality of Monaco and the Banque de France as an integral part of the European System of Central Banks with regard to minimum reserve requirements and statistical reporting obligations. A new bilateral arrangement between the Community and the Principality of Monaco could supplement the Treaty in this respect, and therefore the Council may contemplate adding, in Article 6 of the draft Decision, which already deals with access to French payment systems, a reference to maintaining minimum reserves and statistical reporting obligations pertaining to financial institutions located in the Principality of Monaco.
7. In Article 9 of the three draft Decisions the inclusion of Monaco, San Marino and the Vatican should be deleted, since decisions addressed to France and Italy cannot impose obligations on the three other states.
8. This Opinion will be published in the *Official Journal of the European Communities*.

Done at Frankfurt am Main on 30 December 1998.

Vice-President
of the ECB

C. NOYER

Member of the Executive Board
of the ECB

T. PADOA-SCHIOPPA