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ИКОНОМИЧЕСКИ
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RESOLUTION
of the Economic and Social Council
on
the need to accelerate the process of Bulgaria's
accession to the Eurozone

(drawn up on the Council's own initiative)

Sofia
February 2025

The Economic and Social Council (ESC) included in its 2025 Plan of Activities the drafting and adoption of a resolution on the need to accelerate the process of Bulgaria's accession to the Eurozone.

The drafting of the resolution was entrusted to the President's Board, with the ESC's Vice-Presidents — Milena Angelova (Group I), Plamen Dimitrov (Group II), and Bogomil Nikolov (Group III), and the external experts Dobrin Ivanov and Petar Mishev, acting as rapporteurs. The ESC President's Board developed and approved a draft resolution on the need to accelerate the process of Bulgaria's accession to the Eurozone, which it submitted to the Plenary.

The Economic and Social Council adopted the Resolution at its plenary session on 24 February 2025.

1. The Economic and Social Council (ESC) unequivocally supports Bulgaria's accession to the Eurozone and advocates for acceleration of this process. In connection with this, in December 2024, the ESC adopted a Declaration on Bulgaria's accession to the Eurozone, in which it urged the Bulgarian authorities 'to prepare to implement the decision of the National Assembly at the earliest opportunity, and, once the price stability criterion has been satisfied, to request extraordinary convergence reports from the European Commission (EC) and the European Central Bank (ECB) within two weeks of implementation'¹. The ESC has systematically supported this process since 2017 and has drafted and adopted a number of acts².

2. As a responsible representative of the interests of social partners and organised civil society in Bulgaria, the ESC underscores the unequivocal benefits of Bulgaria's accession to the Eurozone, including accelerated convergence of all economic indicators of a country in the post-accession period, as well as other benefits related to:
 - 2.1. Higher real income growth for workers and the creation of conditions conducive to improving the business environment being some of the expected benefits. These factors create the conditions for an increase in business activity, an improvement in financial performance and a faster flow of cash domestically. The three Baltic republics of Lithuania, Latvia and Estonia, which have economic structures and monetary systems similar to Bulgaria's, are a case in point. In these countries, wage increases of between 80% and 120% were witnessed over a period of six to seven years following accession to the Eurozone.
 - 2.2. Low long-term interest rates: Eurozone membership will lead to lower interest rates on loans for businesses and households. This reduction in interest rates will, in turn, stimulate investment and consumption, thereby promoting economic growth.
 - 2.3. Elimination of transaction costs (euro-levy): The elimination of transaction costs between the lev and the euro will facilitate trade with other Eurozone countries and speed up international payments within the Eurozone, making them faster and cheaper.

¹ https://esc.bg/wp-content/uploads/2024/12/%D0%98%D0%A1%D0%A1_4_073_2024.pdf

² Opinion on 'Accelerating preparations for Bulgaria's accession to the euro area' — adopted in 2017

Analysis Impact of Bulgaria's accession to the euro area on economic development, inflation and incomes in the country — adopted 2022

ESC Resolution on Bulgaria's Eurozone membership — adopted 2023

ESC resolution on Bulgaria's accession to the Eurozone — adopted 2024

Declaration of the ESC on Bulgaria's accession to the Eurozone — adopted 2024

Cumulative statistics from countries that have already adopted the single currency show that national savings amount to 0.5% of the respective country's GDP. In the case of Bulgaria, with a projected GDP of more than BGN 200 billion for the current year, this translates into a reduction in transaction costs at the national level of over BGN 1 billion per year.

