Adoption by Lithuania of the euro on 1 January 2015

2014/0170(NLE) - 16/07/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 545 votes to 116, with 34 abstentions, a legislative resolution on the proposal for a Council decision on the adoption by Lithuania of the euro on 1 January 2015.

Parliament approved the Commission proposal and **endorses the adoption of the euro by Lithuania on 1 January 2015**.

The legal prerequisites for adoption of the euro are set out in Article 140(2) of the Treaty on the Functioning of the European Union (TFEU) and Protocol No 13 on the convergence criteria.

The following **four Convergence criteria** should be respected:

- achievement of a high level of price stability;
- sustainability of the government financial position;
- compliance with the normal fluctuation margins of the European Monetary System's Exchange Rate Mechanism for at least the past two years;
- durability of convergence, as reflected in long-term interest rate levels.

According to the Convergence Report published on 4 June 2014, Lithuania meets all the convergence criteria. Parliament welcomed the fact that:

- in the year ending in April 2014 **Lithuania had a mean inflation rate of 0.6%,** and therefore fulfils this convergence criterion;
- in the reference year 2013 Lithuania had a **budget deficit** of 2.1% and a government debt of 39.4% of Gross Domestic Product, and therefore fulfils this convergence criterion;
- there have been no tensions surrounding the **litas-euro exchange rate** during the two-year assessment period;
- during the reference period from May 2013 until April 2014 **long-term interest rates** in Lithuania averaged 3.6%;
- legislation in Lithuania is fully compatible with the compliance duty under Article 131 of the Treaty on the Functioning of the European Union. Parliament also welcomed the compatibility of the law on Lietuvos bankas with the **principle of central bank independence** set out in Article 130 TFEU and mirrored in Article 7 of the Statute of the European System of Central Banks and of the European Central Bank.

It is recalled that following Lithuania’s first attempt to introduce the euro in 2006, the Lithuanian Government decided on 25 February 2013 to set 1 January 2015 as the target date for introducing the euro.

On 17 April 2014 the Lithuanian Parliament (Seimas) adopted the law on the introduction of the euro in Lithuania.