

The background of the slide is a collage of Euro currency. It features several banknotes, including a 50 Euro note in the top left, a 10 Euro note in the center, and a 200 Euro note at the bottom. Scattered across these notes are various Euro coins, including 1 Euro and 2 Euro coins. A semi-transparent white circle is positioned on the left side of the slide, containing the title and speaker information.

The Euro

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PLAN

- I. Creation of the euro
- II. Convergence Criteria
- III. Advantages and disadvantages and is it a success or a failure?
- IV. Prospects



Why did the European countries create a single currency?

- Remove the exchange rates
- Facilitate exchanges
- Stop the attacks of speculators
- Create a strong currency
- Part of the European integration



Maastricht Treaty

Determination
of the
conversion
rates



Launch of Euro
coins and
banknotes

Feb 27 1992

1995

Dec. 31 1998

Jan. 1 1999

Jan. 1 2002

July. 1 2002

Term «euro»
found in Madrid



Launch
of the
euro

Disparition of
national currencies

The European Central Bank



ECB-**European Central Bank** was created by the European union in June 1998.

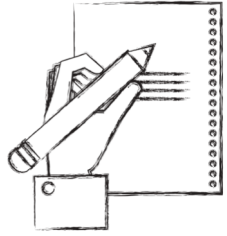


It's an independent central bank; the unique authority having the power to fix a monetary policy for the whole Eurozone. Eurosystem participates in the impression, the strike and the distribution of billets and coins in all the Member states; watches the smooth running of the systems of payments within the Eurozone.



The Euro is the currency of the 375 million people who live in 19 countries of the Eurozone.

The Convergence Criteria



Maastricht Treaty
(1991-1993)



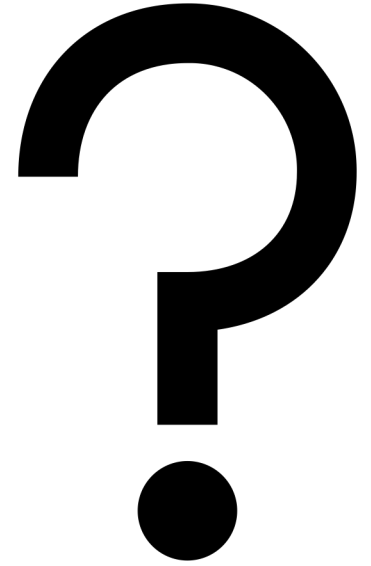
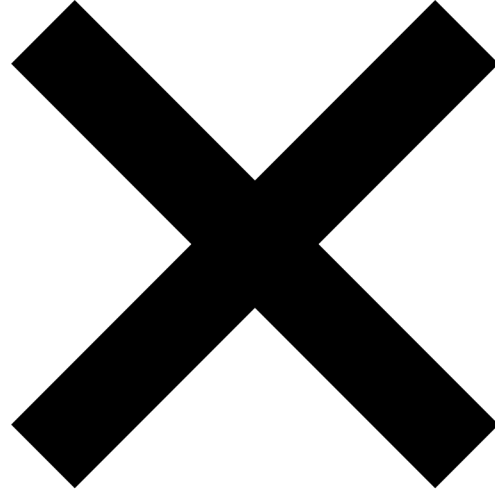
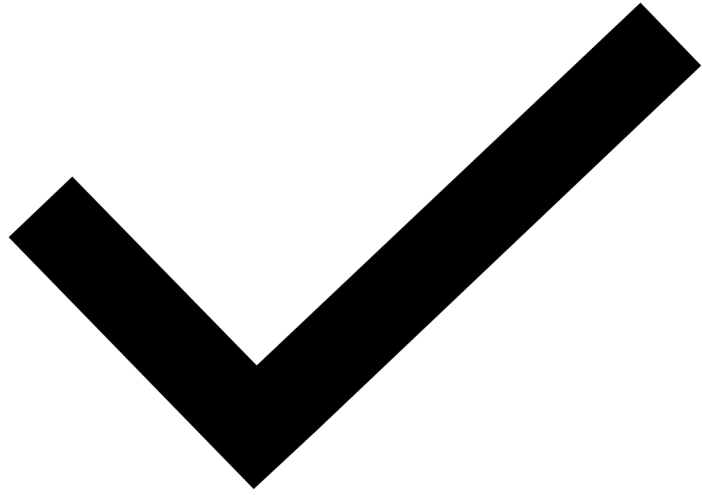
1	Price Stability (inflation) < 1,5%
2	Fiscal Prudence - annual deficit < 3%
3	Fiscal Prudence - total debt < 60%
4	Successful EMS Membership > 2 years
5	Interest-Rate Convergence < 2%

