

EURO AREA ENLARGEMENT: DILEMMAS AND PROSPECTS

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Almost all member states of the new European Union declared their wish to introduce the euro in the near future. The decision of the European Union institutions concerning Lithuania revealed the peculiarities and problems of the euro area enlargement to the Central and Eastern European countries, which are not easy to explain on a purely economic basis while all of them share the same market, and the economic growth restrictions imposed on them are quite disadvantageous. The article discusses a hypothesis that decision on the expansion of the euro zone is determined not only by fulfilment of the Maastricht criteria, but also by a complex of macroeconomic, institutional and political reasons. This article aims to discuss the problem related to the monetary integration in the Central and Eastern Europe. Of no less importance is the progress in implementing measures provided in the governments' programmes, convergence programmes and national plans of the euro adoption of the countries. Conclusions and proposals are presented on how the Central and Eastern European states must strengthen the monitoring of the monetary integration under different standpoints and interests of the players in the decision-making process regarding the euro area membership.

Keywords: euro adoption, euro area enlargement, euro zone, Maastricht criteria

*"Our countries have become too small
for the world ... measured against America and
Russia today and China and India tomorrow".*

Jean Monnet

Introduction

Almost all member states of the new European Union (EU) declared their wish to introduce the euro in the near future. Later, arguments were voiced for stricter requirements in respect of Central and Eastern European (CEE) countries, which consequently caused a significant adjustment of

the plans in most of the states. Nevertheless, all of them will have to join the euro area in the future, since they are members of the Economic and Monetary Union (EMU), just with a temporary derogation not to adopt the euro. The decision of the EU institutions concerning Lithuania revealed the peculiarities and problems of

the euro area enlargement to CEE countries, which are not easy to explain on a purely economic basis as all of them share the same market, and the economic growth restrictions imposed on them are quite disadvantageous.

The article discusses a **hypothesis** that decision on the enlargement of the euro zone is determined not only by fulfilment of the Maastricht criteria, but also by a complex of macroeconomic, institutional and political reasons. The **research aim** was to discuss the problem related to the monetary integration in CEE. On the one hand, owing to the insufficient economic development, the CEE countries must meet stricter requirements and solve the problem of the public finance; on the other hand, they are under time pressure to demonstrate their readiness and prove their capabilities as valuable potential members of the euro zone.

The **research methods** of assessment and a benchmark analysis show how the decisions on the euro area enlargement in CEE countries can be affected by the indicator of the gross domestic product (GDP).

The **research results** explain that no less important is the progress in implementing measures provided in the governments' programmes, convergence programmes and national plans of the euro adoption. The article provides **conclusions** and proposals on how CEE states must strengthen the monitoring of the monetary integration under different standpoints and interests of the players in the decision-making process regarding the euro area membership.

Overview of the current situation

First of all, it is necessary to examine the likelihood of the CEE countries being able to adopt the euro. The next step is to look at the timeframe in which this could happen. Table 1 shows euro adoption dates foreseen and planned by the CEE countries.

Slovakia had applied to join the euro zone on 1 January 2009, dismissing the concerns of some economists that its economy was not ready for the rigours of membership. The application was successful, and it will become the 16th of the EU 27 countries to adopt the euro. Slovakia

Table 1. The euro adoption dates planned by the CEE countries (Kropiené, 2008) (Source: the table was drawn up with reference to the reports by the European Commission on preparations to introduce the euro and statements by the governments of the countries)

