

Lithuania joins the Eurozone

Factsheet

#LTeuro2015
#eurozone



Key messages:

- **25 years ago Lithuania regained the independence declaring its return “back to Europe”. Now this motto is being crowned with the euro adoption.** We are joining the strongest economies that play a key role in shaping the financial and monetary policies of the European Union.
- Joining the Eurozone is an **important financial (economical) and geopolitical project** – it completes Baltic region’s integration into the monetary union (euro system). The euro can **increase the region’s stability** in the face of geopolitical tensions.
- **The euro makes Lithuania more attractive to foreign investors and brings assurance of lower risks.**
- **The single currency and greater integration benefit business** in many ways, in addition to a better functioning market and our mutual sharing of sovereignty (ex. monetary policy).
- **Both Lithuania and the Eurozone will benefit.** Having successfully dealt with the crisis, Lithuania can significantly contribute to the top three tasks for the euro area today - reviving growth, boosting competitiveness, safeguarding financial stability. **This mutual benefit of European integration is** inscribed on the edge of the Lithuanian two euro coins - **Freedom, Unity, and Well-Being.**
- **The euro gives a large boost to tourism.**



“Lithuania, one of the fastest growing EU economies, is seen as an example of successful crisis management, budget deficit reduction and tackling unemployment. After having successfully overcome economic challenges, Lithuania will become the 19th member of the euro area.”

Dalia Grybauskaitė, President of Lithuania

“[Euro adoption] is one more step towards the deeper economic, financial and political national security.”

Algirdas Butkevičius, Prime Minister of Lithuania



“The Eurozone is a community of the world’s leading and highly developed economies. For us, joining the euro area would provide a very important impetus in economic terms. [...] Personally, I see strong prospects for the Eurozone; this is a very strong project.”

Rimantas Šadžius, Minister of Finance of Lithuania

“Our European orientation is consistent and irreversible and we are ready, willing and fully prepared for deeper EU integration”.

Vitas Vasiliauskas, Chairman of the Board of the Bank of Lithuania



Essential Facts, Actions and Dates Concerning the Euro Adoption

- On 23 July 2014, the EU’s General Affairs Council adopted the final decision to allow Lithuania to become the 19th member of the euro area on 1 January 2015.
- The irrevocably fixed conversion rate of the litas to the euro has also been approved: **EUR 1 = LTL 3. 45280**. This ratio is the same as the current official exchange rate between the litas and the euro fixed in February 2002, when the litas was pegged to the euro.
- The Bank of Lithuania signed an agreement with the Bundesbank, Germany’s central bank, regarding the acquisition of euro banknotes in all denominations. 132 million units of euro banknotes were brought to Lithuania; their weight — 114 tonnes.
- Lithuania will mint a total of 370 million pieces of euro coins this year (200 million) and next year (the rest); their weight — 1,740 tonnes. Coins are minted by the State Company Lithuanian Mint in Vilnius.
- From December sets of Euro coins (starter kits) are available to the public at banks and post offices all over Lithuania, and at the Bank of Lithuania.
- It will be possible to make **cash payments in litas until 15th January, 2015**.
- The Bank of Lithuania will exchange the litas to the euro free of charge for an indefinite period and without limits on the amount from 1 January 2015;
- Banks will exchange the litas to the euro free of charge and without limits on the amount from 1 January 2015 to 30 June 2015;
- Lithuania Post and some credit unions in their branches and offices will exchange the litas to the euro free of charge from 1 January 2015 to 1 March 2015.
- **Other euro area national central banks will exchange litas banknotes free of charge at the fixed exchange rate from 1 January to 28 February 2015. The amount that can be exchanged is limited to €1,000 for any given party/transaction on any one day.**

- Sellers of goods or services providers started the dual display of prices in both litas and euro on 22 August 2014. The dual display will continue until 30 June 2015. The prices should be converted in accordance with the rules laid down by the Law on the Euro Adoption.

For a smooth changeover

Public Opinion. 90 percent of Lithuanians said that they personally would manage to adapt to the euro, while 51 percent thought that the state was also ready to introduce the euro, according to a Flash Eurobarometer survey published on September 24.

The proportion of Lithuanians who feel well informed about the euro has markedly increased. 70 percent of respondents felt well informed about the euro in September, compared to 50 percent in April. Support to the introduction of the euro increased from 41 percent to 46 percent comparing April 2014 with April 2013 and further increased since spring 2014 by 1 percentage point – to 47 percent. The number of respondents opposed to the euro decreased from 55 percent in April 2013 to 49 percent in September 2014. To find out more about the Eurobarometer survey follow [the link](#).

Negative attitudes towards the euro stem from two sources – attachment to the national currency and fear. Many steps are taken to overcome the latter: 1) to ensure transition is fair and smooth; 2) to show the economic benefits of joining the euro area; 3) to inform the public about the new currency.

Memorandums

- **Commitment of National Business Leaders: Euro Adoption Is Not An Excuse To Raise Prices.** Representatives of Lithuanian business associations and municipalities together with heads of the Government and the Ministry of Finance signed the Memorandum on Good Business Practice upon the Introduction of the Euro.



