EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

24 June 2026

ECB reports on progress towards euro adoption

- Biennial report assesses progress towards euro adoption in Czech Republic, Hungary, Poland, Romania and Sweden
- Countries under review show economic resilience to external shocks but still face obstacles on road to euro adoption
- Mixed inflation trends, with fiscal situation deteriorating in most countries
- Legislation in all five countries not fully compatible with legal requirements for euro adoption

Limited progress has been made by the non-euro area Member States of the European Union (EU) on economic convergence with the euro area since 2024, according to the 2026 Convergence Report of the European Central Bank (ECB) published today. A key factor holding back economic convergence is the economic impact of external shocks, including Russia's war against Ukraine, global trade tensions and the outbreak of the war in the Middle East.

Despite these external challenges, economic activity in the countries under review has shown resilience, but the pace of growth has differed across countries. Looking ahead, the economic outlook is clouded by heightened geopolitical tensions. The war in the Middle East has contributed to greater volatility in global energy markets and rising energy costs, compounding the uncertainty about economic prospects. These developments have already had visible effects on inflation and economic sentiment, and may weigh on output growth in the future. While the degree of sensitivity and direct exposure of these economies to energy shocks has subsided over time and is currently lower than in 2022, the medium-term economic implications will depend on the intensity and duration of the present energy shock, as well as the scale of its indirect and second-round effects.

As regards the **price stability criterion**, three of the five countries under review recorded a 12-month average inflation rate above the reference value of 2.7%. Inflation was considerably above the reference value in Romania and above it, albeit to a lesser extent, in Hungary and Poland. In the Czech Republic and Sweden, inflation was below the reference value (Chart 1). The reference value is

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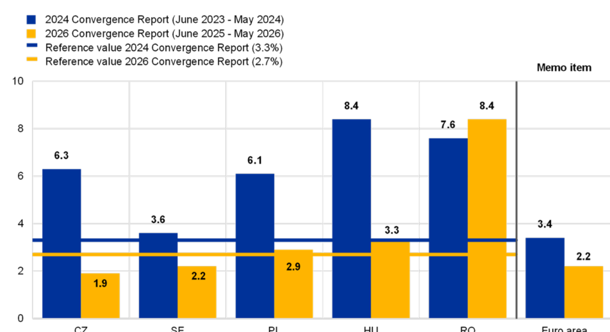
based on the three best-performing Member States over the past 12 months, i.e. Cyprus (0.9%), France (1.2%) and Denmark (1.6%), taking their average inflation rates over the past 12 months and adding 1½ percentage points. None of the Member States was identified as an outlier for exclusion from the calculation of the reference value.

Chart 1
HICP inflation

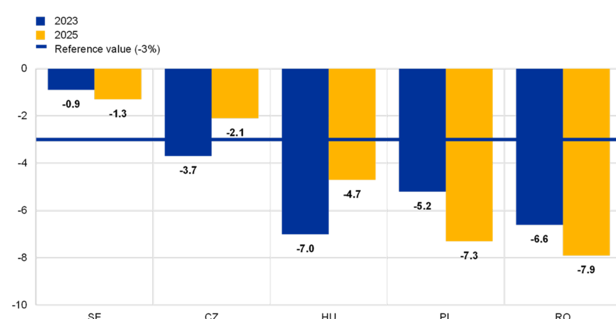
(average annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 2
General government surplus (+) or deficit (-)

(percentages of GDP)



Source: Eurostat.
Note: Data for 2023 have been revised slightly since the 2024 Convergence Report.

The **fiscal deficit** has deteriorated in most countries since the 2024 Convergence Report, with debt-to-GDP ratios rising significantly in some cases. In 2025 Hungary, Poland and Romania exceeded the deficit reference value of 3% of GDP (Chart 2). The general government gross **debt-to-GDP ratio** in 2025 was below or well below the reference value of 60% in all of the countries under review except Hungary. However, the European Commission's latest projections indicate that in 2026 the debt ratio will rise above the reference value in both Poland and Romania.

The number of countries subject to an **excessive deficit procedure** has increased to three since the 2024 Convergence Report, with Hungary and Poland joining Romania – and none of these countries

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is projected to reduce its deficit to below the 3% of GDP reference value before the end of 2027, according to the European Commission's projections. Romania continues to be subject to an excessive deficit procedure, which was opened in 2020 and for which the deadline for bringing the excessive deficit situation to an end has been extended to 2030. Excessive deficit procedures were also opened for Hungary and Poland in July 2024 based on deficits above the 3% of GDP reference value in 2023 – standing at 4.7% and 7.3% respectively – with deadlines for correction set for 2026 and 2028 respectively.