State	2004	2005	2006	2007	2008
Czech Republic	2009–2010	1 January 2010	Not identified	2012	No target date
Hungary	2009–2010	1 January 2010	Not identified	2012	No target date
Lithuania	1 January 2007	1 January 2007	Period from 2010	Period from 1 January 2010	No target date
Poland	2009	Not identified	Not identified	2012	No target date
Slovakia	1 January 2008	1 January 2009	1 January 2009	1 January 2009	Euro adoption on 1 January 2009
Slovenia	1 January 2007	1 January 2007	1 January 2007	Euro adoption on 1 January 2007	Euro adopted on 1 January 2007

recorded the economic growth that causes some EU officials to worry about the risks of overheating. Slovakia has met all of the Maastricht criteria for joining the euro and overcame a hurdle on the road to adopting the common currency. The problem for Slovakia had been fears that it could not sustain the low rate of inflation after joining the euro, but according to the European Commission's economic forecast inflation would fall in 2009. However, the European Central Bank (ECB) is still wary of letting countries join too early. It warns on recent experience: Slovenia, which joined the euro zone at the start of 2007, now has the highest inflation rate in the euro zone.

The European Commission (EC) and the ECB in their latest reports emphasize that the idea is not to meet all the Maastricht criteria at a single moment in time, but to fulfil them on a lasting basis. As the test case of Lithuania showed in 2006, the ECB intends to apply the Maastricht criteria strictly, if necessary to the last tenth of a percentage point. They are thus more important than ever, and this attaches great importance to the expected sustainability of fulfilment. Of the three countries that had targeted the euro zone entry in 2007, only Slovenia as the richest of the newcomers, in terms of GDP per capita, succeeded to adopt the euro. Given the difficulties that many countries are having with at least one of the Maastricht criteria, it is clear that Lithuania, Poland, Hungary and the Czech Republic are falling behind schedule. They probably will join the euro zone only at the middle of the next decade.

Poland could become the biggest country to join the euro zone since its launch in 1999, but it is still far from inserting the

zloty into the exchange rate mechanism-2 (ERM-II), therefore it is unclear when the EMU membership may be achieved. Assuming Poland's plan to call a referendum in 2010, it could enter the ERM-II in 2011. According to the Credit Suisse Economic Research, the euro could then be adopted in 2014. By the opinion of the National Bank of Hungary, the country is likely to be the last one to join the euro area those entered EU in 2004 and should adopt euro sometime after 2014. Conditions allowing joining the ERM-II are indeed unlikely to be in place before 2010. The Czech Republic government could achieve convergence quite quickly if it gave priority to euro adoption. ERM-II entry is possible in 2009 or 2010, followed by accession in 2011 or 2012 (Credit Suisse, 2007). But the process in the mentioned CEE countries may be postponed if their governments do not prioritize the EMU membership.

In the 2004 convergence report, Lithuania was found to have fulfilled the criterion on price stability (European Commission, COM (2004) 690). In 2006, the EC noted that in a longer-term perspective, buoyant domestic demand and increases in certain excise duties represented risk factors of inflation because Lithuania did not meet the criterion on price stability (European Commission, COM (2006) 223). Slovenia did not fulfil the criterion on price stability in 2004. However, the country had respected the reference value for inflation since the end of 2005, and the EC agreed that it was likely to continue to do so in future because Slovenia fulfilled the criterion on price stability (European Commission, COM (2006) 224). From this moment, opinions have been voiced that the

old members of the euro zone do not want Lithuania to join for other reasons, and the inflation criterion just comes in handy. Is the real reason why neither Lithuania nor any other CEE countries should join the euro zone that they are still too poor? Was Slovenia probably ready to join the euro zone in 2007 exactly because it was much wealthier? These are the points that neither the EC nor the ECB had made in their official reports.

The euro zone must be operated by a clear set of rules, and countries should fully respect them. Lithuania's relatively small size means that its impact on the euro zone economy should be fairly limited. On the other hand, the perspective of the country's economy could contribute positively to the euro zone. Perhaps some aspects of the rules should be reconsidered and improved. But that was not an issue for Lithuania. It started its way to the euro following the current rules of entering the euro zone, and needed to finish it according to the same rules. The reason why the Maastricht criteria have never been an ideal set of membership criteria is because they exclude the productivity, jobs and wages. The problem of real convergence has been ignored to this day. And the question how long the EU will continue to judge applicant members on the basis of these criteria is still open.

