EURO AREA

Update: 3rd July 2024

Geography

Surface area: 2,815,354 km²

Population

Population: 349,616,346 (2023)
Natural growth rate: -2.6‰ (2022)
Migratory balance: 10.9‰ (2022)
Total demographic growth: 0.4‰ (2022)
Gross birth rate: 8.7‰ (2022)
Gross death rate: 11.2‰ (2022)
Life Expectancy: men 79.1 years, women 84.1 years (2022)
Number of asylum seekers: 30,617 (2021)
Number of requests accepted: 84,985 (2019)

Sources: Eurostat, The World Factbook

Economy

GDP: € 14,372,465 million (2023)
GDP per capita (€ PPP): € 31,740 (2023)
GDP Growth (in volume): 0.4% (2023)
Unemployment: 6.4% (May 2024)
Inflation: 2.6% (May 2024)
Government debt (% of the GDP): 88.6% (Q4 2023)
Government spending (% of the GDP): 50.04% (Q4 2023)
Government revenues (% of the GDP): 45.2% (Q3 2023)
Exports : € 247,579.9 million (April 2024)
Imports : € 232,539.6 million (April 2024)
Trade balance : € 15,040.2 million (April 2024)
Current account balance (% of GDP): 2.2% (March 2024)
Foreign Direct Stock Investments (% of the GDP): 45% (2017)
Public deficit : -3.3% of GDP (Q4 2023)

Sources: European Central Bank, Eurostat, Trading Economics, European Commission

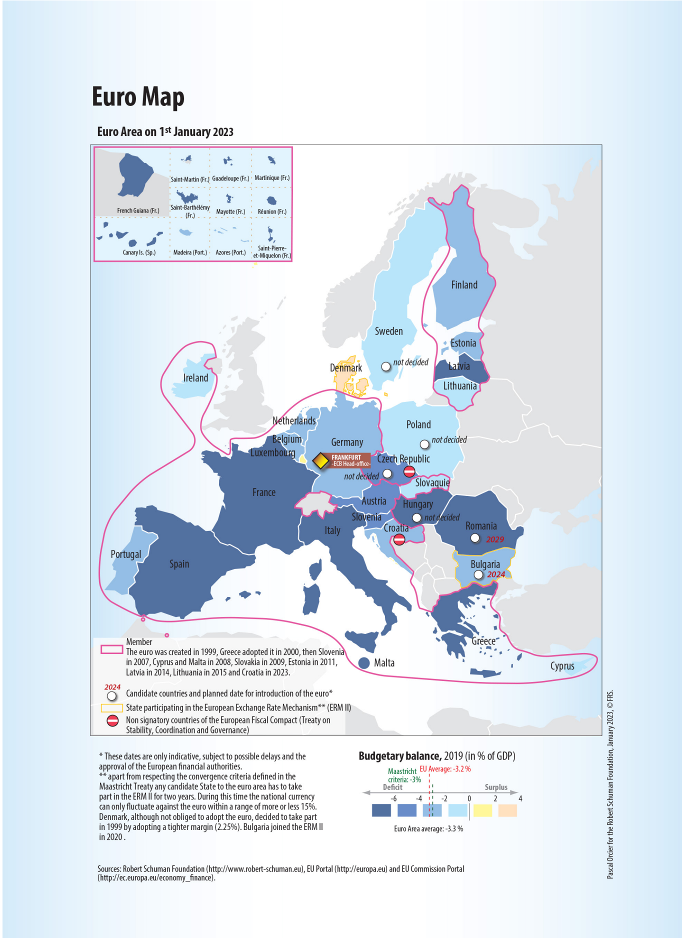
Institutions

The European Central Bank

The ECB is the heart of the financial system. It employs around 5,089 people and its capital lies at € 10,825 billion (2024). In under ten years the common policy of the Member States of the euro area has enabled the euro to rise to second place worldwide, i.e. nearly 30%, for the emission of securities (financing) and around 25% of monetary reserves (exchange). The distribution of the ECB's capital changes with each enlargement. On 1st January 2024 the ECB's capital totalled € 10,825 billion.