- 2.4. Reduced currency risk for businesses that will enable companies to make longer term plans and invest with greater confidence.
- 2.5. Raising Bulgaria's credit rating will improve fiscal discipline and give the government access to cheaper financing. A higher credit rating will allow the government and banks to borrow on more favourable terms and issue euro-denominated government bonds at lower interest rates. This will reduce the cost of servicing public debt.
- 2.6. Respect for fiscal discipline. Membership of the Eurozone creates conditions for more responsible management of public finances.
- 2.7. Greater investment attractiveness and activity will enhance the business environment and raise competitiveness. Adopting the euro is indicative of economic stability and maturity, which is a key prerequisite for increasing both domestic and foreign direct investment.
- 2.8. Incentives for Bulgarian companies to enhance their efficiency and innovation will result in higher productivity and improved positioning on international markets.
- 2.9. Enhanced access to funding for research and innovation, coupled with the development of high-tech sectors in Bulgaria, will stimulate economic growth and increase the creation of quality jobs.
- 2.10. Reducing the informal economy and improving tax collection. This will lead to an improved business environment and higher revenue for the national budget.
- 2.11. Easier access to finance for major energy projects, which will help diversify energy sources and increase energy efficiency.
- 2.12. Bulgaria's membership of Eurozone and participation in decision-making at this level will give it greater political clout within the EU. The country will have a greater impact on the Union's economic policies and therefore a better opportunity to safeguard its national interests at a higher level. Membership of the Eurozone will also strengthen Bulgaria's voice within European institutions, facilitating the better protection of its national interests across a range of policy areas.
- 2.13. Improving financial stability and crisis prevention mechanisms through:
 - Access to financial support from the European Stability Mechanism;

- Continuation of a stable monetary policy, but with more flexibility;
 - Access to European Central Bank liquidity in crisis situations;
 - Better coordination of economic policies with other Eurozone countries;
 - Access to larger liquidity markets and a more stable banking system;
 - Lower risk of currency crises;
 - Greater stability of financial markets.
- 2.14. Stabilisation of inflation and greater price transparency. Joining the Eurozone will help to maintain lower and stable price levels, thereby better protecting citizens' purchasing power and creating a more predictable environment for doing business. Within the Eurozone, prices can be easily compared, leading to stronger competition and potentially lower prices.
- 2.15. Enhancing international trade and tourism: The use of a single currency, the euro, facilitates trade with other Eurozone countries, thereby boosting exports and economic growth, inter alia, by making it easier for euro-area tourists to travel and eliminating exchange rate differences.
- 2.16. Improving quality of life and reducing income inequality. A stable currency and economic growth can lead to improved living standards. This includes better opportunities for education, health and social services.
- 2.17. Increasing the financial literacy of Bulgarians will result in better management of personal finances and more informed investment decisions.
- 2.18. Facilitating cross-border labour mobility, including by making it easier to compare wages and living costs across Eurozone countries, will lead to a better match between labour supply and demand.
3. The ESC strongly condemns the provocations and escalating acts of vandalism and hatred, such as those that occurred on 22 February 2025.
4. With technological progress and the development of social networks as an important channel for communication, misinformation is increasingly becoming a key element in public opinion manipulation. The ESC continues to follow, with deep concern, the organised disinformation activities aimed at exaggerating the potentially negative consequences of Eurozone accession that are being widely spread on social media. The ESC acknowledges as a positive development that the information website of the Ministry of

Finance <https://ebpoto.bg>, which is intended to provide Bulgarian citizens with comprehensive information about the euro, is finally operational.

5. The ESC urges State institutions and information channels to take a firm and organised stand against the disinformation campaign and not to allow Bulgarian society to be deliberately alarmed and misled about non-existent dangers to living standards as a result of the adoption of the euro. Particularly vulnerable in this respect are the lower income groups, who share the fears that have been instilled in them in every possible way, including through leaflets on the streets. In this context, the ESC cautions that a smooth transition to the single European currency can only be ensured if businesses and the public are well informed about the process. In this respect, the ESC expects all the institutions involved in the information campaign to step up their efforts to ensure:
 - Full transparency about the process of joining the Eurozone and the associated benefits and challenges it brings;
 - A detailed explanation of the practical implications of the euro, including changes to prices, bills, wages and pensions;
 - Effective communication on the steps to be taken and how citizens and businesses can prepare;
 - Timely information on progress in meeting Eurozone membership criteria and on the deadline for adopting the euro.
6. The ESC believes that people's fears of an increase in inflation as a result of the introduction of the euro are unfounded. On the contrary, these fears are the subject of an aggressive disinformation campaign, often not supported by the necessary evidence and arguments. According to available studies, the impact on headline inflation is in the range of 0.1% to 0.3%. In the short term (up to six months), a more significant impact on inflation would only result from possible attempts to speculate on the prices of individual goods or services for which demand is inelastic to price changes owing to the specific nature of the good or service concerned. The role of supervisors in taking timely and appropriate action is crucial.
7. In this regard, the ESC notes that the decision on the rate at which the euro replaces a Member State's currency is taken by the Council of the European Union, acting on a proposal from the European Commission, following consultations with the European

