Euro: adoption by Slovenia of the single currency on 1 January 2007 (Article 122(2), Treaty TEC)

2006/0077(CNS) - 11/07/2006 - Final act

PURPOSE : to enable Slovenia to adopt the euro on 1 January 2007.

LEGISLATIVE ACT : Council Decision 2006/495/EC in accordance with Article 122(2) of the Treaty on the adoption by Slovenia of the single currency on 1 January 2007.

CONTENT : the Council adopted this decision allowing Slovenia to adopt the euro as its currency as from 1 January 2007. Admission of Slovenia will make it the first to join the euro area out of the ten Member States that joined the EU on 1 May 2004, with six months to prepare for the changeover.

Regarding the fulfilment by Slovenia of the convergence criteria :

- the average inflation rate in Slovenia in the year ending March 2006 stood at 2.3%, which is below the reference value and is likely to continue to do so in the months ahead;

- Slovenia is not the subject of a Council Decision on the existence of an excessive government deficit;

- Slovenia has been a member of ERM II since 28 June 2004; in the two-year period ending April 2006 the Slovenian tolar (SIT) has not been subject to severe tensions and Slovenia has not devalued, on its own initiative, the SIT bilateral central rate against the euro;

- in the year ending March 2006 the long-term interest rate in Slovenia was, on average, 3.8% which is below the reference value.

Slovenia has achieved a high degree of sustainable convergence by reference to these criteria. Consequently, Slovenia fulfils the necessary conditions for the adoption of the single currency.

Adoption of the euro as Slovenia's currency will occur at the same time as the issuing of euro notes and coins. The conversion rate is set at 239.64 Slovenian tolars to the euro, which corresponds to the current central rate of the tolar within the EU's ERM II exchange rate mechanism.

The Council encouraged Slovenia to continue with appropriate policies to ensure that it can make the most of the benefits of joining the euro, in particular as regards budgetary rigour, structural reform and maintaining the competitiveness of its economy.