European Exchange Rate Mechanism (ERM II)

ERM II was established by the European Council in June 1997 to link the currencies of EU member states not yet in the eurozone to the euro. Its objective is to increase their monetary stability and support their efforts to adopt the euro. Currently, only Denmark and Bulgaria are part of it, but Poland, Hungary, Romania, and the Czech Republic are expected to join.



Member states

The euro area comprises 20 member states of the European Union.

- Germany
- Austria
- Belgium
- Cyprus
- Croatia
- Estonia
- Finland
- France
- Greece
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Portugal
- Slovakia
- Slovenia

In addition, six countries use the euro as their official currency without being members of the European Union: San Marino, Vatican City, Monaco, Andorra, Kosovo and Montenegro.

Member states outside the euro zone:

Bulgaria, the Czech Republic, Denmark, Hungary, Poland, Romania and Sweden are members of the EU but are not part of the euro zone. While these countries are expected to eventually join the euro zone, Denmark has obtained an exemption which allows it not to launch membership process. Denmark and Bulgaria participate. However, under the European Exchange Rate Mechanism II (ERM II), which means that their currencies are linked to the euro. In the future, other countries should join the ERM II.

EURO AREA

CHRONOLOGY:

GOVERNMENT DEBT CRISIS

EUROPEAN RESPONSE

2010: Adoption of the first aid plan for Greece

25th March 2010: the European Council decides to modify art.136 of the Treaty on the Functioning of the European Union by creating the European Stability Mechanism.

6th April 2010: Portugal asks the EU for financial aid.

7th-9th May 2010: Creation European Financial Stability Facility (EFSF)

21st July 2010: the European Council decides to introduce a second aid programme for Greece and to strengthen the EFSF.

October 2010: all of the euro area countries ratified the strengthening of the EFSF. European Parliament and the Council come to agreement over the reform of economic governance (“six pack”).

27th October 2010: the European Council adopts second support plan for States in difficulty with the strengthening of the EFSF and a 50% cut on the Greek government debt. It decides to institutionalise the euro area for which the heads of State and government had to meet at least twice a year.

30th October 2010: the Greek government decides to hold a referendum on the adoption of the European support plan to Greece.

1st November: Mario Draghi is appointed the third ECB President.

21st November 2010: Ireland asks for financial support of the EU.

1st January 2011: Estonia adopts the Euro.

TOWARDS A NEW TREATY

8th-9th December 2011: the heads of State and government of the European Union, except for the British Prime Minister, decided on the enhanced structure of the Economic and Monetary Union which was to be the focus of a new treaty:

A new fiscal pact in which the budgets of the public administrations are balanced (structural deficit below 0.5 % of the GDP). This rule was inserted into the national legal systems at institutional level. The rules of the excessive deficit procedure were strengthened (automatic sanction for exceeding the 3 % rule)

Strengthening of economic policy coordination – strengthening of stabilisation tools (European Financial Stability Facility and European Stability Mechanism: provided with 500 billion €)

Adoption of IMF rules (no contribution by the private sector in the event of aid to a country in difficulty).

8th October 2012: entry into force of the European Stability Mechanism

1st January 2014: Latvia adopted the Euro.

1st January 2015: Lithuania adopted the Euro.

27th February 2015: European Financial Stability Facility (EFSF) enabled the extension of the European aid programme to Greece for a further four months.

9th March 2015: Start of the “Quantitative easing” programme, undertaken by the ECB, to repurchase both private and government debts took place until September 2016

28th May 2015: The Council and Parliament agreed on the procedures for the creation of the European Investment Fund.

4th June 2015: Greece use an IMF clause that enabled it to reimburse its debts to institutions in one payment instead of four.

22nd June 2015: The “Five Presidents” - Commission, European Council, Eurogroup, ECB and the Parliament – published their report “Toward a complete European Economic and Monetary Union” (EMU) which established proposals for the strengthening of the EMU by 2025.

30th June 2015: Greece defaults vis-à-vis the IMF, whilst it was due to repay 1.5 billion euro to the institution.

5th July 2015: Referendum in Greece on the acceptance of the proposals made by the European and International institutions in exchange for further financial assistance.

