Adoption by Latvia of the euro on 1 January 2014

2013/0190(NLE) - 09/07/2013 - Final act

PURPOSE: the adoption by Latvia of the euro.

NON-LEGISLATIVE ACT: Council Decision 2013/387/EU on the adoption by Latvia of the euro on 1 January 2014.

CONTENT: the Council adopted a Decision **enabling Latvia to adopt the euro as its currency, with effect from 1 January 2014**.

On the basis of reports presented by the Commission and the ECB on the progress made in the fulfillment by Latvia of its obligations regarding the achievement of economic and monetary union (EMU), the Commission reached the following conclusions:

- the average inflation rate in Latvia in the year ending in April 2013 stood at 1,3 per cent, which is well below the reference value, and it is likely to remain below the reference value in the months ahead;
- the budget deficit in Latvia has seen a credible and sustainable reduction to below 3 per cent of GDP by the end of 2012;
- when Latvia became a member of ERM II (in May 2005) upon ERM II entry, the authorities unilaterally committed to keep the lats within the ± 1 % fluctuation margin around the central rate. During the two years preceding this assessment, the lats exchange rate did not deviate from its central rate by more than ± 1 % and it did not experience tensions,
- in the year ending April 2013, the long-term interest rate in Latvia was, on average, 3,8 per cent, which is below the reference value.

In the light of the assessment on legal compatibility and on the fulfilment of the convergence criteria as well as the additional factors, Latvia fulfils the necessary conditions for the adoption of the euro.