

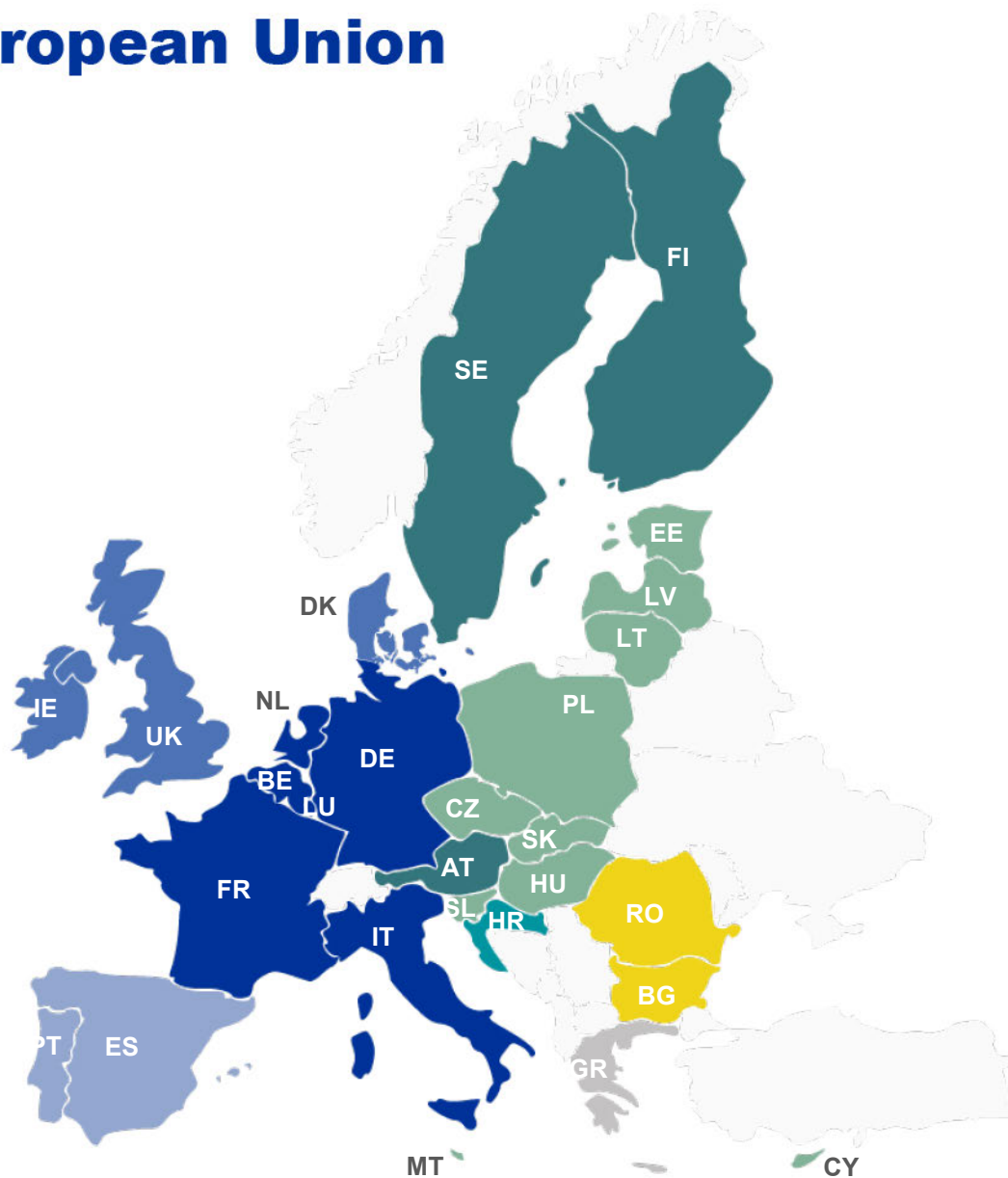
Progress of European integration

- 1952 ECSC**
European Coal and Steel Community
- 1958 EEC and EURATOM**
European Economic Community
European Atomic Energy Community
- 1967 EC**
European Communities
- 1993 EU**
European Union (Maastricht Treaty)
- 1998 ECB**
Founding of the European Central Bank
- 2009 EU**
Treaty of Lisbon



