



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM



# Ten Years of the Euro in Slovakia: Costs and Benefits

**Ľudovít Ódor, Deputy Governor**

# Positive sentiment

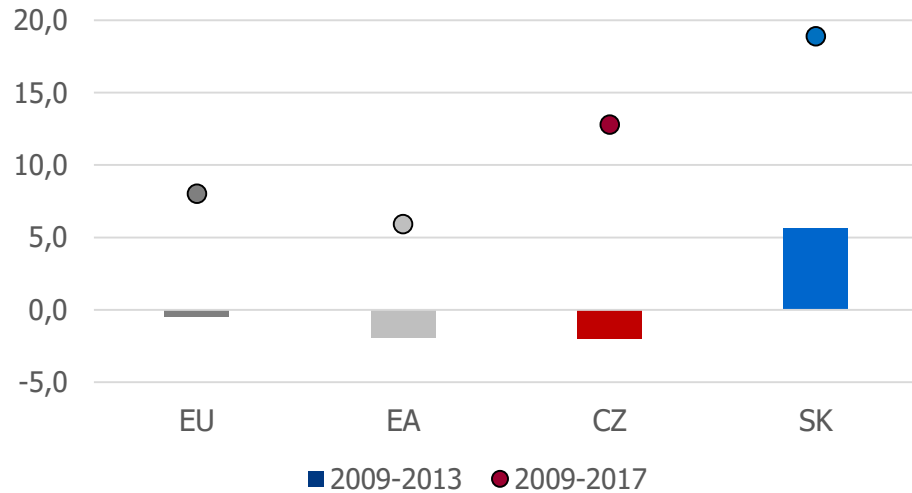


- **68% of respondents think that „euro is a good thing for Slovakia“ (Eurobarometer 473)**
- **83% of firms and self-employed are satisfied with the euro (Datank for CSOB)**
- **No major political party questions Slovakia's membership in the euro area**

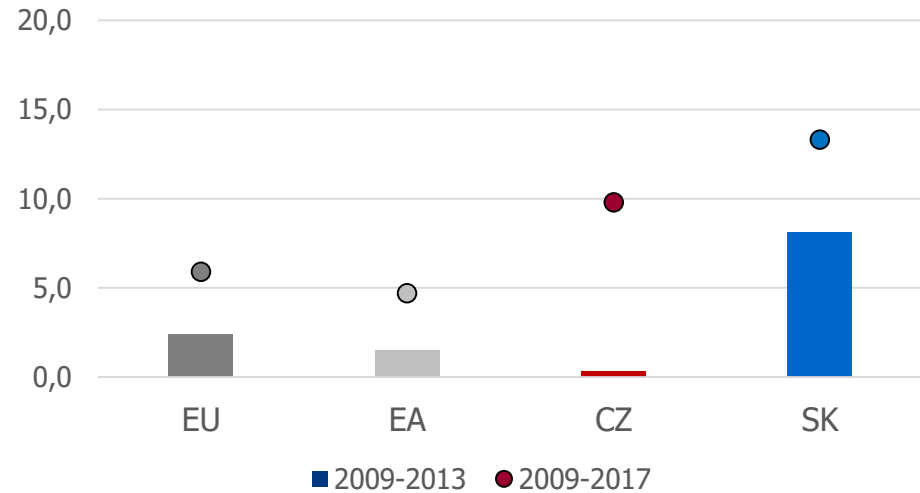
# Economic performance



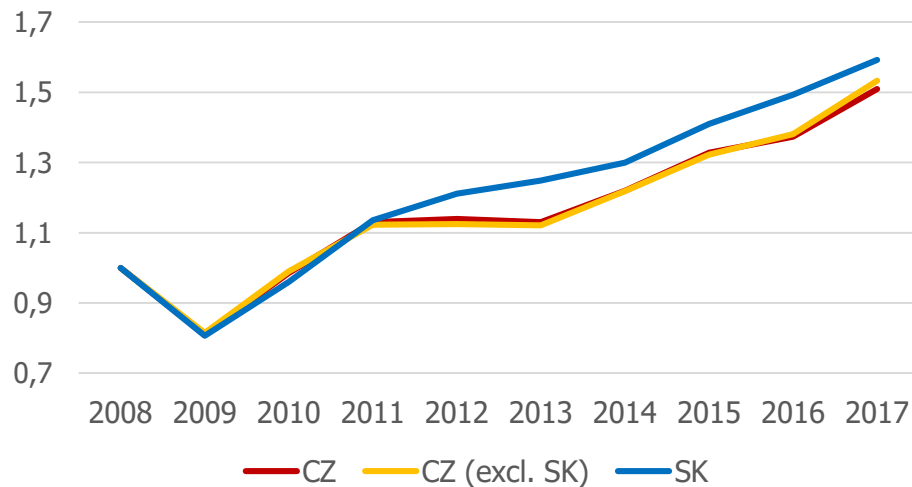
Cumulative real GDP growth (%)



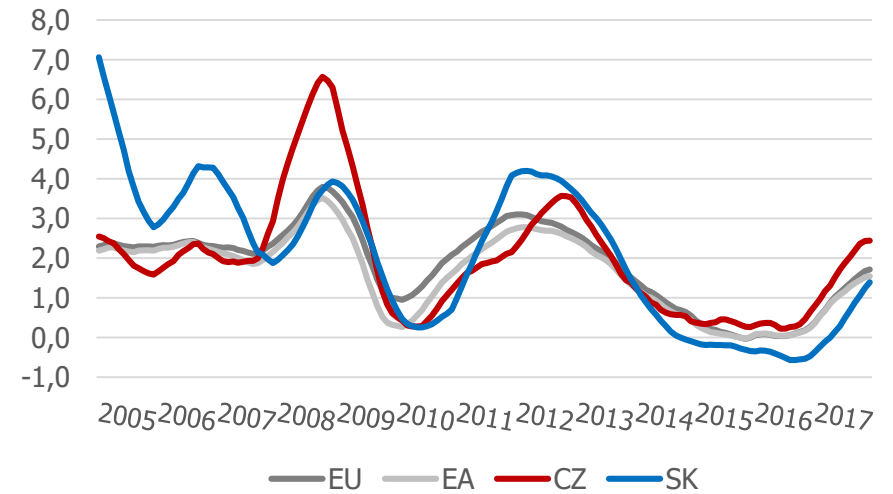
Cumulative labour productivity growth (%)



International trade with the euro area (index)



Consumer price inflation (%)



# Costs and benefits



- **Pre-entry:**
  - B: catalyst for structural reforms, signalling effect (investor sentiment)**
  - C: changeover costs**
- **Post-entry – net benefits lower than expected, but still positive:**
  - B: stable prices, better trade and investment, lower transaction costs**
  - C: euro crisis, loss of independent monetary policy**
- **Future: it depends on the future architecture of the monetary union (some elements are still missing)**

# Some lessons for future entrants



- **The final outcome is not set in stone: policies, institutions and overall economic flexibility matter**
- **Reform your economy before adopting the euro**
- **Prepare your policy frameworks in advance: macroprudential, fiscal, and labour markets**
- **Floater: ERM II allows significant appreciation; exchange rate pass through is an important policy variable**
- **Avoid the „weighing-in“ syndrome**
- **The gap between members and non-members is widening**



**Thank you for your attention!**