„The euro is like an old Catholic wedding: like it or not, happy or not, you are married forever. But fortunately, you know the bride in advance. You know what it takes and what it needs to live with her and make sure your union is a happy one“, said Mr. Joaquin Almunia, EU monetary affairs commissioner, at the Vilnius conference in October 2006. In his opinion, a

serious convergence examination and its comprehensive assessment is an integral part of the institutional framework governing the euro area. It indicates whether a country has demonstrated that it is ready to integrate smoothly into the single currency area, or whether additional time should be used for preparation (Almunia, 2006). In 2008 Convergence Report, the EC noted that the criterion on price stability was not fulfilled by Lithuania, the Czech Republic, Hungary and Poland, the exchange rate criterion by the Czech Republic, Hungary and Poland, the criterion on the government budgetary position by Hungary and Poland, the criterion on the convergence of long-term interest rates by Hungary. In the light of its assessment on the fulfilment of the convergence criteria and taking into account the additional factors, the EC considers that all these CEE countries do not fulfil the conditions for the adoption of the euro (European Commission, COM (2008) 248). The implicit assumption of EU officials that all new EU members will work towards to meet the Maastricht criteria has largely been correct until recently. But things have changed significantly: the public acceptance of the euro among the populations of new members often runs at less than 50%, and political elites have also become much more sceptical (Credit Suisse, 2007). According to Francesco Paolo Mongelli from ECB, first, European monetary integration has been part of a broader process of economic and financial integration. Second, European integration is a political process. Third, economic, financial and monetary integration has evolved gradually over a long period, and is still evolving. Fourth, the advancement of Eu-

ropean integration has proceeded hand in hand with the advancements of economic theory (Mongelli, 2008).

Steps leading to the adoption of the euro

A successful adoption of the euro requires not only compliance with the EU treaty requirements, but also carefully planned and extensive practical preparations. The EC reports on a regular basis, at least once a year or whenever justified by specific developments, on the state of these preparations. According to the EC, the countries that invest in early, thorough preparations are rewarded for their efforts in terms of the speed of the changeover, public acceptance of the new currency and smoothness of the transition. The preparations for the practical introduction of the euro have taken nearly six years in the countries which are part of the euro zone since 1999 (European Commission, COM (2004) 748).

The EC report in 2005 on the practical preparations for the future enlargement of the euro area indicated that Lithuania, Slovenia and Slovakia had adopted national changeover plans, but the state of preparations was quite uneven among the countries. In general, the EC warned its pace needed to be stepped up. In Slovenia preparations were generally advancing well. However, Lithuania definitely needed to accelerate ongoing preparations, while closely associating all economic sectors and actors most directly concerned with the changeover. In the opinion of the EC, the situation in Slovakia was satisfactory since a comprehensive national plan had been approved on a timely basis, pro-

viding a clear guidance to all sectors and actors involved in the country's practical preparations, thereby encouraging and facilitating the transition of both the public and the private sectors. Practical preparations in the Czech Republic, Hungary and Poland in 2005 were in a very preliminary stage.

The EC insisted that the countries intending to introduce the euro had little time left to prepare and implement a full-fledged communication campaign, their plans were very ambitious, despite the short time span for their implementation. An additional reason for implementing comprehensive communication programmes was that the state of public opinion vis-à-vis the euro in the CEE countries remained unsatisfactory (European Commission, COM(2005) 545). According to the Euro barometer survey in 2006 the Slovenian public was one of the most enthusiastic about the introduction of the euro in the acceded CEE countries. In its report in 2006 the EC agreed Slovenia's practical preparations for the introduction of the euro covered most of the relevant changeover features.

