



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR RESEARCH
DIRECTORATE A
DIVISION FOR INTERNATIONAL AND CONSTITUTIONAL AFFAIRS

FACTSHEET

SLOVENIA

Chapter 11 - Economic and Monetary Union

1. The *acquis* ¹

The Treaty distinguishes between Member States which have adopted the euro and those with a derogation. The latter are excluded under Article 122 EC from the rights and obligations within the European System of Central Banks (ESCB).

Candidate countries will participate in Economic and Monetary Union from the date of accession but will not immediately adopt the euro, as the Treaty requires that an assessment be made of the sustainability of their financial position, and they are also required to participate in the exchange rate mechanism for at least two years. Participation in EMU implies adoption of the single market *acquis*, in particular the *acquis* on the free movement of capital. As there is no opt-out for the candidate countries in respect of EMU, no transitional periods or special arrangements are allowed and none has been requested.

The *acquis* in this chapter covers **elements which must be implemented in legislation prior to accession**, including:

- prohibition of direct financing of the public sector by means such as overdraft or credit facilities conceded to EU institutions or direct acquisition of public debt instruments by the ECB or the national Central Bank;
- prohibition of privileged access of the public sector to financial institutions;
- Central Bank independence: the Central Bank must aim at price stability as its explicit objective and there must be no external body able to give instructions, approve, censor, be consulted or participate in Central Bank decision-making;

and **elements to be complied with from the date of accession**:

including exchange rate and economic policies, coordination of economic policies through participation in Community procedures and adherence to the Stability and Growth Pact and the ESCB statutes.

¹ Information largely drawn from the European Commission, DG Enlargement
<http://europa.eu.int/comm/enlargement/negotiations/index.htm>

2. The negotiations

The chapter has been closed with ten countries and provisionally closed with Bulgaria and Romania.

Chapter opened first half of 1999
Status closed in December 2002 (provisionally closed at end of 1999)
Transitional arrangements: none

3. Latest Assessment of the European Commission ¹

In its 1997 Opinion, the Commission concluded that the Slovenian Central Bank enjoyed a relatively high degree of independence from the Government, but the Law on the Central Bank was not fully compatible with the Treaty prohibition of budget deficit financing.

Since the Opinion Slovenia has made significant progress towards alignment with the *acquis* especially by adoption of the new Act on the Bank of Slovenia in June 2002.

Negotiations on this chapter have been provisionally closed. Slovenia has not requested any transitional arrangements. Slovenia is generally meeting the commitments it has made in the accession negotiations in this field.

In order to complete preparations for membership, Slovenia's efforts now need to focus on effective implementation of the *acquis* in this area.

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¹ European Commission, Regular Report on Slovenia 2002, pp. 74 & 75:
http://www.europa.eu.int/comm/enlargement/report2002/si_en.pdf