The Convergence Criteria

	CRITERIA				
COUNTRY	Inflation rate	Budget deficit to GDP	Debt-to-GDP ratio	Successful EMS Membership	Long-term interest rate
VALUES	max. 2,6%	max. 3,0%	max. 60% or declining	min. 2 years	max. 4,89%
Latvia	1,8%	1,5%	41,9%	2 May 2005	4,17%
Turkey	8,4%	1,9%	36,3%	No	8,14%

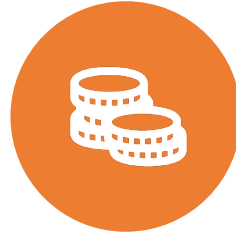
 Fulfilled criterion

 Not fulfilled criterion



III. ADVANTAGES, DISADVANTAGES AND THE SITUATION OF THE EURO: A SUCCESS OR A FAILURE?

Advantages



LOWER TRANSACTION
COSTS



PRICE TRANSPARENCY



ELIMINATING
EXCHANGE RATE
UNCERTAINTY

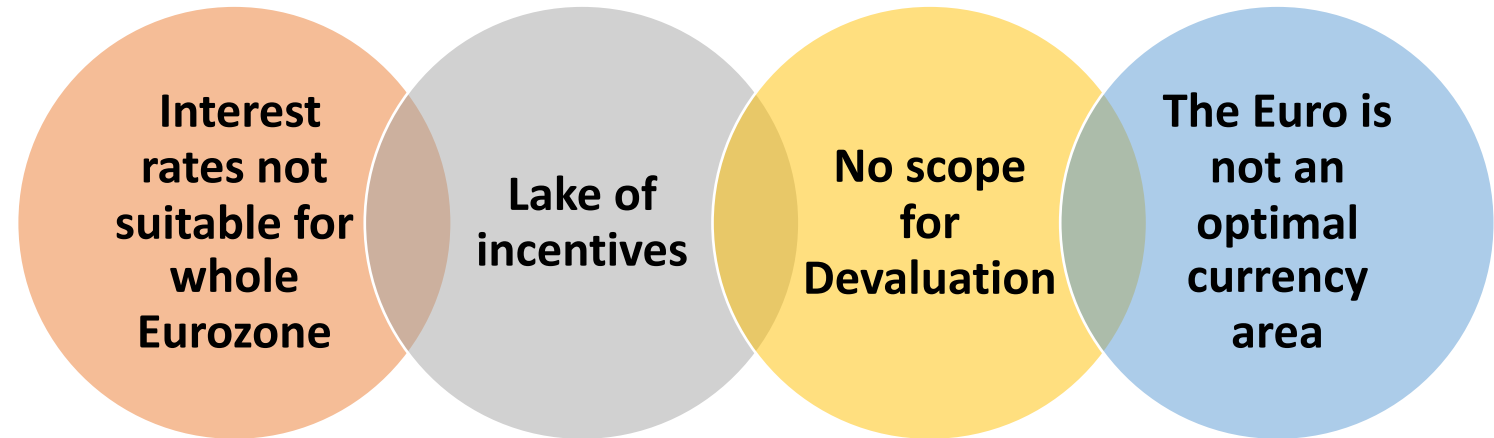


IMPROVED MARKET



IMPROVEMENT IN
INFLATION
PERFORMANCE

Disadvantages



A SUCCESS OR A FAILURE?



The common currency has turned 20 in January 2019.
It's the second most used currency in the world.

