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## TEXTS ADOPTED

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### **P9\_TA(2022)0271**

#### **Adoption by Croatia of the euro on 1 January 2023 \***

**European Parliament legislative resolution of 5 July 2022 on the proposal for a Council decision on the adoption by Croatia of the euro on 1 January 2023 (COM(2022)0282 – C9-0195/2022 – 2022/0179(NLE))**

#### **(Consultation)**

*The European Parliament,*

- having regard to the Commission proposal for a Council decision on the adoption by Croatia of the euro on 1 January 2023 (COM(2022)0282),
  - having regard to Article 140(2) of the Treaty on the Functioning of the European Union, (TFEU),
  - having regard to the Commission Convergence Report 2022 and the European Central Bank Convergence Report of June 2022,
  - having regard to its resolution of 1 June 2006 on the enlargement of the euro zone<sup>1</sup>,
  - having regard to its resolution of 20 June 2007 on improving the method for consulting Parliament in procedures relating to the enlargement of the euro area<sup>2</sup>,
  - having regard to Rule 106 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0187/2022),
- A. whereas Article 140 of the TFEU provides for the achievement of a high degree of sustainable convergence by reference to the fulfilment by each Member State of the following criteria: the achievement of a high degree of price stability; the sustainability of the government's financial position, the Member State not being subject to an excessive deficit procedure as described in Protocol No 12 annexed to the Treaties; the observance of the normal fluctuation margins provided for by the exchange-rate mechanism; and the durability of convergence achieved by the Member State and of the Member State's

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<sup>1</sup> OJ C 298E, 8.12.2006, p. 249.

<sup>2</sup> OJ C 146E, 12.6.2008, p. 251.

participation in the exchange-rate mechanism of the European Monetary System being reflected in the long-term interest-rate levels (the ‘Maastricht criteria’);

- B. whereas Croatia has complied with the Maastricht criteria in accordance with Article 140 TFEU and Protocol No 13 on the convergence criteria annexed to the Treaties, and Croatia’s legislation has been evaluated by the Commission and the European Central Bank (ECB) as fully compatible with the requirements of the TFEU and the Statute of the European System of Central Banks and of the European Central Bank;
  - C. whereas the TFEU calls for an examination of other factors relevant to economic integration and convergence to be taken into account in the assessment, including balance of payments developments and integration of product, labour and financial markets; whereas the Commission considers that Croatia fulfils the conditions for the adoption of the euro also on these additional criteria;
  - D. whereas, based on common practice and as has been done several times in the past, for the purpose of assessing the price stability criterion, the Commission excludes from the best-performing countries those whose inflation rates could not be seen as a meaningful benchmark for other Member States, and has therefore excluded two Member States as the best performers from the assessment;
  - E. whereas current circumstances, such as the increase in energy prices and the Russian illegal and unprovoked invasion of Ukraine had an impact on several indicators used in the convergence reports and would require an adequate reflection on their implementation; whereas adherence to those criteria contributes to the integration into the Economic and Monetary Union and to the Economic and Monetary Union’s long-term stability;
  - F. whereas with the entry into force of the close cooperation framework on 1 October 2020, the ECB gained responsibility for directly supervising eight significant institutions and for overseeing 15 less significant institutions in Croatia;
  - G. whereas Croatia committed to implement a number of measures following its entry in the Exchange Rate Mechanism (ERM II) in July 2020 in the following four areas: anti-money laundering, business environment, public sector governance and insolvency framework;
  - H. whereas the Rapporteur visited Croatia to assess the readiness of the country to enter the euro area;
1. Approves the Commission proposal;
  2. Endorses the adoption by Croatia of the euro on 1 January 2023;
  3. Notes that Croatia fulfils all the criteria for adopting the euro as a result of ambitious, determined, credible and sustainable efforts by the Croatian Government and the Croatian people;
  4. Notes that the positive assessments of the Commission and the ECB have taken place against the background of a, longer than initially expected, COVID-19 shock and the subsequent economic recovery in 2021; notes, however, that Russia's unprovoked and illegal invasion of Ukraine which began on 24 February 2022 had a limited impact on the historical data used to prepare the convergence reports; is convinced, therefore, of the full readiness of Croatia to adopt the euro as from 1 January 2023;

5. Underlines that, notwithstanding the difficult socio-economic situation generated by the health crisis and the most recent increase in energy prices, Croatia's adoption of the euro and the fulfilment of the necessary criteria represent a strong political signal of the viability and attractiveness of the single currency of the Union; welcomes therefore the sustained efforts undertaken by the Croatian Government in this regard; believes that Croatia's adoption of the euro will contribute to the resilience and unity of the Union and enhance its positive image in the region, particularly since this is the first significant EU integration process after Brexit;
6. Highlights, that adoption of the euro will strengthen Croatia's economy and benefit its people and companies, as it will make the country's economy more resilient, attract more foreign investment, increase the confidence of international investors and cut down currency exchanges, that will have a relevant effect in the country's vital tourism sector;
7. Welcomes Croatian government's work on strengthening Croatia's institutional capacity, the efforts to improve the business environment, and the effective and efficient implementation of structural reforms that contribute to sustainable and inclusive economic growth; welcomes in particular the efforts to strengthen the institutional independence of the Hrvatska narodna banka; calls on Croatian authorities to continue strengthen the institutional framework to ensure regulatory quality;
8. Calls for the swift and effective implementation of reforms and investments of Croatia's Recovery and Resilience Plan which will boost growth and strengthen its economic, social and territorial cohesion;
9. Highlights that the convergence in banking supervision contributes to safeguarding financial stability by ensuring the application of uniform supervisory standards; highlights furthermore, that Croatia joining the Single Supervisory Mechanism via close cooperation with the ECB ensured a smooth way to join the Banking Union;
10. Calls on the Croatian authorities to continue their good information and communication campaign on the adoption of the euro;
11. Calls on the Croatian authorities to maintain the present course of practical preparations to ensure a smooth changeover process;
12. Notes that according to the Commission Convergence Report 2022 the price level in Croatia has already achieved a higher level of price convergence with the euro area than other Member States when they joined the euro area; expects therefore sustained efforts from the Croatian government to ensure that further price convergence is achieved in a sustainable manner and that the introduction of the euro does not lead to artificial price increases;
13. Calls on the Croatian Government to continue its actions in order to deliver on the commitment to implement a new anti-money laundering action plan by 2023;
14. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
15. Asks the Council to consult Parliament again if it intends to substantially amend the text approved by Parliament;

16. Instructs its President to forward its position to the Council, the Commission, the European Central Bank, the Eurogroup and the governments of the Member States.