

STRICT EMBARGO UNTIL 17.30

José Manuel Durão Barroso

President of the European Commission

A DAY FOR CELEBRATION AND CONGRATULATION

A Welcome to the Euro Celebration

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

Ljubljana, 15 January 2007

Prime Minister Janša,
Dear Chancellor Merkel, President of
the European Union,
Dear Mr (Jean-Claude) Juncker,
President of the Eurogroup,
Dear Mr (Jean-Claude) Trichet,
President of the European Central Bank
Prime Ministers (Guy Verhofstadt,
Kostas Karamanlis, Romano Prodi),
Distinguished guests,
Ladies and gentlemen,

I would like to start by thanking Prime
Minister Janša for inviting me to share in
this celebration.

The adoption of the euro is an important
historic step for Slovenia. It crowns
years of efforts to reintegrate your
country in the very heart of the

European family, after decades of unfair separation.

But it is also an important step for the Community as a whole. It proves – if ever proof was needed – that the eurozone is not some kind of private restricted club: the euro is truly the currency of the European Union.

The door is wide open for all those who respect the conditions foreseen by the Treaty. Those conditions are not here to enforce some kind of elitist approach, but to make sure that the adoption of the single currency is beneficial both for the new comers and those already sharing the euro.

We all know that meeting the conditions can be a long and difficult journey.

This was the case in the past and is still the case today. But experience shows the struggle is worth it.

The euro has indeed delivered lasting benefits to the welfare of its members. We have satisfactory growth, rising employment, and – crucially – the greater economic stability which is so essential for sustainable growth.

The reasons for this are not difficult to find. At a stroke, it eliminated entirely any exchange rate costs and risks in the euro zone, crowning the biggest single market in the world. This is a silent but

significant advantage to both consumers and businesses.

Most European countries have suffered from the repeated waves of devaluations in the 80s and in the beginning of the 90s. Today, this threat is only a distant memory for the Eurozone. Furthermore, the euro has brought favourable financing conditions for enterprises.

The euro also encourages cross-border trade and investment inside the euro area. Euro-zone companies invest more in each others' territories than they do in the countries that joined the EU in 2004, or in countries outside the EU.

The euro protects against global economic shocks.

As a strong and solid currency – more than a fifth of the world's official currency reserves are in euros – the euro acts as a cushion against shocks like the steep rise in oil prices or foreign monetary crisis.

But the euro is not just about macroeconomics and businesses. It brings significant and concrete advantages to the citizens.

The euro has delivered low and stable inflation, which is a precondition for sustained and employment-creating growth. In the early 1990s, some euro area countries –

including Slovenia – were still suffering from double-digit inflation.

Today, it is around 2 per cent, thanks to the credible and effective policy carried out by the European central bank. This has direct consequences. For example, all those who want to buy a house will appreciate the fact that borrowing has never been so cheap.

For consumers, **the euro has also increased price transparency, which means lower prices, and has made travelling much easier.**

But we must also be reminded that abandoning the exchange rate instrument must come together with a **change in attitude** of all economic agents: households, firms and governments. Experience has shown that such an attitude change has not always occurred and that, for example, unwarranted cost developments have led to losses in competitiveness, and eventually in job losses.

Competitiveness must come from high productivity, which in turn requires investing in knowledge, innovation while securing well performing markets.

In a nutshell, implementing the renewed Lisbon Strategy for Growth and Jobs.

Ladies and Gentlemen,

Thanks to the stability-oriented policies of the Slovenian government, the people of Slovenia can now enjoy all the benefits stemming from belonging to the euro area. It is a great achievement that is worth celebrating.

You are joining an area – the euro area – which has already delivered significant benefits, but which has yet more to give in terms of growth and employment. But do not ask the euro to deliver what only structural reforms can help us to achieve: higher growth.

In addition, we must continue to endeavour to improve the functioning of the euro area, building on the rules

provided by the Treaty, mainly an independent and price stability oriented European Central Bank.

I am pleased to see that the changeover to the euro has gone so smoothly – a testament to the careful planning of Slovenian authorities and businesses.

Of course, it does not mean that the work is over. The euro not only brings huge benefits, but also important responsibilities in terms of maintaining macroeconomic stability and Slovenia's competitiveness in a single currency environment.

Today is a day of celebration and congratulation. So it only remains for me to say:

Srečno novo leto [*Srečno novo leto* –
happy new year] – **and welcome to the
euro area!**

Thank you.