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European Union

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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject:	COUNCIL RECOMMENDATION on the conversion of hryvnia banknotes into the currency of host Member States for the benefit of displaced persons from Ukraine
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COUNCIL RECOMMENDATION (EU) 2022/...

of ...

**on the conversion of hryvnia banknotes into the currency of host Member States
for the benefit of displaced persons from Ukraine**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292, first and second sentence, in conjunction with Article 78(2), point (c), thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Since the Russian invasion of Ukraine more than 4 million people have arrived in the European Union in the space of just a few weeks. Both the scale and the speed of arrivals are unprecedented.
- (2) Council Implementing Decision (EU) 2022/382¹ established the existence of a mass influx of displaced persons from Ukraine as a consequence of an armed conflict and introduced temporary protection for displaced persons from Ukraine.
- (3) Displaced persons enjoying temporary protection or adequate protection under national law, in accordance with Council Directive 2001/55/EC² and Implementing Decision (EU) 2022/382, have urgent liquidity needs to cover their essential expenses. Many of them have arrived with hryvnia banknotes and face extreme difficulties in converting those banknotes into the currency of the host Member State.
- (4) The National Bank of Ukraine has suspended the exchange of hryvnia banknotes into foreign cash in order to protect Ukraine's limited foreign exchange reserves.

¹ Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection (OJ L 71, 4.3.2022, p. 1).

² Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (OJ L 212, 7.8.2001, p. 12).

- (5) Credit institutions in the Member States are not willing to carry out the currency exchange operations due to the limited convertibility of hryvnia banknotes and exposure to exchange rate risk.
- (6) Some Member States are considering putting in place national schemes that support the conversion of a limited amount of hryvnias per displaced person at a fixed rate.
- (7) The conversion of hryvnia banknotes into the currency of host Member States should be facilitated in order to support displaced persons from Ukraine in meeting their needs, in particular as they travel within the Union.
- (8) The National Bank of Ukraine has approached a number of Member States in order to put in place national schemes to buy hryvnia banknotes at the official exchange rate.
- (9) A coordinated approach as regards the national schemes put in place by Member States should be promoted with a view to offering the displaced persons from Ukraine the same conditions for converting hryvnia banknotes into the currency of the host Member State, to establishing a level playing field for the credit institutions and to preventing eventual speculative behaviour on the market.

- (10) In accordance with Article 3 of Protocol No 21 on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice, annexed to the Treaty on European Union (TEU) and to the Treaty on the Functioning of the European Union (TFEU), Ireland has notified, by letter of 11 April 2022, its wish to take part in the adoption and application of this Recommendation.
- (11) In accordance with Articles 1 and 2 of Protocol No 22 on the position of Denmark, annexed to the TEU and to the TFEU, Denmark is not taking part in the adoption of this Recommendation and is not bound by it or subject to its application,

RESPECTING NATIONAL COMPETENCES AND HAVING REGARD TO NATIONAL CIRCUMSTANCES AND PRACTICES HEREBY RECOMMENDS:

OBJECTIVE AND SCOPE

1. The aim of this Recommendation is to facilitate the conversion of hryvnia banknotes into the currency of host Member States by displaced persons from Ukraine entitled to temporary protection or adequate protection under national law within the meaning of Article 2 of Council Implementing Decision (EU) 2022/382.

CORE RECOMMENDATION

2. A Member State should establish a national scheme to facilitate the conversion of hryvnia banknotes into its national currency having the following characteristics:
 - (a) a displaced person presenting evidence of being entitled to temporary protection as provided for in Directive 2001/55/EC or adequate protection under national law as referred to in Implementing Decision (EU) 2022/382, such as that referred to in the Communication from the Commission 2022/C 126 I/01¹ should be able to convert hryvnia banknotes into the currency of the host Member State. In case of displaced unaccompanied minors, such conversion should be made by the representant provided for in Article 16(1) of Directive 2001/55/EC;

¹ Communication from the Commission 2022/C 126 I/01 on Operational guidelines for the implementation of Council Implementing Decision 2022/382 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection (OJ C 126 I, 21.3.2022, p. 1).

- (b) maximum limits for the amount of hryvnias to be converted per displaced person should be established. Taking into account national circumstances, such maximum limits should be at or below 10 000 hryvnias per displaced person;
- (c) conversion should be allowed without charges;
- (d) the applicable exchange rate should be the official exchange rate as published by the National Bank of Ukraine;
- (e) the duration of the national scheme should be for a minimum of three months.

ADDITIONAL RECOMMENDATIONS

3. With a view to guaranteeing effective access to the conversion scheme, Member States should strive to make the best use of a network of credit institutions participating in the conversion scheme for the implementation of that scheme. With a view to ensuring the respect of the maximum limit per displaced person, Member States should consider to agree with participating credit institutions on how to record and check the identity of each displaced person that utilises the conversion scheme.

4. With a view to guaranteeing sound financial governance and where necessary, Member States should envisage to agree with the National Bank of Ukraine the modalities for a future exchange of hryvnia banknotes.

Done at...,

For the Council

The President
