

The Significance and Impacts of EU Enlargement on the Euro Area and New Member States

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Abstract

Ten Central and Eastern European countries, together with Cyprus and Malta, joined the European Union (EU) in two successive waves on 1 May 2004 and 1 January 2007 respectively. The EU set convergence criteria for the new Member States to join the euro area. As soon as these conditions have been met, they will be required to introduce the euro. Slovenia, Cyprus, Malta and Slovakia eventually adopted the euro, increasing the number of EU Member States in the euro area from 13 to 16 out of a total of 27. This paper examines the following core issues: what is the impact of EU enlargement on the decision-making procedures and voting model of the ECB? What are the implications of enlargement of the euro area on the new accession Member States? What lessons can be drawn from the case of Slovenian accession for those Member States still outside the euro area? In general, the fifth enlargement marks a new stage of European integration, undertaken with substantial adjustments by both the ECB and new Member States.

Key Words: ECB, euro area, EU enlargement, economic convergence, the voting rotation system