8th-9th July 2015: Greece officially asked for help from the ESM and submitted a reform programme to the leaders of the euro area.

12th-13th July 2015: Greece and its European and international creditors came to agreement for the third financial aid programme totalling 86 billion euros over three years in support of Greece.

16th July 2015: The Greek Parliament adopted the first series of reforms (increases in VAT, retirement pensions, adoption of a golden budgetary rule provided for in the agreement achieved on 12th and 13th July.

4th August 2015: The Council approved the adoption of a regulation modifying the European Financial Stabilisation Mechanism (EFSM), whereby a protection of non-euro area Member States had to be guaranteed in the face of possible economic and financial risks generated by the financial assistance granted to a Member State in the euro area.

30th September 2015: The Commission adopted an action plan (33 measures) to build a Capital Union Market.

21st October 2015: The Commission published the list of necessary actions for the implementation of phase 1 “Deepening by Doing” of the EMU contained in the Five Presidents’ Report.

17th November 2015: Greece came to an agreement with its creditors which led to the payment of 2 billion euro in loans and 10 billion euro for the recapitalisation of the banks.

25th November 2015: Release of the new 20 euro note.

3rd December 2015: The ECB announced the extension of the Quantitative Easing programme until March 2017 at least.

8th December 2015: The European Stability Mechanism paid 2.71 billion euro to recapitalise the Bank of Greece.

1st January 2016: Entry into force of the Single Resolution Mechanism (SRM) the second pillar of Banking Union.

4th May 2016: The ECB announced the end of the production and emission of 500€ notes by 2018.

8th May 2016: The Greek Parliament adopted a first austerity package in response to the demands of the country’s European and international creditors, just before a Eurogroup meeting on negotiations to release a further tranche of aid in support of Greece.

9th May 2016: Exceptional meeting of the Eurogroup which defined a package of measures that should be adopted by Greece equal to 3% of the GDP and a security mechanism if the excessive budget goals of 3.5% was not achieved in 2018.

22-24th May 2016: The Greek Parliament adopted a second austerity package. An agreement was concluded between Greece and its creditors and an announcement was made for the disbursement of a further tranche of financial aid of 10.3 billion € for the summer of 2016.

25th October 2016: the European Stability Mechanism allowed the additional disbursement of 2.8 billion € to Greece, as part of the second tranche in the financial assistance plan.

15th June 2017: The EU unblocked a third tranche of additional aid of € 8.5 billion for Greece

19th August 2018: End of Greece’s fourth economic adjustment programme

21th June 2018: Fourth (and last) evaluation of the economic adjustment programme of Greece

20th November 2018: Germany and France presented their proposal for a euro zone budget to the Eurogroup.

14th December 2018: On the occasion of a Euro Summit, the 27 Heads of State and Government approved the rules of the common backstop to the Single Resolution Fund (SRF), which will be operational by 2020 if the risks are sufficiently reduced.

FONDATION ROBERT SCHUMAN

EURO AREA

June 2019: Adoption of new norms regarding own funds and bank liquidities to reduce risks in the banking system as part of the introduction of Banking Union.

1st November 2019: Christine Lagarde becomes President of the ECB

December 2019: Agreement on the revision of the Treaty regarding the ESM to turn it into a saftey net for the Single Resolution Fund under Banking Union.

19th March 2020: Launch of temporary emergency purchasing programme in response to the pandemic to the tune of 750 billion €, increased to 1,350 billion € on 4th June.

23rd March 2020: The EU Council accepted the Commission's proposal on the activation of the general opt-out clause of the Stability and Growth Pact. The suspension of the Pact's rules was extended to 2021 and 2022.

1st January 2023: Croatia joined the Eurozone.

9th July, 2020: Paschal Donohoe is elected President of the Eurogroup.

July 2021: launch of the "Digital Euro" (e-euro) project for the possible introduction of a central bank digital currency.

July 2022: ECB announces the Transmission Protection Instrument (TPI) to promote efficient transmission of monetary policy.

1st January 2024: End of the suspension of the rules of the Stability and Growth Pact in its current version.

10th February 2024: Provisional political agreement between the Council and the European Parliament on the proposed reform of the EU's Stability and Growth Pact.