



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.7.2003
COM(2003) 387 final

2003/0142 (CNB)

Recommendation for a

COUNCIL DECISION

on the approval of certain amendments to be made to Articles 3 and 7 of the Monetary Agreement between the Italian Republic, on behalf of the European Community, and the Vatican City State and, on its behalf, the Holy See and authorising the Italian Republic to give effect to these amendments

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Vatican City State concluded a Monetary Convention¹ with the Italian Republic prior to the Maastricht Treaty of 1992, in particular allowing it to mint certain volumes of Italian lira coins. On 29 December 2000, in the framework of the introduction of the euro, the Italian Republic concluded, on behalf of the Community, a new monetary agreement² with the Vatican City State, and, on its behalf, the Holy See ("the Monetary Agreement"), aimed at replacing the Monetary Convention.

The Monetary Agreement reflects most of the elements of the Monetary Convention. However, the maximum number of coins which can be minted by the Vatican City State under the new ceilings is lower than the maximum number of coins which was explicitly authorised by the Monetary Convention, both under normal and special circumstances. Accordingly, on 23 January 2003, Mr Tremonti, Minister of Economy and Finance of Italy, informed the Council Presidency that, in line with a request from the Holy See, his country proposed that the Monetary Agreement be modified with a view to increasing the total value of euro coins which the Vatican City State is authorised to issue each year.

The amendments to be made to Articles 3 and 7 of the Monetary Agreement provide for an increase in the total issue ceiling for euro coins which the Vatican City State may issue from EUR 670,000 to EUR 1 million per year. The additional amounts of euro coins the Vatican City State may issue under three special circumstances - in the year when the Holy See becomes vacant, in each Holy Jubilee Year and in the year of the opening of an Ecumenical Council - is also to be increased from EUR 201,000 to EUR 300,000. These new ceilings fully correspond to the maximum numbers of coins which were explicitly authorised under the Monetary Convention. The total face value of euro coins issued by the Vatican City State each year forms part of the annual ceiling of euro coins issued by the Italian Republic which is submitted to the ECB for prior approval under Article 106(2) of the EC Treaty.

The negotiating mandate given in Council Decision 1999/98/EC³ of 31 December 1998 to the Italian Republic ended with the conclusion of the Monetary Agreement. Pursuant to Art. 111(3) EC, a recommendation from the Commission, specifying the amendments to be made to the Monetary Agreement is, therefore, necessary. The ECB is to be consulted. The amendments to be made to the Monetary Agreement by the Italian Republic, on behalf of the Community, will follow the adoption of the Council Decision.

¹ Convenzione monetaria tra la Repubblica Italiana e lo Stato della Città del Vaticano il 3 dicembre 1991 - Aggiornamento alla GU 06/05/97. Monetary Convention between Italy and the Vatican City ratified by Italy under Law 119/1994. Published in the Official Journal of the Italian Republic n° 43 of 22 February 1994.

² OJ C 299, 25.10.2001, p. 1.

³ OJ L 30, 04/02/1999, pp. 35-36.

Recommendation for a

COUNCIL DECISION

on the approval of certain amendments to be made to Articles 3 and 7 of the Monetary Agreement between the Italian Republic, on behalf of the European Community, and the Vatican City State and, on its behalf, the Holy See and authorising the Italian Republic to give effect to these amendments

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 111(3) thereof,

Having regard to the recommendation from the Commission⁴,

Having regard to the opinion of the European Central Bank⁵,

Whereas:

- (1) Under a Monetary Agreement signed on 29 December 2000 between the Italian Republic, on behalf of the European Community, and the Vatican City State and, on its behalf, the Holy See⁶ ("the Monetary Agreement"), the Vatican City State has been entitled to use the euro as its official currency and has been entitled to grant legal tender status to euro banknotes and coins.
- (2) Under the Monetary Agreement, the Vatican City State has also been entitled to issue euro coins for a maximum annual face value of EUR 670 000 and, for additional amounts of EUR 201 000, under three special circumstances, namely in the year when the Holy See becomes vacant, in each Holy Jubilee Year and in the year of the opening of an Ecumenical Council.
- (3) An earlier Monetary Convention between the Vatican City State and the Italian Republic allowed the former to annually mint lira coins for a maximum annual face value of LIT 1 billion subject to a maximum annual number of 100 million coins⁷.

⁴ OJ C XXX, yy/yy/yy, p. zz.

⁵ Opinion delivered on xxxxxx (Official Journal).

⁶ OJ C 299, 25/10/2001, pp. 1-4.

⁷ Convenzione monetaria tra la Repubblica Italiana e lo Stato della Città del Vaticano il 3 dicembre 1991 - Aggiornamento alla GU 06/05/97. Monetary Convention between the Italian Republic and the Vatican City ratified by the Italian Republic under Law 119/1994. Published in the Official Journal of the Italian Republic n° 43 of 22 February 1994.

- (4) The Monetary Convention also allowed the Vatican City State to mint additional lira coins for a total of LIT 300 million and, subject to a maximum number of 30 million coins, under three special circumstances, i.e. in the year when the Holy See becomes vacant, in each Holy Jubilee Year and in the year of the opening of an Ecumenical Council.
- (5) The maximum number of coins which can be minted by the Vatican City State under the new Monetary Agreement is lower than the maximum number of coins which was explicitly authorised by the Monetary Convention, both under normal and special circumstances. An increase in the annual and exceptional face values of euro coins which the Vatican City State is authorised to issue is therefore desirable. The total face value of euro coins issued by the Vatican City State each year forms part of the annual ceiling of euro coins issued by the Italian Republic which is submitted to the ECB for prior approval under Article 106(2) of the EC Treaty.
- (6) On 3 January 2003, the Italian Republic officially requested⁸ to increase the maximum annual face value of euro coins the Vatican City State may issue under both normal and exceptional circumstances. The new ceilings proposed by the Italian Republic fully correspond to the maximum numbers of coins which were explicitly authorised under the Monetary Convention.
- (7) The Italian Republic should be authorised to give effect to the amendments to the Monetary Agreement.

HAS DECIDED AS FOLLOWS:

Sole Article

1. The Monetary Agreement shall be modified as follows:

a) Article 3 shall be replaced by the following:

"As from 1 January 2004, the Vatican City State may issue euro coins for a maximum annual face value of EUR 1,000,000".

b) Article 7 shall be replaced by the following:

"In the year when the Holy See becomes vacant, the Vatican City State may issue coins, in addition to the maximum amount laid down in Article 3, totalling EUR 300,000.

In each Holy Jubilee Year, the Vatican City State may issue coins, in addition to the maximum amount laid down in Article 3, totalling EUR 300,000.

⁸ Letter from Mr Tremonti, Minister of Economy and Finance of the Italian Republic, to Mr Christodoulakis, President of the Council, of 3 January 2003.

In the year of the opening of an Ecumenical Council the Vatican City State may issue coins, in addition to the maximum amount laid down in Article 3, totalling EUR 300,000."

2. The Italian Republic is hereby authorised to make the necessary amendments to the Monetary Agreement of behalf of the Community.

Done at Brussels,

*For the Council
The President*