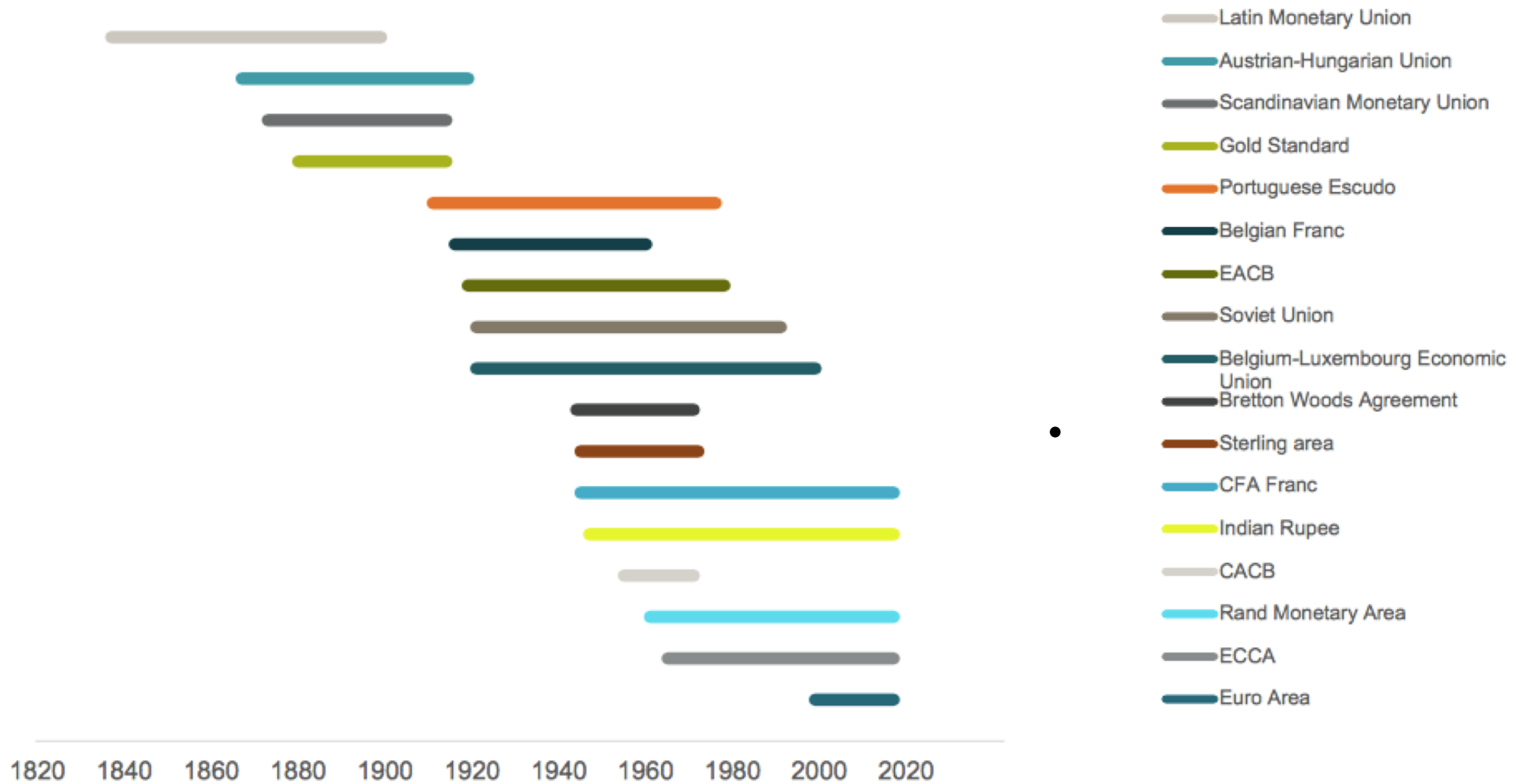


The euro has not achieved any of its two main objectives.



The euro created in the 10 years following its creation, 12 and a half million jobs in Europe.





Timeline of historical monetary unions

The key ingredients for a successful union

		Number of member countries	Common Currency	Labour Mobility	Fiscal Union	Banking Union	Political Union
NATIONAL UNIONS	United States Dollar	1					
	Pound Sterling	1					

EXISTING	Euro Area	19					
	ECCA (East Caribbean Currency Authority)	11					
	Common Monetary Area - South Africa	5					
	CFA Franc	30					

DISBANDED	Soviet Union	15					
	Austro-Hungarian Krone	2					
	Belgium Luxembourg Economic Union	2					
	EACB (East African Currency Board)	6					
	CACB (Central Africa Currency Board)	3					
	Sterling Area	16					
	Portuguese escudo	7					
	Belgium	4					
	Indian rupee	13					
	Gold standard	43					
	Bretton Woods	11					
	Latin monetary union	4					
	Scandinavian Monetary Union	3					

	Common Currency	Labour Mobility	Fiscal Union	Banking Union	Political Union
	Same legal tender	Free movement of labour	Shared government budget	Shared oversight and resolution of banks	Full integration
	Currency board	Limited labour mobility	Some sharing of government budget	Some shared oversight and resolution of banks	Colonies
	Separate legal tender	No free movement of labour	Separate government budget	No shared oversight and resolution of banks	No history or integration

Proposed reforms	Importance	Progress
Automatic budget stabilisers to increase public spending during downturns, and decrease public spending in upswings	Crucial	
Development of a European rescue plan to handle financial crises	Crucial	
Fiscal union with a new European treasury to direct fiscal policy	Very important	
Banking union with banking supervision, deposit insurance, common regulations, and a resolution procedure	Very important	
Restructuring of debts	Very important	
Mutualisation of debt (with the creation of Eurobonds)	Somewhat important	
Removal of barriers to labour mobility (portability of pensions, mutual recognition of credentials, receipt of social services)	Somewhat important	

**Thank you for
your listening**

