

# Adoption of the Euro – Putting things in perspective

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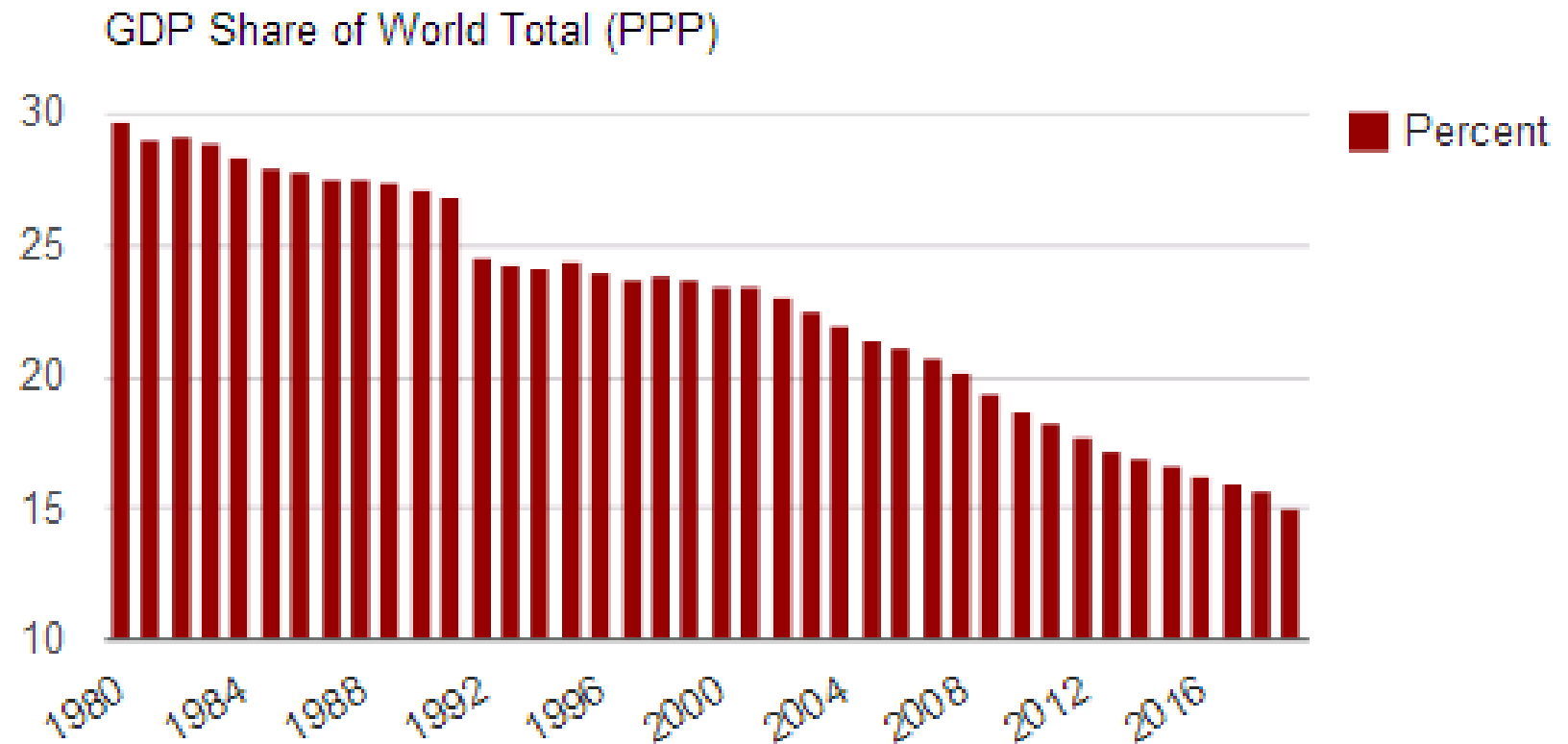
# Overview

- Some aspects related to the global and regional context
- Adoption of Euro and the Romanian context
- Measuring convergence
- Conclusions

