

The enlargement of the euro area

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Benefits of adopting the euro

a) For the individual country

- Stable exchange rates in relation to most important trading partners
- Credible framework for monetary policy and price stability = low risk premia and low long-term interest rates
- Reduced transaction and information costs
- Stronger protection against financial disturbances

b) For the euro area

- Completion of the internal market, providing price and cost transparency
- Economies of scale and more efficient allocation of production factors

Risks related to premature adoption of the euro

a) For the individual country

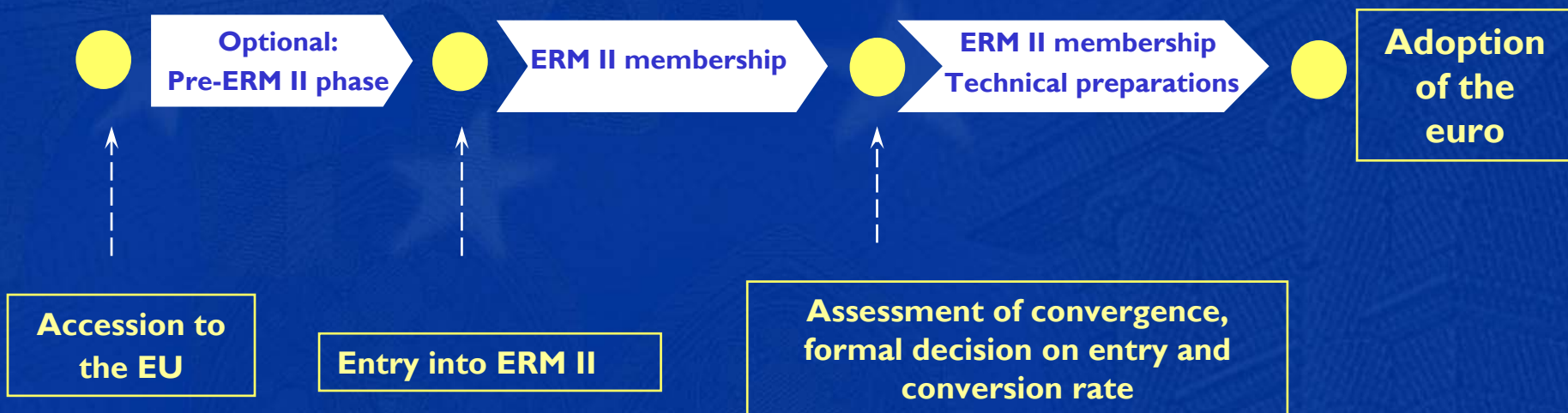
- Differences in business cycles may lead to suboptimal interest rates in the national context and the emergence of local “bubbles”/ “crises”.
- Unless convergence is sustainable, a country can run into competitiveness problems, with no resort to exchange rate changes.
- Without sufficient flexibility to adjust to changes in competitiveness, there is a risks of protracted economic losses.

b) For the euro area

- A lack of convergence and flexibility could affect the credibility of EMU.

The road to the euro

(as stipulated in the Treaty)



ERM II membership

- **Estonia, Lithuania and Slovenia joined in June 2004.**
- **Cyprus, Latvia and Malta joined in May 2005.**
- **Slovakia joined in November 2005.**

	Participation in ERM II with effect from
Czech Republic	-
Estonia	28 June 2004
Cyprus	2 May 2005
Latvia	2 May 2005
Lithuania	28 June 2004
Hungary	-
Malta	2 May 2005
Poland	-
Slovenia	28 June 2004
Slovakia	25 November 2005
Sweden	-
Denmark	1 January 1999

Technical preparations

- **The ECB and the national central bank together monitor all technical preparations for the cash changeover that fall in the areas of competence of the Eurosystem.**
- **The ECB and the national central bank carry out a public information campaign explaining the following aspects of the changeover to the euro:**



1. **The visual appearance of the euro banknotes and coins**
2. **Their security features**
3. **The modalities of the cash changeover**

Communication tools used in Slovenia

OUR money

The euro coins

The euro coins are 12 in 1 coin and each one has a European side and a national side. The European side shows either the 12 letters of the adoption of the 2007 or a geographical shape of Europe. The national side may have a country's identity. Despite their differences, you can use any euro coin anywhere in the euro area.

More information on the euro

For more information on the euro, please contact Euro InfoPoint or the European Central Bank.

For more information in Slovenian, please contact Euro InfoPoint or the European Central Bank.

€-day = 1 January 2007
READY FOR THE EURO!



Exhibition

Leaflet to all Slovenian households

Credit card-size leaflet monolingual

The euro coins

The 12 coins are made of different metals and have different colors. They are all the same size and weight. The 12 coins are: 1 cent, 2 cents, 5 cents, 10 cents, 20 cents, 50 cents, 1 euro, 2 euros.

The euro banknotes

The euro banknotes are made of paper and have different colors. They are all the same size and weight. The 7 banknotes are: 5 euros, 10 euros, 20 euros, 50 euros, 100 euros, 200 euros, 500 euros.



Euro web pages

„Banknotes & Coins“ AI Poster

„Security Features“ AI Poster



€ OUR money multilingual A4 gatefold

€ CONFERENCE SLOVENIA
15 January 2007

Formal enlargement process – role of the ECB

- **Every second year, or at the request of a country, the ECB and the European Commission report on the state of convergence in their Convergence Reports.**
- **Case-by-case examination based on the convergence criteria and the principle of equal treatment.**
- **Based on these examinations and a proposal by the Commission, the (ECOFIN) Council decides which countries fulfil the conditions for adopting the euro.**
- **The Council also decides the conversion rate at which the national currency will be replaced by the euro.**

Policy challenges in the run-up to euro adoption

- **Achieve sustainable convergence. Price stability and fiscal prudence are at present key concerns.**
- **Complete all transition and EU harmonisation-related reforms (e.g. price liberalisation, administered prices and indirect tax harmonisation).**
- **Contain over-heating tendencies, as indicated by:**
 - **Strong domestic demand, fuelled by low interest rates, credit and house price growth;**
 - **large current account deficits, which raise questions of sustainability.**
- **Focus on structural reforms which will make the economy more flexible and resilient to shocks.**

End of presentation