



PRESS RELEASE

## Communique on Croatia

10 July 2020

At the request of the Croatian authorities, the finance ministers of the euro area Member States of the European Union, the President of the European Central Bank, and the finance ministers and central bank governors of Denmark and Croatia have decided, by mutual agreement, to include the Croatian kuna in the Exchange Rate Mechanism (ERM II). The Commission has been involved and the Economic and Financial Committee has been consulted.

- › The central rate of the Croatian kuna is set at 1 euro = 7.53450 kuna.
- › The standard fluctuation band of plus or minus 15 percent will be observed around the central rate of the kuna.

The agreement on participation of the kuna in ERM II is based, inter alia, on the commitment by Croatia to join the Banking Union and ERM II simultaneously and the completion by the Croatian authorities of a set of measures described in their letter of intent dated 4 July 2019, that are highly relevant for a smooth participation in ERM II. These measures pertain to the following six policy areas: banking supervision, the macro-prudential framework, the anti-money laundering framework, the collection, production and dissemination of statistics, public sector governance and the reduction of the financial and administrative burden on the economy. The ERM II parties welcome the positive assessment of the implementation of these commitments by the European Central Bank and the European Commission. The European Central Bank has today also announced the establishment of a close cooperation with Hrvatska narodna banka (Croatian National Bank).<sup>[1]</sup>

The agreement on participation of the Croatian kuna in ERM II is furthermore accompanied by a firm commitment by the Croatian authorities to pursue sound economic policies with the aim of preserving economic and financial stability, and achieving a high degree of sustainable economic convergence. The Croatian authorities have committed to implement specific policy measures on the anti-money laundering framework, the business environment, state-owned enterprises and the insolvency framework.

The authorities, together with the responsible European Union bodies, will closely monitor the macroeconomic policy developments and the implementation of these policy measures in the appropriate frameworks.

The compulsory intervention points in the exchange rate mechanism will be communicated by the ECB and Hrvatska narodna banka, in time for the opening of the foreign exchange markets on 13 July.

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## Annex

[📄](#) **Application letter from the Croatian authorities - including the annex with the post-entry commitments to be taken at the time of ERM II entry**

<sup>[1]</sup> [ECB establishes close cooperation with Croatia's central bank](#)