

New euro will affect local companies that conduct international business

For other people, only travelers will notice

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A currency trader here says that for the average St. Louisan, the switch to the euro amounts to small change.

But for the worldwide corporations that call St. Louis their home, he says, it's a big deal indeed.

The trader is Larry Kirschner, a senior vice president at Mercantile Bank and the man who runs the bank's foreign currency trading.

As of midnight on New Year's Eve, 11 European currencies lost their national colors. Instead, all will be pegged to the euro.

For businesses in St. Louis that buy and sell in those 11 countries, the switch means that buying and selling will be done in dollars and euros — not in dollars and German marks, or dollars and French francs, or dollars and Italian lire.

Not that the euro physically exists yet. Down the road, in three more years, the euro will actually appear as a currency — as paper money and coins. By July 2002, the mark, the franc, the lira and the other eight currencies will give way to euro coins and euro bills.

Until then, the euro exists only as a concept, not as a currency that slips into your wallet. Still, starting Monday, that concept becomes the basis for international banking and

trading.

And an uncommon amount of international banking and trading starts in St. Louis.

Mercantile's Kirschner said Thursday: "We do billions of dollars each year in currency dealing in St. Louis — and virtually none of it is speculation. Almost all of it is business-related."

For a metro area of only mid-dling size, St. Louis plays a weighty hand in world business. That's because the region makes goods in worldwide demand — for example, Boeing's warplanes, Anheuser-Busch's beer and Monsanto's seeds.

Mercantile plays the middleman for much of the region's international dealing, swapping dollars for marks and all the rest.

Now, Kirschner said, much of that swapping will be in euros.

He said his bank stood to lose a small amount of business in "cross-currency trading." That's any deal involving two or more foreign currencies.

Kirschner offered as an example a St. Louis company that bought goods in Germany for resale in Italy. Until now, Mercantile would handle the marks-for-lire swap.

But as of Monday, such deals can be made in a single currency — the euro. As a result, Mercantile gets cut out as middleman.

"Even so, cross-currency trading is a very small part of our business," Kirschner said.

For the average St. Louisan, the switch to the euro will mean a lot less. Indeed, only those who travel abroad will feel its impact directly.

Euro converter

Find out how to convert your foreign dollars to Euro money. Go to <http://www.postnet.com> and click on Today's Links.

Kirschner said tourists would now be able to buy traveler's checks in euros. For tourists who roam all over the map of Europe, single-currency traveler's checks will be a hassle-free blessing.

Until now, a tourist who elected to get traveler's checks in, say, German marks could get burned in France by the ups and downs of currency values.

Those who hedged by getting traveler's checks in different currencies ran the risk of toting too many German marks and not enough French francs, or vice versa.

But with traveler's checks in euros, a tourist holds a guarantee of a stable rate in all 11 euro countries.

The biggest problem will be in Britain, which is holding the euro at arm's length.

Kirschner said British banks would cheerfully cash euro-denominated traveler's checks. "But it'll be the same thing as cashing a Canadian traveler's check here," he said.

"The bank will take it, but it's not at a fixed rate. Instead, it floats" — and the tourist can never be sure where the high- and low-water marks will be.