



EURO

- HELIANG Lynn
- JOUANNEAU Romane
- KEUYETAT Joyce
 - MBA Laetitia



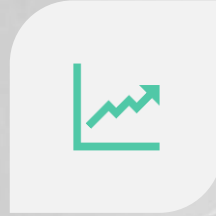
Presentation Plan



INTRODUCTION



THE CURRENT
SITUATION OF
THE EURO



SOME
ADVANTAGES



SOME DANGERS



POSSIBLE
IMPROVEMENTS



CONCLUSION



INTRODUCTION

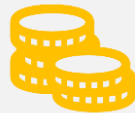
Maastricht criteria



Price stability:



Borrowing capacity:



Exchange stability:



Stability of public finances

I. The current situation of the Euro

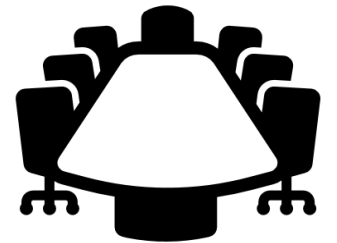


1. The functioning and the management of the Euro

- ❖ The European Central Bank
- ❖ The Eurosystem



2. The use of the Euro



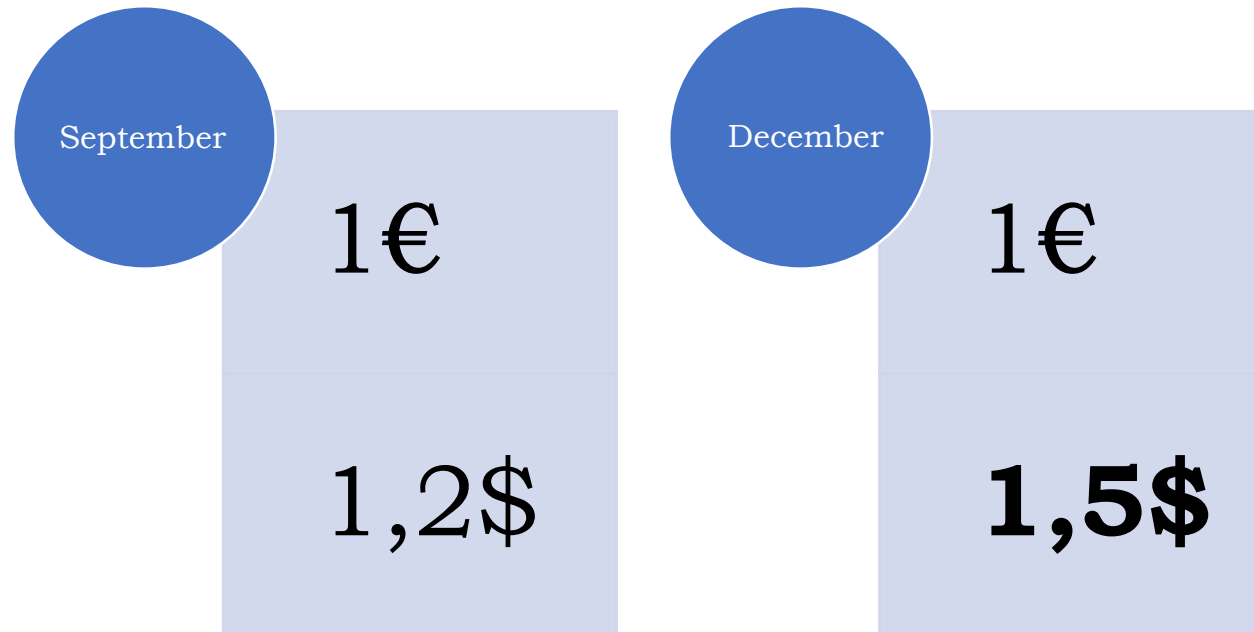
II. Some advantages of the Euro

- Eliminate transaction costs of currency
- Eliminate the exchange rate risk
- Avoid currency speculation
- Reserve currency
- EU's identity
- Increase competitiveness



Let's take an example about eliminate the exchange rate risk ...

A French Contractor buy \$100 in
S E P T E M B E R
And will pay his supplier in
D E C E M B E R.



