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Answer given by Vice-President Dombrovskis
on behalf of the Commission
(1.3.2018)

1. As President Juncker indicated in his State of the Union Address of 13 September 2017 before the European Parliament: "The euro is meant to be the single currency of the European Union as a whole. All but two of our Member States are required and entitled to join the euro once they fulfil the conditions". Building on the Five Presidents' Report and the Reflection Papers on the Deepening of the Economic and Monetary Union (EMU) and the Future of EU Finances, the Commission has set out a roadmap for deepening the EMU with a view to enhance the **unity, efficiency and democratic accountability** of the EMU by 2025¹. To attain this objective, the Commission proposes, among others, new budgetary instruments for a stable euro area within the Union framework, notably a new reform delivery tool and a dedicated convergence facility for non-euro area Member States on their way to joining the euro. The Commission has presented two legislative proposals to test these tools already in the period 2018-20.

2. On 16 June 2017, the Council abrogated Croatia's Excessive Deficit Procedure, on account of a timely correction of the excessive deficit. Thereby, Croatia has effectively fulfilled one of the nominal economic convergence criteria². In the Convergence Report of 2018, the Commission and the European Central Bank (ECB) shall report on the progress made by Croatia in fulfilling its obligations regarding the EMU. Croatia does not yet fulfil the exchange rate criterion, notably as it has not yet joined the Exchange Rate Mechanism (ERM II)³.

Croatia is invited to take full advantage of the European Semester of economic and fiscal policy coordination by moving ahead with an ambitious reform agenda to achieve greater economic convergence and resilience. Further technical support and the above mentioned reform delivery tool and convergence facility, including in their pilot phases, will be available to support Croatia in its reform process.

¹ https://ec.europa.eu/info/publications/economy-finance/completing-europes-economic-and-monetary-union-policy-package_en

² Article 140 of the Treaty on the Functioning of the European Union

³ Entry into ERM II is decided upon request of a Member State by consensus of all ERM II participants