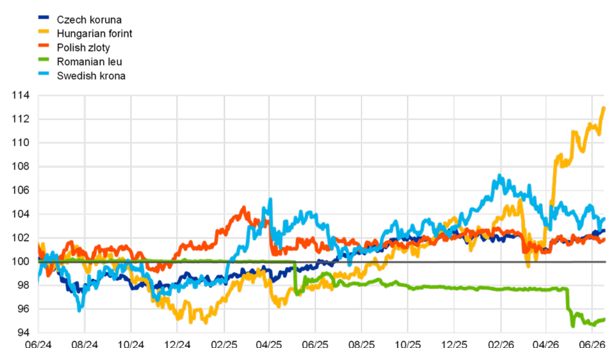
As regards the **exchange rate criterion**, none of the currencies of the countries under review is participating in the exchange rate mechanism (ERM II) and some currencies have experienced sizeable fluctuations against the euro over the last few years (Chart 3).

With regard to **long-term interest rates**, three of the five countries under review recorded a 12-month average long-term interest rate above the reference value of 5.1% (Chart 4). These were Poland (5.4%), Hungary (6.7%) and Romania (6.7%) and their long-term interest rates also stood above the reference value in the 2024 Convergence Report. The reference value is based on the 12-month average of long-term interest rates of the three Member States with the lowest inflation rates, i.e. Denmark (2.6%), Cyprus (3.1%) and France (3.5%). The average rate is therefore 3.1% and, adding 2 percentage points, the reference value is 5.1%.

Chart 3

Bilateral exchange rates vis-à-vis the euro

(index: average of June 2024 = 100; daily data; 1 June 2024 – 17 June 2026)



Source: ECB.
Note: An upward (downward) movement indicates appreciation (depreciation) of the currency.

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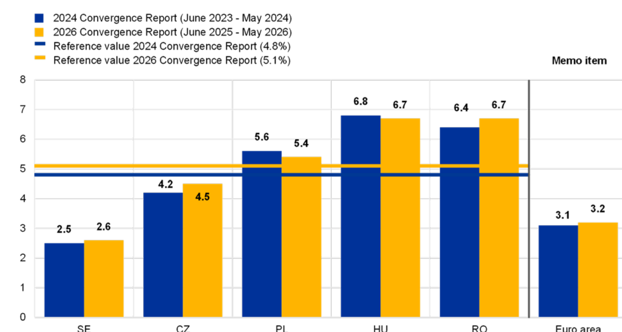
Chart 4
Long-term interest rates

(percentages, annual averages)



Sources: Eurostat and ECB.

The quality of institutions is important for the sustainability of convergence. Stronger institutions and governance would bring significant economic benefits, particularly in Hungary and Romania. With the exception of Sweden, indicators published by international organisations suggest that there is still room for the countries under review to catch up in terms of the quality of their institutions and governance.

As for the **compatibility of national legislation** with the Treaties and the Statute of the ESCB and of the ECB, none of the five countries under review was fully compatible with the requirements for the adoption of the euro.

For media queries, please contact Benoit Deeg, tel.: +49 172 1683704.

Notes

- The European Commission's Convergence Report
- The ECB's Convergence Report reviews the economic and legal convergence of non-euro area EU Member States with a derogation every two years or at the request of a specific country. It assesses the degree of sustainable economic convergence with the euro area, whether the national legislation is compatible with the EU legal framework, and whether the statutory requirements are fulfilled for the respective national central banks. Given its "opt-out" clause, Denmark is not included in the assessment unless it so requests.
- The cut-off date for the statistics included in this Convergence Report was 17 June 2026. The reference period for both the price stability criterion and the long-term interest rate criterion is from June 2025 to May 2026. For exchange rates, the reference period is from 18 June 2024 to 17 June 2026. Historical data on fiscal positions cover the period up to 2025. Forecasts are based on the European Commission's Spring 2026 Economic Forecast and the most recent convergence programmes of the countries concerned, as well as on other information relevant to a forward-looking examination of the sustainability of convergence.

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