The EC noted that the setting of a credible target date remains a very important instrument to foster the convergence process. It notably provides incentives to all actors and sectors involved and helps to build up a momentum for completing practical preparations on a timely basis. The EC has officially pointed out that the extension of the original time frame should thus be used to enhance and complete the ongoing preparations. Some countries have so far refrained from setting a target date for euro adoption, notably because they consider that it will take them several more years

before they will be able to meet the Maastricht convergence criteria. But the EC stated its opinion that even in those countries, public and private operators have a clear interest in starting to prepare them. They might first have to inform themselves on the modalities and consequences of the introduction of the euro for their activities (European Commission, COM (2006) 322).

However, in October 2006, the Lithuanian government decided that "*Lithuania will aim to join the euro area as soon as possible. The more favourable period for Lithuania to join the euro area starts from 2010*" The postponement of the introduction of the euro has slowed down from this moment not only the information activities, but also the whole preparation process in the country (European Commission, COM (2006) 671). Moreover, in the final national changeover plan approved by the government's resolution in 2007, Lithuania fixed that "*1 January of a respective year*" has been selected as the euro adoption date. Unfortunately, this abstract and declaratory formulation could not be called as a target date for adopting the euro. The EC report at the end of 2007 took into account that after Lithuania had not fulfilled all convergence criteria and its derogation was consequently not lifted, Lithuania failed to set a new specific target date for adopting the euro (European Commission, COM (2007) 756).

In the middle of 2007, in its fifth report regarding the future enlargement of the euro area, the EC remarked that in Slovakia preparations slowed down too, mainly because of parliamentary elections, and the

country should definitely step up its preparations. In this report, the Czech Republic was presented by the EC as a good example of timely preparations for the changeover in the absence of a target date (European Commission, COM (2007) 434). In July, 2008, in its last report the EC invited all countries to take into account extensive practical preparations in order to prepare all sectors of their economies, administrations and citizens for the introduction of the euro. The EC noted that Slovakia had respected the provisions of the EC recommendations and elaborated a comprehensive strategy for the euro adoption, but the central monitoring of Slovakia's preparations to the euro should be reinforced with a view to improving the coordination of the actions and being able to solve efficiently potential crisis situations (European Commission, COM (2008) 480).

It should be noted that the state and degree of the progress of preparations should be assessed in the context of the target date, as preparations tend to step up with the proximity of the changeover. In its reports, the EC provided for the countries a list of the relevant changeover characteristics that should be implemented in the national changeover plans. Additionally, in order to facilitate preparations for the changeover, the EC has built on the experience acquired in the course of the introduction of euro in 2002, 2007 and 2008 in order to prepare the "*Recommendation on measures to facilitate future changeovers to the euro*" (European Commission, 2008/78/EC). Figure 1 provides an overview of the relevant changeover characteristics in each CEE country in 2005–2008.

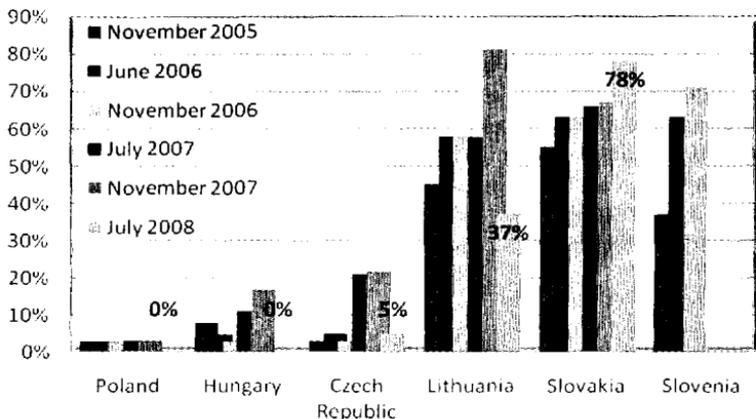


Figure 1. Status of the changeover characteristics in the CEE countries, 2005–2008 (% of all relevant changeover characteristics, officially approved / established and published in the national changeover plan / Source: European Commission. Reports on the practical preparations for the future enlargement of the euro area, 2005–2008)

The EC officials argued that the discipline required by members would be beneficial to their own economies. Progress reports issued by the EC always highlight the patchy performance by countries formally committed to joining the euro. The reviews show whether the countries have made any progress in economic convergence. Lithuania and other CEE countries have not set a new specific target date for adopting the euro and provide their plans with their formulation in a very abstract way, declarative form and for an unlimited term. It is clear that in these CEE countries there have been setbacks regarding preparations to adopt the euro.

