Summary

Dual pricing was used by some current members of the euro area during the process of adopting the euro in order to raise consumers' awareness of the changeover from the national currency to the euro and to prevent potential price rises arising from that changeover. The exchange rate between the national currency and the euro was fixed before the introduction of dual pricing. In Slovenia, the use of dual pricing prior to adopting the euro would differ from the mentioned examples in that it would be tied to the central parity existing at the time of Slovenia's participation in the exchange rate mechanism ERM II, which would not necessarily equal the exchange rate applying at the time of the changeover.

The results of the analysis indicate that the average costs of dual pricing in Slovenia will be similar as in other euro area countries, totalling approximately 0.55% of the analysed industries' total turnover. Any change in the central parity would result in additional costs for the analysed companies amounting to 0.12% of their total turnover. It should be noted that small and medium-sized enterprises will bear higher costs. Since cost differences depend on company size it would be sensible to provide for a corresponding differentiation in the dual-pricing system: dual pricing prior to determining the exchange rate should be voluntary for small and medium-sized enterprises and obligatory for large enterprises.

An alternative solution, which would completely eliminate the possibility of incurring additional costs in the event that the central parity changes before fixing the exchange rate, would be to introduce compulsory dual pricing only after the exchange has been fixed.

Key words: dual pricing, costs of dual pricing, costs of adopting the euro, retail trade, ERM II, EMU