Adoption by Lithuania of the euro on 1 January 2015

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The Commission presented a report on the introduction of the euro in Lithuania.

The Council decided on 23 July 2014 that Lithuania fulfilled the necessary conditions for the adoption of the euro and that its derogation from participating in the single currency was to be abrogated with effect from 1 January 2015.

Lithuania followed the practice of all Member States that have adopted the euro after the first changeover wave (1999–2002) and used the so-called "big-bang" changeover scenario, i.e. euro banknotes and coins acquired legal tender status on the day of euro adoption.

Following the two reports of the Commission on 23 July 2014 and 21 November 2014 on the practical preparations of the euro changeover in Lithuania, this report covers the most important aspects of the changeover process from an ex post perspective focusing on the following issues:

Preparations for the cash changeover: the report noted that the cash changeover in Lithuania was **well prepared and organised**. Banks and businesses and citizens were adequately supplied with euro cash in advance of the changeover.

370 million of euro coins bearing Lithuanian national sides were minted at the Lithuanian Mint following a public tender. Some 132 million euro banknotes of various denominations were borrowed from the Deutsche Bundesbank.

Banks and enterprises were successively provided with euro cash before the end of 2014. The total value of frontloaded euro banknotes and coins was EUR 622 million.

900,000 euro coin starter kits containing a mix of all Lithuanian euro coins denominations (value: EUR 11.59 per kit) have been available for sale as of 1 December 2014 via 343 branches of commercial banks, 330 post offices and 3 cash offices of the Bank of Lithuania. Demand for starter kits was high.

According to a Commission survey, a large proportion of Lithuanians already possessed euro cash before the changeover: 44% had euro banknotes and 46% had euro coins.

Dual circulation period: the changeover in Lithuania was **well prepared and smoothly implemented**. ATMs and point of sale-terminals were converted in time and banks and post offices coped well with the extra workload during the dual circulation period. Retailers managed well with the challenges of the changeover process and the handling of two currencies at the same time. They were well supplied with euro cash and pursuant to a Commission survey, already on 2 January 2015, 84% of the citizens polled received change in euro only.

Preventing abusive price practices and erroneous price perceptions: since January 2014, prices of 100 frequently purchased products and services in the most popular points of sale in the seven biggest cities of Lithuania have been monitored.

The compulsory **dual display of prices** in litas and euro started on 23 August 2014 and will last until mid-2015. It has implemented a **fair pricing initiative** in line with the recommendations of the Commission.

Participation to the fair pricing initiative has been rather strong in comparison with previous euro changeovers. However, the impact of the euro on prices and abusive price settings remains a concern for Lithuanian citizens. Therefore, it is recommended to continue supervising the dual display of prices, the correct conversion and rounding rules and the evolution of prices in general for a few extra months.

Price trends and perceptions: the euro changeover was preceded by a **period of very low, and occasionally negative, inflation in Lithuania**. Deflation was driven primarily by the energy component and, to a lesser extent, by non-energy industrial goods.

According to a recent Commission survey, the majority of Lithuanians (58%) think that the euro will increase inflation in their country (compared to 57% of Latvians and 55% of Estonians, just after their respective changeovers). Around a quarter of respondents (26%) believed that joining the euro area would help Lithuania to maintain price stability.

Eurostat is planning to prepare an assessment of price developments after the euro changeover in Lithuania, once sufficient data becomes available.

Communication on the euro: the communication and public awareness campaign contributed to a smooth changeover to the euro. The target of 80% of Lithuanian inhabitants feeling sufficiently informed can be judged to have been met with a substantial majority of people in Lithuania (92%) feeling informed about the euro, with 34% of these saying they feel very well informed. Moreover, according to a survey conducted for the Bank of Lithuania, **nearly 70% of polled Lithuanian citizens state now that they are in favour of the euro adoption** in their country while the level of support in April and September 2014 was around 47%.

The Commission recommended to continue appropriate information efforts and monitor public opinion on euro-related aspects.