Enlargement of the European Union

1952	Belgium	2004	Czech Rep.
■	Germany	■	Estonia
	France		Cyprus
	Italy		Latvia
	Luxembourg		Lithuania
	Netherlands		Hungary
			Malta
1973	Denmark		Poland
■	Ireland		Slovenia
	United Kingdom		Slovakia
1981	Greece	2007	Bulgaria
■		■	Romania
1986	Spain	2013	Croatia
■	Portugal	■	
1995	Austria		
■	Finland		
	Sweden		



Preparation of Economic and Monetary Union (EMU)



1969 Barre Plan

1988 Delors Report

1970 Werner Report
on economic and
monetary union

1998 Founding of the **ECB**

1979 EMS
European Monetary System

1999/2002
Introduction of the **euro**

1986 Single European Act



Three stages to Economic and Monetary Union (EMU)

1 January 2002
Introduction of euro
banknotes and coins

3 **1 January 1999**
Irrevocable **fixing of conversion rates**,
ECB responsible for monetary policy

2 **1 January 1994**
Establishment of the **European Monetary Institute**,
the ECB's predecessor

1 **1 July 1990**
Abolition of all restrictions
on the movement of capital

Convergence criteria

Economic and Monetary Union

Price stability

Interest rate convergence

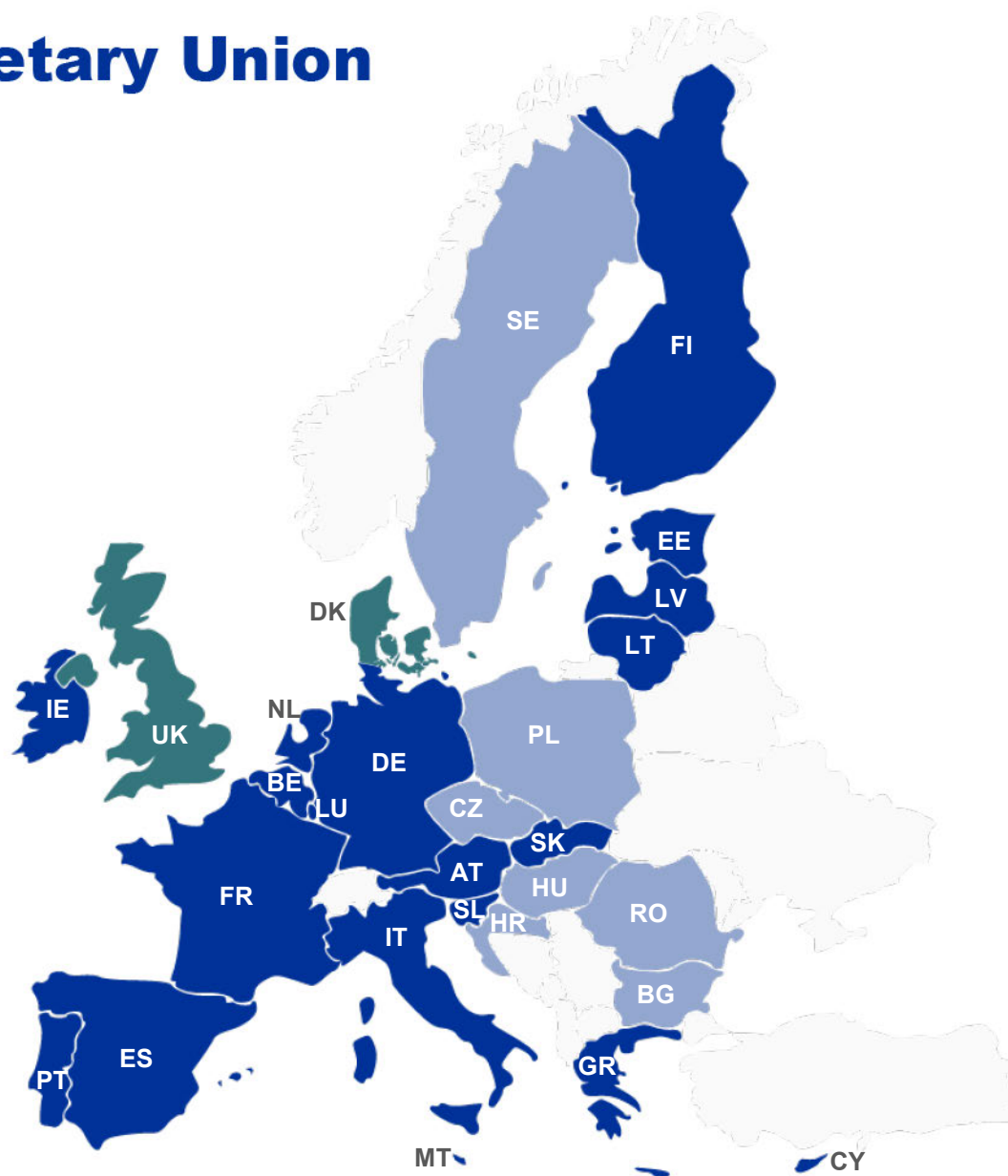
Public finance discipline

Exchange rate stability



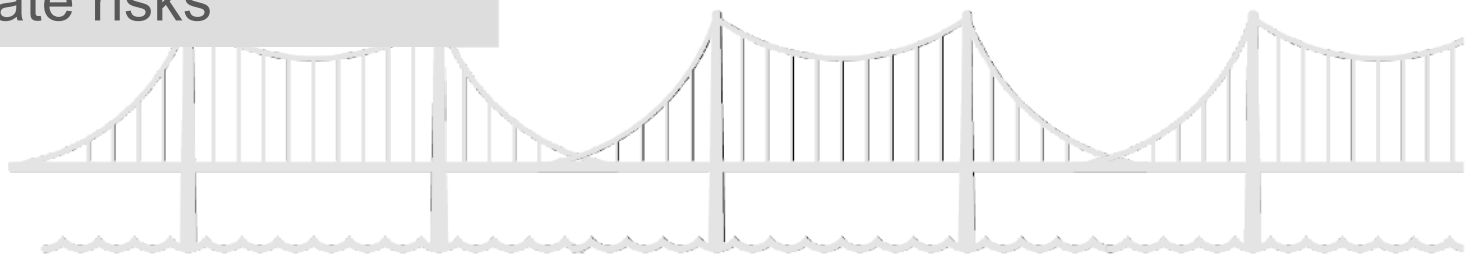
Economic and Monetary Union (EMU)

- EU Member States which have adopted the euro
- EU Member States with a special status
- EU Member States with a derogation



