Adoption by Latvia of the euro on 1 January 2014

2013/0190(NLE) - 03/07/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 613 votes to 67, with 29 abstentions, a legislative resolution on the proposal for a Council decision on the adoption by Latvia of the euro on 1 January 2014, and favouring the adoption of the euro by Latvia on that date.

Parliament approves the Commission proposal and favours the adoption of the euro by Latvia on 1 January 2014. It notes that the global financial crisis has hit Latvia hard in terms of poverty, unemployment and demographic developments and it urges the **implementation of stringent macroprudential standards** aiming at avoiding unsustainable capital flows and credit growth trends experienced ahead of the crisis.

Members consider that Latvia fulfils the criteria and that the overall sustainability of the macroeconomic and financial situation will depend on the implementation of balanced and far reaching reforms aiming at combining discipline with solidarity and long term sustainable investments.

The Latvian Government is called upon to:

- **maintain its prudent fiscal policy stance**, together with its overall stability-oriented policies, anticipating potential future macroeconomic imbalances and risks to price stability as well as correcting the imbalances identified by the Commission in the framework of the alert mechanism report;
- **address structural deficiencies in the labour market** by appropriate structural and educational reforms, and also address the level of poverty and the widening gap of income inequality;
- **ensure that a strict supervision of the banks in the non-resident deposits (NRD) business** and to remain cautious about possible mismatches between banks' asset-liability maturity structures that can be considered a danger to financial stability;
- **establish appropriate control mechanisms** to ensure that the introduction of the euro is not used for hidden price increases;
- **communicate more actively** with the Latvian citizens in order to ensure more public support for the adoption of the euro.

Members deplore the extremely narrow timeline within which Parliament has been asked to provide its opinion in accordance with Article 140 TFEU. It asks the Commission and Member States planning to adopt the euro to provide for an appropriate timeline in order to allow Parliament to deliver an opinion on the basis of a more comprehensive and inclusive debate.