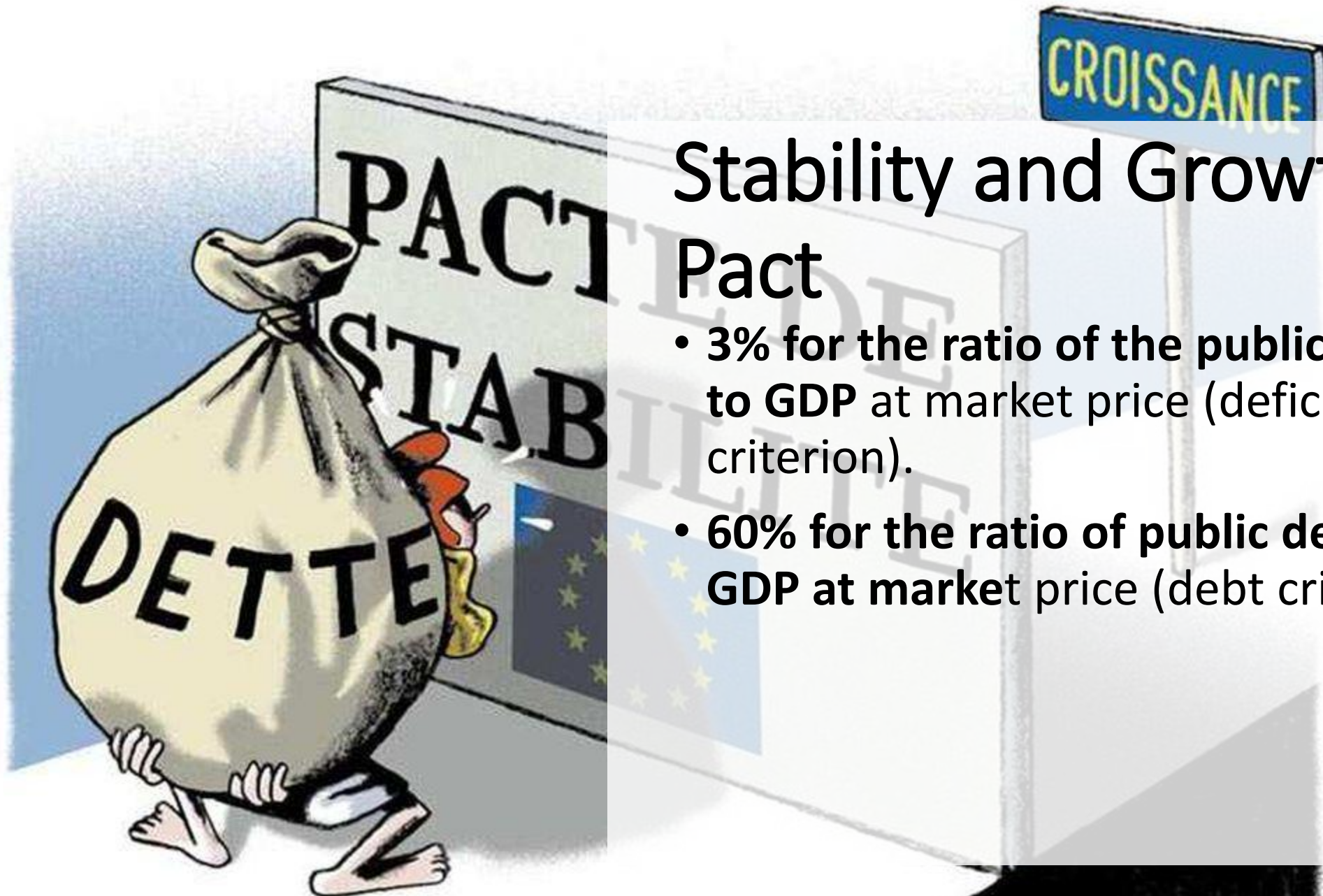


III. Some danger:

A. Disadvantages of Euro

- ☐ Overvaluation of economies
- ☐ Stability and Growth pact
- ☐ Loss of autonomy
- ☐ Liquidity problem





Stability and Growth Pact

- 3% for the ratio of the public deficit to GDP at market price (deficit criterion).
- 60% for the ratio of public debt to GDP at market price (debt criterion).

Finel

B. Negative effects & risks for the euro zone:

- ☐ Reduce the market share of zone's exporters
- ☐ Loss of exchange rate between country of euro zone
- ☐ Inflation and rekindle



Practical example of disadvantages of Euro on a Country





IV. Possible Improvements

- Powerful economic government in Euro
- Substantial budget to stabilize economy
- Fiscal union
- Convergence of labour market
- Climat of solidarity



CONCLUSION

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Risks of Euro

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Solutions of euro's crisis

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Criteria of eurozon

[Maastricht criteria](#)

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Eurozone

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