Benefits of the euro

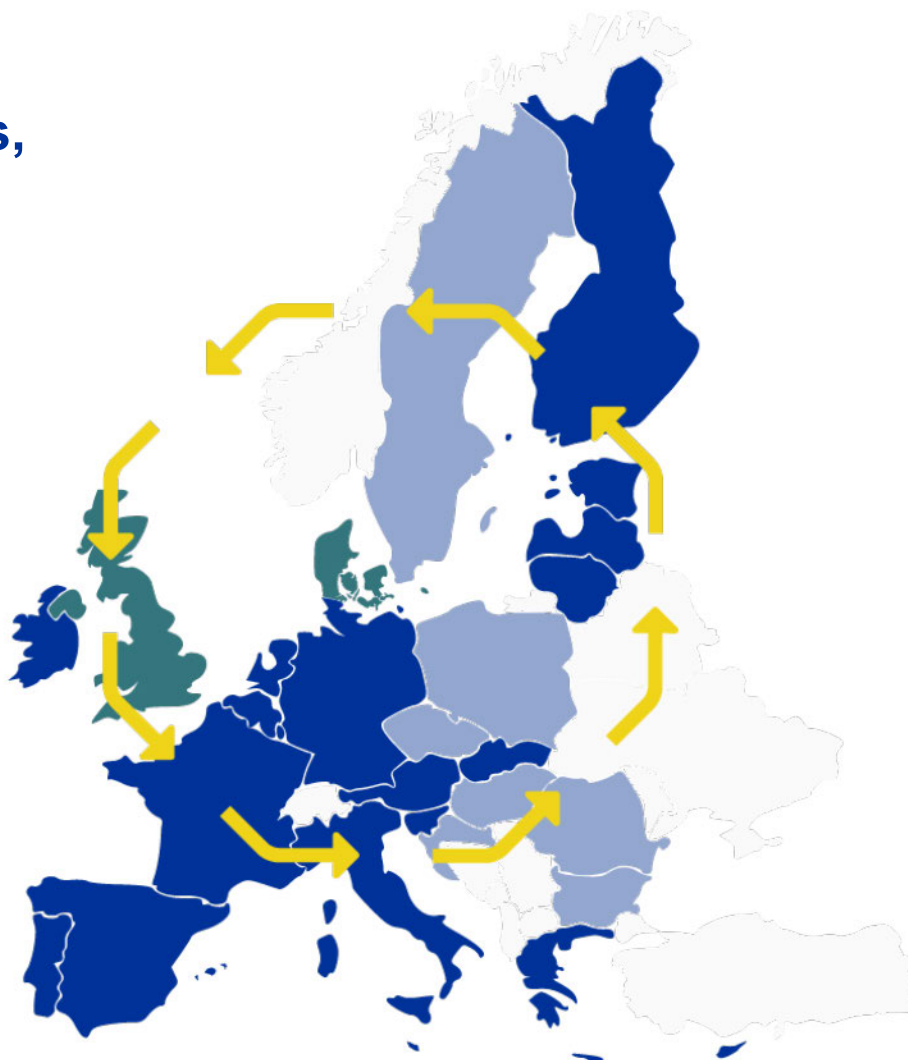
- Security of purchasing power
- Removal of transaction costs
- Price transparency
- Elimination of exchange rate risks



Financial integration of the euro area

Integration of financial markets, financial infrastructures and financial institutions

- results in economies of scale, larger variety of financial products at lower cost
- enhances transmission of monetary policy impulses
- contributes to safeguarding of financial stability and smooth operation of payment systems



Key characteristics of the euro area

Reference year: 2013	 € -19	 EU-28			
Total population (millions)	339	508	317	127	1,361
GDP (PPP*, € trillions)	9.9	14.0	13.1	3.6	12.5
GDP per capita (PPP*, € thousands)	29.3	27.4	41.2	28.2	9.2
Share of world GDP (PPP*, %)	12.1	17.1	16.5	4.5	15.9
Exports (goods and services, % of GDP)	25.8	17.8	13.6	17.0	25.4
Gross fixed capital formation (% of GDP)	19.5	19.2	18.9	21.7	47.8
Gross saving (% of GDP)	21.8	20.3	18.1	21.8	49.7

Sources: for euro area and EU: ECB, Eurostat, national sources, IMF, World Bank and ECB calculations; for the United States, Japan and China: national sources, IMF, World Bank and ECB calculations. It covers data for the 19 countries in the euro area (i.e. including LT), EU-28 (i.e. including Croatia) and data for 2013 for all countries. The new ESA2010/SNA2008 methodology has been used except for Japan, which still uses the old SNA93.

* Purchasing Power Standards (PPSs) in euro, calculated on the basis of PPP rates relative to the euro area (Euro 19 = 1).