Central Bank. The decision is taken unanimously by the Eurozone Member States and the country adopting the euro. On 27 October 2022, the National Assembly of the Republic of Bulgaria adopted a ‘Decision on the adoption of the euro in the Republic of Bulgaria’ (published in the State Gazette No 87/2022). Paragraph 3 of the decision states that ‘the Republic of Bulgaria adopts the euro while maintaining the official exchange rate of the Bulgarian lev against the euro, which is equal to the central rate of exchange of 1.95583 leva to 1 euro.’ It is impossible for a European institution to forcefully impose the exchange rate on Bulgaria upon membership in the Eurozone.

8. The ESC recognises that the Eurozone comprises 20 countries with a population of 347 million and that a further 175 million live in countries and territories whose currencies are linked to the euro. The euro is the second most widely used currency in the world.
9. Bearing in mind and recognising that the purpose of the Maastricht criteria for membership of the Eurozone is to ensure that countries joining the monetary union have sustainable and stable economies, thereby safeguarding the stability of the European currency, the ESC stresses that Bulgaria will not bring instability to the Eurozone. It recalls that Bulgaria, along with Sweden, is the country outside the Eurozone that has consistently fulfilled the criteria most often. Taking into account the results of the hearing of the Minister of Finance at the Eurogroup on 17 February and the projected deficit for the period 2025—2028, which is in the range of 2.2% to 3.0% of GDP with a downward trend, the ESC urges Bulgarian politicians to actively engage in negotiations with the relevant European bodies in order to accelerate Bulgaria’s accession to the Eurozone on the basis of the indicators achieved.
10. The ESC welcomes the final and official data for the Harmonised Index of Consumer Prices (HICP) for January 2005, published on 24 February 2005, which show that Bulgaria fulfils the criterion on price stability.
11. The ESC urges the Bulgarian government to implement the decisions of the National Assembly and to immediately request an extraordinary convergence report from the European Central Bank (ECB) and the European Commission (EC) by the end of February 2005, believing that the moment is favourable for taking this step. It recommends that the competent institutions prepare a convincing argumentation on the specific circumstances that could affect the calculation of the price stability criterion in order to

achieve a positive assessment in the convergence report and enter into negotiations to clarify these.

12. The ESC stresses that Bulgaria has achieved a high degree of readiness for adoption of the euro:

- All necessary amendments to legislation have been enacted to ensure full legal compliance with the requirements for accession to the Eurozone, including the Law on the Adoption of the Euro in the Republic of Bulgaria, which was adopted in August 2024;
- The banking sector's investment in systems and mechanisms for introduction of the euro has been substantial;
- The public administration is prepared for the transition to the single European currency;
- A large number of retail outlets in Bulgaria have ensured that their software is ready for the changeover to the single European currency, with the possibility for receipts to be issued in both national currency and euro. This means that the change is expected to be smooth and seamless in this segment.

13. The ESC is concerned that a delay in the process of euro adoption could lead to greater scepticism and an increase in misinformation about the benefits for Bulgaria's membership of the Eurozone.

14. The ESC stresses that the decision on whether a European Union Member State should join the Eurozone is primarily political. Meeting the formal and informal criteria is naturally a necessary precondition for membership, but practice shows that it is not the only condition. A case in point is Croatia, the last country to accede to Europe's monetary union, which became part of the Eurozone without meeting all requirements. In this respect, the ESC is confident (particularly considering that Bulgaria already has a regular government) that the obligatory step for Bulgaria to submit a request for an extraordinary convergence report to the EC would have a positive outcome.

15. With this document, the ESC reaffirms its position that Bulgaria should become a full member of the Eurozone as of 1 January 2026. Any further delay would present a 'negative

scenario for the economic development of businesses in Bulgaria, as well as for workers and civil society in the country'³. The benefits of Bulgaria's accession to the single monetary system of the Community set out in this Resolution are the practical tools for the real convergence of the incomes of Bulgarian citizens.

(signed)

Zornitsa Roussinova

PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

³ https://esc.bg/wp-content/uploads/2024/12/ИСС_4_073_2024.pdf