# Some aspects related to the global context

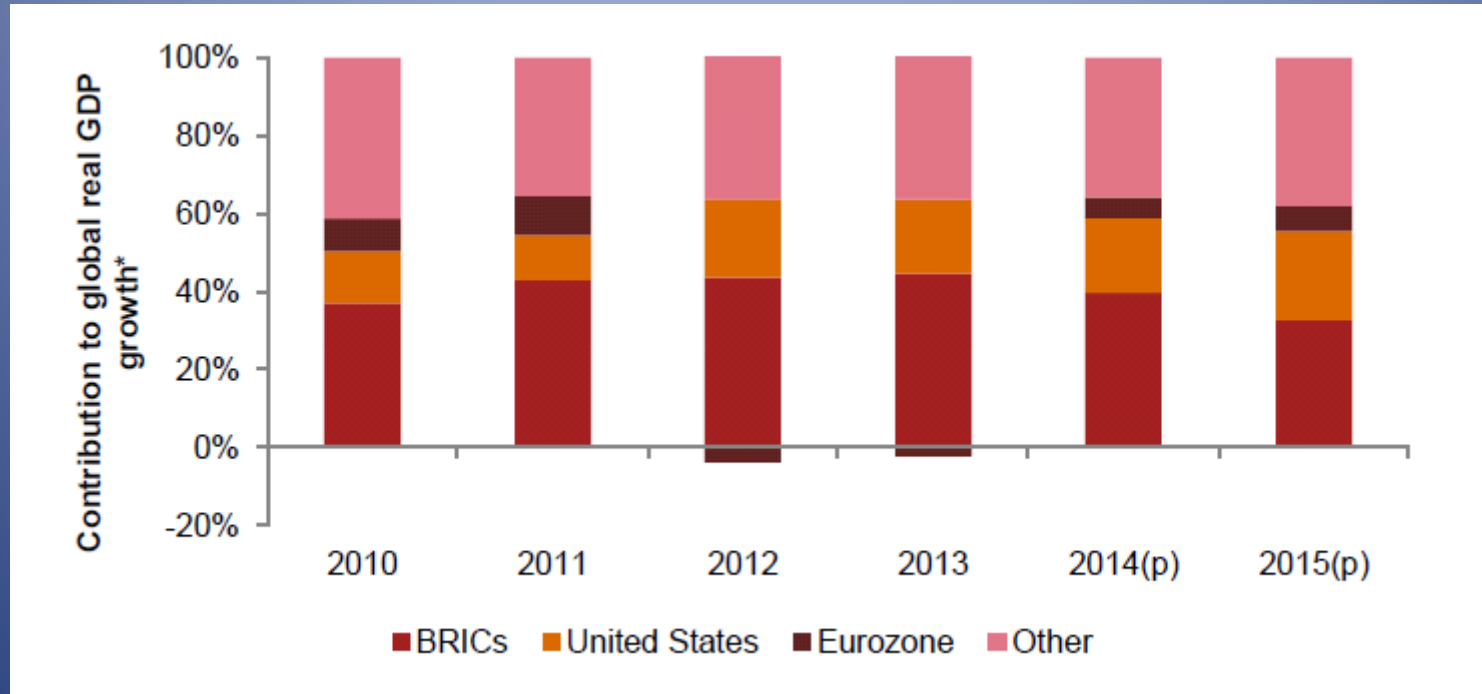
- For the past 35 years (1980 – 2014) the share of European Union in world GDP in PPP expression has declined constantly from about 29.775 % in 1980 to about 16.939 % in 2014. In the meantime 19 new countries became members.
- Assuming that the trends that manifested in the past 35 years will hold true for the next 5 years, by 2019 the share of European Union in world GDP will be of just 15 %.

# Share of European Union in world GDP 1980 – 2019 - in %



Source: Data from International Monetary Fund computed by Business Monitor Research – Money Watch, at page [http://www.economywatch.com/economic-statistics/economic-indicators/GDP\\_Share\\_of\\_World\\_Total\\_PPP/](http://www.economywatch.com/economic-statistics/economic-indicators/GDP_Share_of_World_Total_PPP/)

# Contribution to world GDP growth – in %



Source: PWC, Global Economic Watch, January 2015

# Some aspects related to the regional context

- Among the Central European countries (Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia) only Slovakia is a member of the Eurozone.
- Two categories:
- a) Wait and see (Czech Republic, Hungary, Poland);
- b) Willing but Unable (Bulgaria and Romania).

# Adoption of Euro and the Romanian context

- 45.61 % population in rural areas as compared to 22.3 % the EU average;
- 1.5 km of highways per 1000 sq.km as compared to 35 km of highways per 1000 sq.km the EU average;
- Average purchasing power in Romania 54 % of EU average;
- 38.1 % households have toilets outside the house as compared to 2.7 % the EU average;
- Smallest household space in urban areas from EU, 40 sq.m. as compared to 90 sq.m.
- Largest decline of population in EU during 1994 – 2013.

# Measuring convergence

- Convergence criteria – relevant for countries with similar level of development;
- For catching up countries like Romania – different criteria are needed;
- Make real convergence REAL;
- OECD membership as a preliminary step towards adoption of Euro;



# Conclusions

- Enlargement of Euro area may be useful for strengthening the EU position in the global economy;
- Anyway such an enlargement should be feasible only among countries with similar levels of development;
- Romania should maintain the adoption of Euro as a priority but in this respect focus of real convergence.