Basic information

2022/0179(NLE) NLE - Non-legislative enactments	Procedure completed
Adoption by Croatia of the euro on 1 January 2023 **Subject** 5.20.02 Single currency, euro, euro area **Geographical area** Croatia	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs	MUREŞAN Siegfried (EPP)	07/04/2022
		Shadow rapporteur MARQUES Margarida (S&D) KYRTSOS Georgios (Renew) PETER-HANSEN Kira Marie (Greens/EFA) JURZYCA Eugen (ECR) MACMANUS Chris (The Left)	
Council of the European Union			

Key events

Date	Event	Reference	Summary
01/06/2022	Legislative proposal published	COM(2022)0282	Summary
20/06/2022	Vote in committee		
21/06/2022	Committee report tabled for plenary, 1st reading/single reading	A9-0187/2022	
22/06/2022	Committee referral announced in Parliament		
04/07/2022	Debate in Parliament		
05/07/2022	Decision by Parliament	T9-0271/2022	Summary
06/07/2022	Act adopted by Council after consultation of Parliament		

14/07/2022	Final act published in Official Journal		

Technical information	
Procedure reference	2022/0179(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/09180

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE732.761	06/06/2022	
Amendments tabled in committee		PE732.822	13/06/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0187/2022	21/06/2022	
Text adopted by Parliament, 1st reading/single reading		T9-0271/2022	05/07/2022	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2022)0282	01/06/2022	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2022/1211
OJ L 187 14.07.2022, p. 0031

Adoption by Croatia of the euro on 1 January 2023

2022/0179(NLE) - 05/07/2022 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 539 votes to 45, with 48 abstentions, a legislative resolution on the proposal for a Council decision on the adoption by Croatia of the euro on 1 January 2023.

Parliament **approved the Commission's proposal and expressed its support for Croatia's adoption of the euro on 1 January 2023**.

Members noted that the Commission's and ECB's positive assessments were made against the background of a longer than initially expected COVID-19 shock and the subsequent economic recovery in 2021. In addition, the Russian invasion of Ukraine had a limited impact on the historical data used for the convergence reports.

Parliament stressed that, notwithstanding the difficult socio-economic situation caused by the health crisis and the very recent increase in energy prices, the adoption of the euro by Croatia and the fact that the necessary criteria have been met are a **strong political signal of the viability and attractiveness of the Union's single currency**. The adoption of the euro will strengthen the Croatian economy and benefit its citizens and businesses.

Parliament welcomed the Croatian government's efforts to strengthen the country's institutional capacity, its efforts to improve the business environment and the implementation of structural reforms that are factors for sustainable and inclusive economic growth. It called for a swift and effective implementation of the reforms and investments of Croatia's Recovery and Resilience Plan. It urged the Croatian authorities to continue their good information and communication campaign on the adoption of the euro and called on the Croatian authorities to maintain the current course of practical preparations to ensure a smooth changeover process.

Parliament noted that, according to the Commission's Convergence Report 2022, the price level in Croatia has already reached a higher level of price convergence with the euro area than other Member States when they joined the euro area. It therefore expects sustained efforts by the Croatian government to ensure that price convergence continues in a sustainable manner and that the introduction of the euro does not lead to artificial price increases.

The Croatian government is invited to continue its actions in order to fulfil its commitment to implement a new anti-money laundering action plan by 2023.

Adoption by Croatia of the euro on 1 January 2023

2022/0179(NLE) - 01/06/2022 - Legislative proposal

PURPOSE: adoption of the euro by Croatia on 1 January 2023.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Article 140(1) of the Treaty on the Functioning of the European Union provides that at least once every two years, or at the request of a Member State with a derogation, the Commission and the European Central Bank (ECB) shall report to the Council on the progress made by the Member States with a derogation in fulfilling their obligations regarding the achievement of Economic and Monetary Union.

On the basis of its own report and that of the ECB, the Commission should submit to the Council a proposal for a Council decision abrogating, for those Member States which fulfil the necessary conditions, the derogation of the Member State concerned.

Both the Commission's and the ECB's convergence reports were published on 1 June 2022. These reports examine, *inter alia*, the compatibility of Croatia's national legislation, including the Statute of its national central bank, with Articles 130 and 131 of the Treaty and the Statute of the European System of Central Banks (ESCB) and of the ECB. In addition, they examine, on the basis of the convergence criteria, whether a high degree of sustainable convergence has been achieved and take account of several other factors.

In its convergence report, the Commission concludes that Croatia fulfils the conditions for the adoption of the euro.

CONTENT: on the basis of reports by the Commission and the ECB on the progress made by Croatia in fulfilling its obligations regarding the achievement of Economic and Monetary Union, it is concluded that national legislation in Croatia, including the Statute of the national central bank, is **compatible** with Articles 130 and 131 of the Treaty and the Statute of the ESCB and of the ECB.

Regarding the **fulfilment by Croatia of the convergence criteria** mentioned in the four indents of Article 140(1) TFEU:

- the average inflation rate in Croatia in the year ending April 2022 stood at 4.7%, which is below the reference value, and is likely to remain below the reference value in the months ahead;

- Croatia is not the subject of a Council decision on the existence of an excessive deficit;

- Croatia has been a member of the European Exchange Rate Mechanism (ERM II) since 10 July 2020. In the two years before the assessment, the kuna (HRK) exchange rate has not been subject to severe tensions and Croatia has not devalued the HRK bilateral central rate against the euro on its own initiative;

- in the year ending April 2022, the average long-term interest rate in Croatia was 0.8%, i.e. well below the reference value.

In the light of the assessment on legal compatibility and on the fulfilment of the convergence criteria, as well as the other factors, Croatia fulfils the necessary conditions for the adoption of the euro.

On the basis of the Commission's report and that of the ECB, the Commission proposes that the Council decide that **Croatia fulfils the necessary conditions for the adoption of the euro** and that Croatia's derogation under Article 5 of the 2012 Act of Accession is abrogated with effect from 1 January 2023.