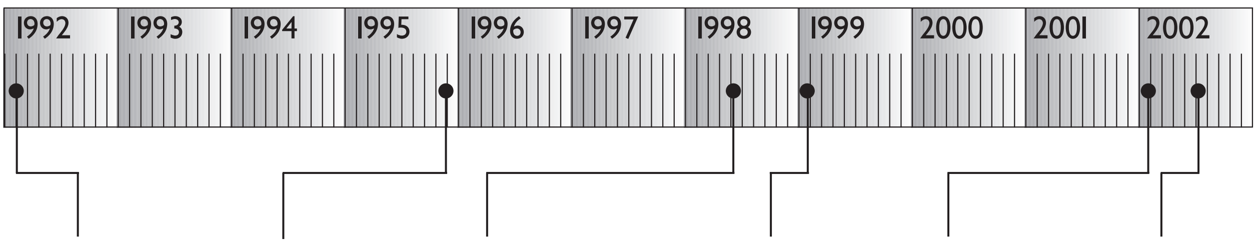
On the Way to the Euro: A Currency Union Timetable



February 1992
The European Union decides to create a single currency as part of the landmark Maastricht treaty.

December 1995
European leaders decide to call the new currency the "euro". The timetable for introduction is produced.

May 1998
EU nations that meet economic standards and want to adopt the currency are inducted into the "euro zone". The Central European Bank, the equivalent of the U.S. Federal Reserve, is established.

January 1999
The euro becomes a reality for financial markets and multinational businesses. Its conversion rate is fixed to local currencies.

January 2002
Coins and bank notes denominated in euros make their appearance. National currencies remain valid for up to six months.

July 2002
German marks, French francs, Italian lira and other national currencies disappear, leaving the euro as the sole legal tender.

EURO EXPANSION

The collapse of Communism gave central and eastern European countries an appetite for capitalism, and an eagerness to shed historic ties to Moscow. They are seeking to transform their sluggish state economies into free markets akin to those of the West.

Six nations were invited to commence talks on prospective European Union membership. They are the Mediterranean Island nation of Cyprus and five countries formerly behind the iron curtain: the Czech Republic, Hungary, Poland, Slovenia and Estonia.

In order to join the Union, they need to fulfil the economic and political conditions known as the "Copenhagen criteria", according to which a prospective member must:

– be a stable democracy, respecting human rights, the rule of law, and the protection of minorities;
– have a functioning market economy;
– adopt the common rules, standards and policies that make up the body of EU law.

The EU assists these countries in taking on EU laws, and provides a range of financial assistance to improve their infrastructure and economy.

In 1999, the Commission recommended Member States to open negotiations with Romania, the Slovak Republic, Latvia, Lithuania, Bulgaria and Malta. The negotiations were concluded with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia in December 2002, and they joined on May 1, 2004. Bulgaria and Romania hope to do so by 2007, while Turkey is currently negotiating its membership.

Enlargement will present significant economic opportunities in the form of a larger market. Adding the applicant countries to the EU's Single Market of over 370 million inhabitants will create the biggest economic area in the world. A market of this size can be expected to give a boost to investment and job creation, raising levels of prosperity throughout Europe, in both new and old member countries.