Euro zone enlargement

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The committee adopted the own-initiative report drawn up by Werner Langen (EPP-ED, DE) on the enlargement of the euro zone. The report pointed out that premature accession to the euro zone might lead to unexpected developments in the economic convergence process, such as undervalued or overvalued exchange rates and difficulties in achieving balanced payment accounts, and might therefore render economic adjustment more difficult. It also warned that the long-term stability of the euro zone should also be assessed in terms of its capacity to absorb new entrants, and stressed that this implies that the enlargement of the euro zone must not undermine the required strengthening of economic governance within the zone.

In the light of earlier problems, MEPs stressed that the judgments on whether a particular country meets the inflation and interest rate criteria should be based on data provided by the European Central Bank. However, they said that the inflation criterion, which is based on the inflation rates of the three best-performing Member States, should be clarified, since it was defined before the creation of the euro zone, with its single currency and unified monetary policy. The report said that it was important to take into account the so-called Balassa-Samuelson effect (the view that fast-growing economies catching up with larger economies will inevitably have higher inflation rates during this transition) when considering the inflation criterion for emerging Member States.

MEPs called for Member States joining the euro to pay particular attention to consumer protection during the changeover phase, with mandatory dual pricing for a sufficiently long period of time and publicity campaigns encouraging citizens to shop around to avoid unjustified price increases.