



UniCredit Global Securities Services NEWSFLASH



Bulgaria – General Information

EXTRAORDINARY CONVERGENCE REPORT BULGARIA

26 February 2025

Bulgaria has formally asked the European Commission and European Central Bank (ECB) to assess the country's readiness to join the euro area, Prime Minister Rossen Zhelyazkov said on February 25. The proposal to do so was on the agenda of the special Cabinet meeting on February 24, which was held after European Union's statistics body Eurostat released inflation data for the bloc earlier in the day.

"We have submitted the request for a special Convergence report based on the understanding that we meet the convergence criteria," Zhelyazkov told reporters.

Eurostat data appeared to indicate that Bulgaria met the price stability criterion for joining the euro zone, the last persisting obstacle in the way of adopting the common European currency.

This criterion stipulates that inflation in a prospective euro zone entrant has to be below a reference point, calculated as 1.5 percentage points above the unweighted average of inflation in the three countries with lowest inflation in the EU over the previous 12 months.

Eurostat data released on February 24 indicated that the three countries with the lowest 12-month average inflation in January were Finland (1.0 per cent), Lithuania (1.0 per cent) and Italy (1.1) per cent, which would put the reference point at 2.53 per cent.

For the purposes of convergence reports, this figure is rounded up to 2.6 per cent, which is also the 12-month average inflation recorded by Bulgaria in January.

Following the release of convergence reports, a series of approvals would be required – from members of the euro area, the ECOFIN council of EU's finance ministers, European Parliament and the European Council – if Bulgaria is to join the euro area in January 2026, Zhelyazkov said.

On 25th of February the Governor of the Bulgarian National Bank Mr. Dimitar Radev and the Minister of Finance Mrs. Temenujka Petkova have signed jointly official letter, containing a request for preparation of extraordinary Convergence Report. The letter has been sent to the President of the European Central Bank Mrs. Christine Lagarde and to the President of the European Commission Mrs. Ursula von der Leyen.

IMPACT ON INVESTORS:

The introduction of EUR in Bulgaria shall have positive impact on the clients and the market as the settlement and CA events will be executed only in EUR thus leading to decrease of overall costs.

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