The EU policymakers designed a set of rules 15 years ago that the country is required to comply with the Maastricht criteria and also to stay for at least two years within the ERM II framework. The process

of euro area enlargement poses a dilemma: it is pointed out that setting the inflation criterion in relative terms – against the three best performers in the EU – was an appropriate option 10 years ago, but today the definition of price stability is applied by the ECB, because today the benchmark should be the price stability benchmark used by the ECB and not by the countries that happen to have the lowest inflation.

David Cobham, professor of economics at Herriot-Watt University in Edinburgh, thought that for a real convergence the Maastricht criteria are about nominal convergence. Some economists argue that you need to have some level of real convergence to enter the EMU, but the states that are weaker in terms of real convergence tend to get more from entering the EMU (Cobham, 2008). An issue related to the real con-

vergence process is whether these criteria will unavoidably keep outside of the euro zone the countries that will have already reached a stage where they could function normally in the euro area. Is it time to raise the question of modifying the Maastricht inflation criterion? Some economists argue that the countries cannot reap the benefits of membership and suggest an approach that has a more justifiable economic logic.

The inflation criterion states that the inflation rate of a country wishing to join the euro zone cannot exceed by more than 1.5 percentage point the average inflation of the three best performing EU member states in terms of price stability. It was originally defined at the time when the EMU did not yet exist. Now that the euro zone exists, the criterion based on the three best performers including those that are not members of the euro area probably is more difficult to justify on economic grounds. Zsolt Darvas from Corvinus University of Budapest and Gyorgy Szapary from Central European University noted that a reasonable solution would be to define the criterion as an average of the euro area inflation plus 1.5 percentage points. The economic justification to use the euro area inflation is that this is a relevant indicator which contributes to the imported inflation of the new members whose trade is essentially with the euro zone. As noted above, this is an indicator that the ECB tries to control. Therefore, it is not logical that the basis for the reference value for the new members should be different. Z. Darvas and G. Szapary note that the strategy and timing for euro adoption should be assessed from two perspectives. First of all,

what does it take to meet the Maastricht nominal convergence criteria? The next point should be whether the convergence process can be better managed inside or outside of the euro area. Afterwards, this has to be then weighed against the well known benefits of being a member of the euro zone. The timing of euro adoption will also depend on how successful the country is in implementing the structural reforms that help increase productivity and the overall efficiency of the economy and in consolidating the fiscal position in a sustainable manner (Darvas, 2008).

There can be no doubt that the entry requirements for the new member states are less lenient than the same requirements organized at the start of the euro area when a half of the present members did not meet a real convergence. According to Paul De Grauwe from University of Leuven, the difference between now and then is political. At the start of the euro area, the political will to start EMU was overwhelmingly strong. Today, the political will to allow new members into the euro area is fading. Too many national idiosyncrasies continue to exist. The whole panoply of economic policies remains firmly in the hands of national governments, creating sources of divergent movements. These structural differences are at the core of the problem. Each member state continues to follow its own path in too many areas of the economy. P. Grauwe concludes that the insistence of the ECB and the EC on a strict adherence to the convergence criteria by the new member states is misplaced because they work only temporarily. They are neither necessary nor sufficient to guarantee a smooth functioning

of the EMU (Grauwe, 2006). The euro zone has not yet made a transition from monetary to economic union. That means the euro zone member states should formulate a joint economic strategy and their reforms need to be co-ordinated (Munchau, 2005). Since the establishment of the euro 10 years ago, it has demonstrated a lot of strength. Today the euro zone is comparable with the United States economy in terms of GDP and trade openness. The euro zone could become larger, if the big non-euro zone EU countries like Poland join (Papaioannou, 2008).

