Convergence Report reviews Member States' progress towards joining the euro area

Brussels, 26 June 2024

Today, the European Commission has published the 2024 Convergence Report in which it provides its assessment of the progress non-euro area Member States have made towards adopting the euro.

The report covers the six non-euro area Member States that are legally committed to adopting the euro: Bulgaria, Czechia, Hungary, Poland, Romania and Sweden.

Euro area accession is an open and rules-based process. The report is based on the convergence criteria, sometimes referred to as the 'Maastricht criteria', set out in article 140(1) of the Treaty on the Functioning of the European Union (TFEU). The convergence criteria include price stability, sound public finances, exchange rate stability and convergence in long-term interest rates.

The report concludes that Member States covered in the report display mixed results in terms of nominal convergence. None of these Member States currently meets all of the criteria for joining the euro area. Bulgaria is the only country that fulfils all but one criterion and where national legislation can be considered to be compatible with the rules of the Economic and Monetary Union.

The report concludes that:

- Sweden fulfils the price stability criterion.
- Bulgaria and Sweden fulfil the criterion on public finances and Czechia is expected to fulfil it on the basis of the Commission report under Article 126(3) of 19 June.
- Bulgaria, Czechia and Sweden fulfil the long-term interest rate criterion.
- Bulgaria fulfils the exchange rate criterion. None of the other Member States are a member of the Exchange Rate Mechanism (ERM II): at least two years of participation in the mechanism without severe currency tensions is required before joining the euro area.

The Commission's assessment is complemented by the European Central Bank's (ECB) own Convergence Report, which has also been published today.

Overall assessment of preparedness

The report also finds that legislation in Bulgaria can be considered compatible with EU law subject to the conditions and interpretations set out in the Convergence Report. National legislation in the monetary field is not fully compatible with the rules of the Economic and Monetary Union in the other five non-euro area EU Member States examined.

The Commission also examined additional factors referred to in the Treaty that should be taken into account in the assessment of the sustainability of convergence. This analysis found that the non-euro area Member States are generally well-integrated economically and financially in the EU. Nevertheless, some of them show macroeconomic vulnerabilities and/or face challenges related to their business environment and institutional framework which may pose risks to the sustainability of the convergence process.

The convergence assessment presented in this report has been influenced by several major economic shocks and policy developments over the past two years. Russia's war of aggression against Ukraine disrupted the global energy market and supply chains bringing energy prices to record highs in 2022. The EU economy showed remarkable resilience and successfully reduced its dependence on Russian fossil fuels and limited the adverse impact on economic activity. Headline inflation in the EU peaked in 2022, under the pressure of energy, food and other commodity prices. The surge in energy prices in 2022 also led many Member States to take emergency energy support measures to cushion its economic and social effects.

In 2023, the EU economy lost momentum, weakened by the erosion of households' purchasing power, a subdued external environment and tighter financing conditions. As energy prices retreated from their peaks and monetary tightening worked its way through the economy, annual HICP inflation in the EU fell sharply.

At the same time, the steady implementation of the Recovery and Resilience Facility (RRF) and the Cohesion Policy programmes is continuing to support major reforms and investments across a wide range of policy areas in the EU and support fiscal sustainability. The new economic governance framework is also set to continue promoting debt sustainability and economic growth going forward.

Eurobarometer: overall support for the euro in non-euro area Member States

According to the latest Eurobarometer survey, the majority of citizens (59%) in non-euro area Member States think that the common currency has had a positive impact on those Members States that already use it. A majority (53%) also believe that introducing the euro would have positive consequences for their own country and for them personally (56%).

Overall, 58% of respondents are in favour of their country introducing the euro. Support is especially pronounced in Romania (77%) and Hungary (76%), followed by Sweden (55%), Czechia (49%), Bulgaria (49%) and Poland (47%). Favourability is picking up particularly in Czechia, up 6 points compared to last year.

Bulgaria is the country in which a higher share of citizens (71%) think that the euro will be introduced within five years. While 64% of Bulgarians think that introducing the euro will increase prices, 44% (up 2 points) think that introducing the euro would have positive consequences for their country.

Background

The Convergence Report by the European Commission is the basis for the Commission proposal for a Council of the EU's decision on the adoption of the euro by a Member State.

The Convergence Report of the European Commission is separate to, but published in parallel with, the Convergence Report of the ECB.

Convergence Reports are issued every two years, or when there is a specific request from a Member State to assess its readiness to join the euro area, e.g. Latvia in 2013.

All Member States, except Denmark, are legally committed to join the euro area. Denmark, which negotiated an opt-out arrangement in the Maastricht Treaty, is therefore not covered by the report.

This Flash Eurobarometer 548 was conducted in May 2024 in the six non-euro area Member States that are legally committed to adopting the euro: Bulgaria, Czechia, Hungary, Poland, Romania and Sweden.

For More Information

Questions and answers on Convergence Report 2024

European Commission Convergence Report 2024

ECB's Convergence Report 2024

Flash Eurobarometer 548: Introduction of the euro in the Member States that have not yet adopted the common currency

Previous Convergence Reports

The Euro area

Economic and Monetary Union

IP/24/3449

Quotes:

"The euro is a stabilising force in a world characterised by heightened geopolitical tensions. It is a symbol of Europe's strength, unity and solidarity. From an economic perspective, joining the euro strengthens a country's resilience and makes it easier to invest there; it lowers barriers for businesses and brings a positive impact on growth. Today's report shows progress by six countries committed to joining the euro area, though there is still some way to go. We will continue working with all countries and offer our support to pave the way for their sustainable euro area membership."
Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People - 26/06/2024

"Our convergence report shows that the six non-euro area Member States have made progress towards fulfilling the criteria for joining, even though today none of them meets all of those criteria. The good news is that support for the euro is growing. An overall majority of citizens in these Member States are now in favour of their country joining the single currency: proof that in these uncertain times, the euro remains an anchor of stability.""
Paolo Gentiloni, Commissioner for Economy - 26/06/2024

Press contacts:

- Veerle NUYTS (+32 2 299 63 02)
- Marajke SLOMKA (+32 2 298 26 13)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email

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