Adoption by Slovakia of the single currency on 1 January 2009

2008/0092(CNS) - 17/06/2008 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 579 votes to 17 and 86 abstentions, a legislative resolution approving, in the framework of the consultation procedure, the Commission's proposal. Parliament favours the adoption of the euro by Slovakia on 1 January 2009.

The report had been tabled for consideration in plenary by David **CASA** (EPP-ED, MT) on behalf of the Committee on Economic and Monetary Affairs.

It notes that the ECB's 2008 Convergence Report identifies risks concerning the sustainability of the low inflation rate achieved. Parliament states that it is concerned about the discrepancies between the convergence reports of the Commission and the ECB as regards the sustainability of inflation. It recommends that the Slovak Government set up an observatory to monitor the price of a selected number of basic goods on a weekly basis so as to fight false perceptions about price increases.

Members consider that ten years after the establishment of the Economic and Monetary Union, experience has shown that incentives to conduct structural reform decrease after joining the euro area, and that the issue of sustainability has increased in importance. Accordingly, the Slovak government is asked to do the following:

- to ensure the continuation of necessary structural reforms in labour, services and product markets, ensuring, in particular, increased labour mobility and investment in human capital;
- to ensure competition, particularly in sensitive sectors such as energy;
- to ensure, with the cooperation of the Slovak central bank, a stable low-inflation environment, which can be achieved through further fiscal consolidation, and a sufficiently tight fiscal policy with the aim of balancing the budget in the medium term. Social partners should keep wage growth in line with productivity growth in the foreseeable future;
- in view of the low support for the euro among Slovak citizens, to step up public information campaign aimed at explaining the benefits of the single currency and undertake all necessary steps in order to minimise price increases during the changeover period.

Members reiterate their strongly held opinion that the Council and the Commission should adopt the position that an excessive deficit procedure concerning a Member State must have been closed before compliance with the Maastricht criteria is assessed as prescribed in Article 2 of the Protocol on the convergence criteria. They regret that the Commission has, once again, failed correctly to apply the Treaty in this regard.

MEPs call on the Commission and the ECB to consider all aspects when recommending the final exchange rate for the Slovak koruna

Lastly, Parliament takes note of the efforts undertaken by all parties to improve the conditions under which Parliament exercises its right of consultation under Articles 121 and 122 of the EC Treaty in terms of information and timing and welcomes the initiative of the Committee on Economic and Monetary Affairs to organise a study visit to Slovakia to make its own assessment of the situation.