Michael Bordo from Rutgers University and Harold James from Princeton University suggest distinguishing between shorter-term and longer-term problems. The extension of the euro to the CEE countries in itself will create new challenges. The CEE countries are rapidly growing emerging market economies, which experience and will continue to experience a rising inflation. However, the mature markets of the euro zone states are likely to experience periodic bouts. Both these two types of countries are members of the EMU, just with a temporary derogation not to adopt the euro, and must to adopt the euro in future. These requirements should produce serious problems in one or both. The mature markets should have monetary policies that are less restricted and should be faced for a more growth-oriented monetary policy. However, the emerging markets should be free to conduct tighter policies to minimize the possibilities of destabilizing surges in asset prices. At present, the disparity in growth is very apparent, and the today's situation seems to cause significant prob-

lems for the formulation of a coordinated monetary policy (Bordo, 2008).

The CEE countries need to grow more than twice as fast to converge with the old EU members. Since the mid-1990s, the CEE countries have consistently outgrown most of the old EU. Katinka Barysch, chief economist from Centre for European Reform, gives an example: Poland grew by an average of 4.4% a year in the decade leading up to its EU accession. Hungary expanded by 3.6% on average in 1995–2004. For comparison, Germany mustered an average growth rate of 1.3% and France of 2.2% in 1995–2004. The CEE countries had gained so much already from integrating with the EU. Only limited further gains could be expected to come from the actual accession to the EU. Despite the marked pick-up in economic growth across the region in 2004, we should agree with K. Barysch that it was something like a “*post-accession boom*”. The average real GDP growth in the new EU members accelerated from 3.7% in 2003 to 5% in 2004. How far the EU accession was behind the improved performance is open to debate. On the one side, the CEE countries were well into an economic upswing when the accession date approached. On the other side, they were also reaping the benefits of structural reforms they had pushed through in the run-up to accession. The economists agreed that a further economic boost could come from adopting the euro (Barysch, 2006).

The growing scepticism about benefits from euro adoption and reform fatigue also contributed to the weakening of political support of euro adoption in the CEE countries. It is important to warn that not-

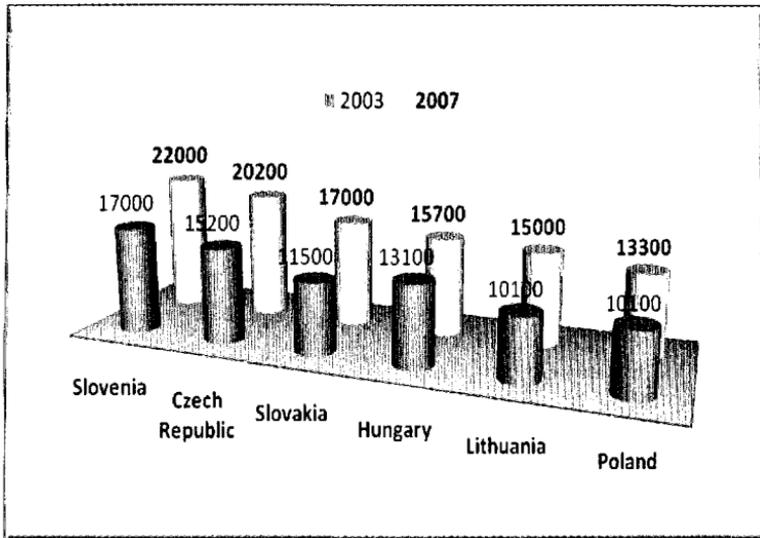


Figure 2. GDP per inhabitant in the CEE countries

(Source: EUROSTAT, July 31, 2008)

withstanding the new EU member states' commitment to join the euro area, there are no legal limits on how long they can stay outside the euro area. Satisfying the Maastricht criteria before entering EMU is required, but there are no sanctions for not satisfying. Moreover, in Estonia opinions have been voiced to adopt the euro as a parallel currency if the country fails to meet the Maastricht criteria in the near future. However, to adopt the euro otherwise, through "dollarization" (using the euro as a legal tender), or to adopt the euro unilaterally would be inconsistent with the spirit of the Maastricht Treaty and the EMU.

