

Legal and Economic Aspects of the Entry of the Czech Republic into the Euro Area

Abstract

The thesis answers a number of questions related to the entry of the Czech Republic into the euro area. The basic premise is that joining the euro area does not consist only in changing of the national currency, but it must be perceived more comprehensively as a transition to the third stage of the Economic and Monetary Union which has been undergoing dynamic development at the institutional level.

The main conclusions of the thesis are as follows. The traditional Maastricht convergence criteria, as they are explicitly formulated in primary law, cannot be regarded as the sole conditions for entry into the euro area. Non-legal aspects are also relevant when the fulfilment of these criteria is assessed by the European Commission and the European Central Bank. In addition, several new institutions such as the Banking Union or the European Stability Mechanism have been established in the euro area, but are not taken into account by the Maastricht convergence criteria. This also confirms that entry into the euro area cannot be reduced to a mere change of the national currency. Another important conclusion is that entering the ERM II exchange rate mechanism, which is necessary to meet one of the convergence criteria, is not just a formality. The accession processes of Bulgaria and Croatia show that entry into ERM II is conditional upon the fulfilment of a number of criteria which, however, are not mentioned in EU law. In relation to the Czech Republic, the key conclusion is that the obligation to join the euro area still applies despite the institutional changes. If the Czech Republic were to decide to join the euro area, this decision should have broad political and civil support to ensure a disciplined economic policy and the necessary determination to implement a number of legislative changes for a sufficient time period.

The value added of the thesis is a comprehensive analysis of the conditions for the entry of the Czech Republic into the euro area, which goes beyond the current domestic academic literature. From a more practical point of view, it can serve as a valuable guidance for potential considerations on the costs and benefits of euro adoption and related issues.

Keywords

Economic and Monetary Union, Euro adoption, Maastricht convergence criteria