



Ten years of Economic and Monetary Union

Main achievements

Ten years after its launch, the euro is a resounding success. It is a symbol of European integration and has helped us run sound public finances and macroeconomic policies which have contributed to greater job creation.

- **Economic stability**

Economic and Monetary Union (EMU) has delivered economic stability within the euro area. Since the start of EMU, inflation has been around 2% a year, significantly lower than the average 3.3% in the 1990s and far below the levels witnessed in the 1970s and 1980s when average inflation over the decade stood at 9.3% and 7.5% respectively.

Interest rates have also been low and currency crises are a thing of the past. Because of its size and strength, the euro acts as a shield against turbulence in the global economy, protecting its members from exchange rate volatility.

- **More people in work**

One of the most tangible economic achievements is the massive growth in employment. More than 16 million jobs have been created in the euro area since 1999 and the unemployment rate has gone down from 9% in 1999 to an estimated 7% in 2008.

- **Sound public finances**

EMU has helped euro-area governments to get their public finances in shape, which is important for economic stability and sustainability, especially in view of Europe's ageing population which will mean a huge burden on our children and grandchildren as progressively fewer workers have to support an ever greater number of pensioners. With a deficit of 0.6% of GDP in 2007, the euro area achieved one of the best results in decades. As late as the 1980s and 90s the overall fiscal deficit in the euro area was on average around 4%.

- **Closer economic and financial integration**

Trade among euro-area countries has increased, financial markets are more integrated and business cycles have converged. Capital is moving where it is most productive, which in turn has made investment more efficient. Within the euro area, trade flows are estimated to have increased by between 5% and 15% and intra-euro-area foreign direct investment by as much as 15-35%, thus showing the euro area has become an attractive business location.

- **An increasingly important role for the euro area at the international level**

The euro has rapidly become one of the world's two major currencies, alongside the dollar. After its launch in 1999, the use of the euro in foreign reserves rose from 18% to 25% in 2007 and the amount of outstanding euro-denominated international debt securities surpassed that denominated in US dollars.

- **Enlargement – the euro success story continues**

New members joined the euro area in 2001 (Greece), 2007 (Slovenia) and 2008 (Cyprus and Malta), and Slovakia will do so in 2009. More countries are expected to follow. This shows that the euro area is an open club which other EU members can join when they are ready.

Further info:

EMU@10: www.ec.europa.eu/emu10

Directorate-General for Economic and Financial Affairs: www.ec.europa.eu/economy_finance