According to the International Monetary Fund, the euro area membership is likely to boost growth by about 1% per

year, speeding up convergence in living standards between the new and the old EU member states. Gains to the euro zone are likely to be smaller, given differences in the relative size of the euro area and the new members' economies. The new member states as a group account for 6% of the euro area's GDP and 25% of population. But for the euro zone the gains are likely to be noticeable: they occur through trade, investment and migration (Euro, 2007). Per capita incomes in the CEE are generally lower than in the old EU member states and are growing fast. Figure 2 provides figures of the GDP per inhabitant in the CEE countries.

Between 1998 and 2006, the GDP of the twelve EU countries that joined in the

fifth enlargement grew by an annual average of 4.3% as compared to 2.2% in the 15 old member states. According to the EC, trade between the old and the new members increased remarkably in the last decade. Exports and imports among the 10 countries that joined in 2004 and the 15 old member states quadrupled between 1995 and 2006, while overall trade between them doubled in that period (European Commission, COM (2007) 663). Within a couple of years, the membership of the euro zone can be expected to increase to 19–20. Only two of the 27 EU member states formally have opt-outs. According to Iain Begg from European Institute, this fact means that pressure will be placed on the others to deal with their derogations from full membership. At the lower end of this scale, the number of members would be double as compared with the launch of the euro. This will affect the institutional configurations that have served since the late 1990s (Begg, 2008).

The EC analysts warn that the enlargement of the euro area into new countries requires a sound surveillance framework and an effective supervision of financial markets. The rising international relevance of the euro and the euro area raises the responsibilities of the euro area in and potential gains from the global macro-financial policy coordination and surveillance. This prospect will also make an increasing call on a broad surveillance of candidate euro zone countries. Those among them that have entered the ERM-II framework should become subject to a more intensive coordination (EMU, 2008).

Conclusions

Most of the new EU countries declared their wish to join the euro zone in the near future, but it would be unfair to ignore the fact that the fulfilment of the Maastricht criterion for price stability is becoming ever more complicated. The problem of real convergence has been ignored to this day. The Maastricht criteria are about nominal convergence, and it is time to raise the question of modifying the inflation criterion. A reasonable solution would be to define the criterion as the euro zone inflation. The decision of the EU institutions concerning Lithuania revealed the peculiarities of the euro area enlargement to CEE countries, but one may understand the arguments forwarded by the states of the euro area concerning stricter requirements for them. The idea is not to meet all the criteria at a single moment in time, but to fulfil them on a lasting basis.

First, the formation of the final opinion regarding the enlargement of the euro zone has been affected not only by fulfilment of the Maastricht criteria, but also by a complex of macroeconomic, institutional and political reasons. The CEE countries must meet the stricter requirements than the other old euro zone members because of their insufficient economic development. The CEE countries are failing to undertake reforms needed to repair public finances. Their governments must regain control of public finances. It is also crucial that the principle of equal treatment of the member states would be retained during the future enlargement of the euro area. The logic of assessment and analysis of the discussion suggest that the euro expectations may be

postponed not solely for Lithuania, but also for the other CEE countries, if any slowdown in economic growth could leave public finances exposed. The euro zone has not yet made the transition from monetary to economic union. That is to say reforms in EU need to be co-ordinated, and a joint economic strategy should be formulated. The euro zone will also require stronger public finances. Consideration of various difficulties and fulfilment of commitments of the CEE countries while under time pressure to prove their capabilities as valuable potential members of the euro zone should become a relevant element of the entire coordination process of the economic policy. The fulfilment of the Maastricht criterion for price stability poses dilemmas: the low rate of inflation and the euro zone membership or sound public finances and the national house in order. This stress in public finances could endanger all their efforts to join the euro.

