



European
Commission

Convergence criteria for joining the euro

State of play for non-euro area Member States

"It's not my idea to request that Member States now gallop into the euro. They have to fulfil the criteria before joining the euro. This will not change. But a Euro-accession support instrument should help those who want to join."

President Jean-Claude Juncker, 14 September 2017

What are convergence criteria?

Agreed in Maastricht by the EU Member States in 1991 as part of the preparations for introduction of the euro, the convergence criteria are defined as **a set of five economic and legal indicators** designed to ensure economic convergence between interested non-euro area countries with the Member States of the euro area. The criteria include price stability, sound and sustainable public finances, long-term interest rate and exchange rate stability. Exchange rate stability is demonstrated if the Member State concerned has participated in the Exchange Rate Mechanism (ERM II) for a period of least two years without severe tensions. These legal conditions must be met by EU countries, in order to adopt the euro. 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. The next one is expected in spring 2018. All EU Member States, euro and non-euro countries, take part in the European Semester of policy coordination which is also a vehicle to achieve real economic convergence.

Which EU countries do not use the euro as their national currency?

Bulgaria, Croatia, Czech Republic, Denmark, Hungary, Poland, Romania, Sweden, and the United Kingdom are not part of the euro area. Two countries have exemptions namely United Kingdom and Denmark (based on Protocols 15 and 16 to the EU Treaties).

Nominal convergence indicators

(based on latest available data)

	Inflation* (November 2017) (%)	Excessive Deficit Procedure (EDP)	Budget balance (2016) (% of GDP)	Government Debt (2016) (% of GDP)	Long-term interest rates** (November 2017) (%)	Exchange Rate Mechanism (ERM) II	National central bank legislation / legal compatibility
Reference value			-3%	60%		2 years	
Euro area	1.5		-1.5	91.1	1.1		
Bulgaria	1.0	no	0.0	29.0	1.7	no	no
Croatia	1.3	no	-0.9	82.9	2.8	no	yes
Czech Republic	2.4	no	0.7	36.8	0.9	no	no
Hungary	2.4	no	-1.9	73.9	3.1	no	no
Poland	1.6	no	-2.5	54.1	3.4	no	no
Romania	0.9	no	-3.0	37.6	3.9	no	no
Sweden	1.9	no	1.1	42.2	0.6	no	no

* Average inflation rate in the year to November 2017. Criterion: Not more than 1.5 percentage points above the rate of the three best-performing Member States.

** Average long-term interest rate in the year to November 2017. Criterion: Not more than 2 percentage points above the rate of the three best-performing Member States in terms of price stability.

What are the benefits of joining the euro area?

The benefits of the euro are multiple and are felt on different scales, from individuals and businesses to whole economies. They range from more choice and stable prices for consumers and citizens, greater security and more opportunities for businesses and markets over improved economic stability and growth, more integrated financial markets to a stronger presence for the EU in the global economy and a tangible sign of a European identity.

The benefits of joining the euro area are also extensively covered in the [reflection paper on the Deepening the Economic and Monetary Union](#) from 31 May 2017.

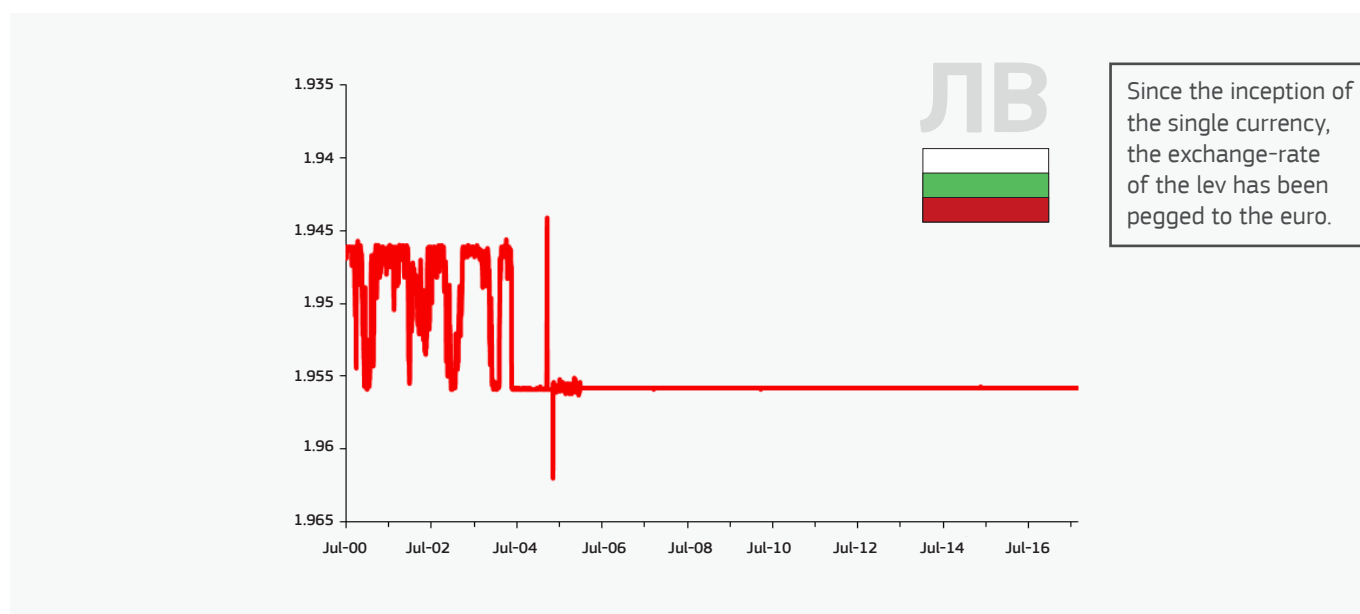
What did President Juncker say in his State of the Union speech?

If we want the euro to unite rather than divide our continent, then it should be more than the currency of a select group of countries. The euro is meant to be the single currency of the European Union as a whole. All but two of our Member States are required and entitled to join the euro once they fulfil all conditions.

Member States that want to join the euro must be able to do so. This is why I am proposing to create a Euro-accession Instrument, offering technical and even financial assistance.

President Jean-Claude Juncker, 13 September 2017

Bilateral exchange rate: BGN per EUR



For further information:

https://ec.europa.eu/info/business-economy-euro/euro-area/enlargement-euro-area/convergence-criteria-joining_en