Adoption by Lithuania of the euro on 1 January 2015

2014/0170(NLE) - 23/07/2014 - Final act

PURPOSE: the adoption by Lithuania of the euro on 1 January 2015.

NON-LEGISLATIVE ACT: Council Decision 2014/509/EU on the adoption by Lithuania of the euro on 1 January 2015.

CONTENT: this Decision stipulates that Lithuania fulfils the necessary conditions for the **adoption of the euro on 1 January 2015**.

The Decision is based on the reports by the Commission and the European Central Bank which are presented every two years on the progress made by the Member States with a derogation in fulfilling their obligations regarding the achievement of economic and monetary union.

These reports confirm the compatibility of Lithuanian legislative with the provisions of the EU Treaty and the Statute of the European System of Central Banks. They confirm the progress made by Lithuania towards meeting the convergence criteria - namely price stability, the situation of public finances, exchange rate stability and the long-term interest rates - and several other factors.

On the basis of **reports presented by the Commission and the ECB** on the progress made in the fulfillment by Lithuania of its obligations regarding the achievement of economic and monetary union, it is concluded that:

(1) In Lithuania, **national legislation**, including the Statute of the national central bank, is compatible with Articles 130 and 131 TFEU and with the Statute of the ESCB and of the ECB;

(2) Regarding the **fulfillment by Lithuania of the four convergence criteria** mentioned in Article 140(1) TFEU:

- the **average inflation rate** in Lithuania in the year ending in April 2014 stood at 0.6%, which is well below the reference value, and it is likely to remain below the reference value in the months ahead,
- Lithuania is not the subject of a Council decision on the existence of an **excessive deficit**, with a budget deficit of 2.1% of GDP in 2013,
- Lithuania has been a **member of ERM II since 28 June 2004**, upon ERM II entry, the authorities unilaterally commited to maintaining the prevailing Currency Board within the mechanism. During the two years preceding this assessment, the litas exchange rate did not deviate from its central rate and it did not experience tensions,
- in the year ending April 2014, the **long-term interest rate** in Lithuania was, on average, 3.6%, which is well below the reference value;

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