Then, accordingly, a closer analysis of the economic figures suggests that the criteria for the euro area enlargement could be set by the indicator of the GDP per capita. However, per capita incomes in the CEE are generally lower than in the old EU member states, and the course of events has revealed that euro area enlargement looks rather like a coordinated solution of political type.

Third, analysing the lessons of the practical preparations, we find that of no less importance is the progress in implementing measures provided in the national plans of the euro adoption. The preparations for the practical introduction of the euro have taken nearly six years in the countries that have been part of the euro

area since 1999. Lithuania, Slovenia and Slovakia had adopted national changeover plans, but the state of preparations was quite uneven among countries. Lithuania's progress of honouring commitment for the EC was not impressive enough. Even though the commitments were not actually analysed in detail at the time, more progress could have had a more positive influence on a favourable decision. Practical preparations in the Czech Republic, Hungary and Poland are superficial and still in a very preliminary stage.

What rational steps could be taken in a situation when the players in the decision-making process regarding the euro membership have different standpoints and interests? The CEE states must strengthen the monitoring of the monetary integration and form much clearer expectations. The setting of a credible target date remains a very important instrument to foster the convergence process. Unfortunately, Lithuania and the other CEE countries have not set a new specific target date for adopting the euro and provide their plans with abstract and declaratory formulations and indefinite terms. In case of Lithuania, they remained unchanged even after the two years of participation in the ERM-II. Furthermore, no monitoring is provided to ensure a proper fulfilment of the commitments. It should be noted that the state and degree of progress of the preparations should be assessed in the context of the target date or a comprehensive result, since the necessary preparatory work for the introduction of the euro requires early planning. Coordination of the monetary and fiscal policy and measures of the practical preparations could enhance the monitor-

ing of how the commitments are fulfilled, while discussing their honouring by authorities and the discipline required by the members would be beneficial to their own

economies. Therefore, the dialogue among the members needs to be enhanced, as is also the transparency in decisions concerning the euro area enlargement.

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EURO ZONOS PLĖTRA: DILEMOS IR PERSPEKTYVOS

Arūnas Dulkys

S a n t r a u k a

Beveik visos naujosios Europos Sąjungos valstybės narės pareiškė norą artimiausioje ateityje įsivesti eurą. Europos Sąjungos institucijų sprendimas dėl Lietuvos atskleidė euro zonos plėtros Vidurio ir Rytų Europos šalyse ypatumus ir problemas, kurias sunku paaiškinti grynai ekonomiškai, nes visos šalys turi bendrą rinką ir joms taikomi ekonominio augimo apribojimai yra gana nepalankūs. Straipsnyje nagrinėjama hipotezė, kad sprendimą dėl euro zonos plėtros lemia ne tik tai, ar tenkinami Mastrichto kriterijai, bet ir makroekonominiai, instituciniai ir politinių prielaidų visuma. Straipsnyje siekiama aptarti pini-

gų integracijos Vidurio ir Rytų Europoje problemą. Ne mažiau svarbi yra pažanga įgyvendinant šalių vyriausybių programose, konvergencijos programose ir nacionaliniuose euro įvedimo planuose numatytas priemonės. Pateikiamos išvados ir pasiūlymai, kaip Vidurio ir Rytų Europos valstybės turi didinti pinigų integracijos stebėseną esant skirtingiems sprendimų dėl narystės euro zonoje priėmimo procese dalyvaujančių veikėjų požiūriams ir interesams.

Pagrindiniai žodžiai: euro įvedimas, euro zonos plėtra, euro zona, Mastrichto kriterijai.