*Fair pricing

Enterprises, business representatives, municipalities can join the Memorandum on a voluntary basis and assume a commitment to be fair with consumers during the euro adoption period in Lithuania, i.e. to not use the euro adoption as an excuse to raise prices of goods and services and to ensure fair

conversion and display of prices of services and goods. After checking the application for joining the Memorandum, a “fair pricing” sticker will be sent to participating companies. Business representatives will be able to use the stickers to mark their trading and service desks and thus customers will be informed that these entrepreneurs are committed to fair conversion of prices.

- The country’s commercial banks and the Bank of Lithuania signed the **Memorandum on Good Business Practice upon the Introduction of the Euro**. By signing it the banks have committed themselves to serve clients longer during the intensive currency exchange period, with additional human resources to be allocated, to create favorable conditions to deposit cash litas into bank accounts, and also to take other steps for residents and business to exchange money as smooth as possible.

Growing trust

The euro adoption is a reason for growing trust of international financial market participants in Lithuania.

The euro adoption is one of the reasons that drive growing trust of international financial market participants in Lithuania. On 22 October 2014, Lithuania successfully issued a twelve-year EUR 1 billion Eurobond in the international capital markets today and will pay the lowest coupon in the country's history – 2.125 per cent in EUR market. This Eurobond is a testament to financial markets' appreciation of Government's fiscal policy and Lithuania's economic outlook, particularly the upcoming Eurozone membership.

The study performed last year by the economists of the Bank of Lithuania showed that the euro adoption would mean cheaper borrowing for the country. Under the baseline scenario, the average rate on government securities in the year of the euro adoption would decrease by 0.80 p.p.; the borrowing cost for the population and businesses would be about 0.50 p.p. lower than if the euro would not be adopted.

Lower interest rates over the medium term (2015–2022) would allow saving LTL 3.9 billion in interest expenditure. Residents and businesses would have the majority of these benefits (up to LTL 2.3 billion), while the other half (up to 1.6 billion), due to reduced debt servicing costs, would be saved by the state budget.

Information campaign

- **Media coverage to every household.** The Ministry of Finance has launched a wide-ranging informational campaign on the euro changeover and its practical implications, including social advertising on TV, radio, in national and local media, as well as outdoor advertisement.

Additionally, twelve TV, radio and Internet projects are providing the latest updates related to the euro for everyone who is going to plan their expenses and incomes in euros. Until February 2015, projects will be running on three national TV channels, four radio stations and three websites. The informational campaign aims to ensure access for most people in Lithuania to information they need: the changes that lie ahead of them after the introduction of euro; expert advice on how to avoid problems when it comes to personal financial management; issues concerning to the upcoming euro important to individuals and businesses. In December, the Bank of Lithuania will run a similar information campaign, dedicated to cash features.

- As soon as the Council of the European Union made its decision on the adoption of the euro by Lithuania, an **unprecedented social campaign** has been implemented together with the largest mobile operators — **nearly 3 million subscribers received an SMS** with the irrevocable conversion rate of the litas to the euro. The customers were also warned to resist the deception of being urged to exchange litas not at the targeted locations. In December, people will get an SMS informing about the dual circulation period and places for safe currency exchange.
- **Publications.** Each Lithuanian household will get two publications on the euro. The first one covering the most practical aspects of the changeover by the Ministry of Finance has already been distributed. The publication on the euro cash security features by the Bank of Lithuania will reach the households (1,3 million in total) in December. Together with this publication, special hologram cards showing the

most popular values in euros and litas will reach residents as well. Moreover, various institutions have distributed publications about key aspects of the euro adoption targeted at the general public, businesses, national minorities and people with disabilities. Two social advertising videos can be found here: Journey (in [LT](#) and in [ENG](#)), Feel, Look, Tilt (in [LT](#) and in [ENG](#)).

- **A Toll-Free Euro Telephone Line** was launched in May 2014, in order to answer the questions on the euro adoption aspects. This toll-free euro telephone line is most popular among businesses.



- **Seminars** aimed at raising public awareness about the euro adoption in Lithuania, free information seminars were organized in all municipalities of Lithuania.
- Special seminars for people with disabilities (the blind and the deaf) have also been organized.
- The general public and entrepreneurs get relevant practical information about the euro directly from representatives of the Ministry of Finance, the Ministry of Economy, the Bank of Lithuania, the State Consumer Rights Protection Authority and other institutions. Different seminar programs have been prepared for the general public and business. The analysis of the calls to the toll-free Euro telephone line shows that entrepreneurs are mainly concerned with the display of prices in the two currencies as well as accounting and tax-related issues. The general public is, first of all, interested in the practical issues of currency exchange, payment of pensions and benefits, and the protection of consumer interests when converting from litas to euro.
- **Eurotour** program was launched at the end of August. During this program, information events were organized in squares of Lithuanian cities and towns. The team of the Eurobus decorated with special euro symbols touring across Lithuania has visited 180 Lithuanian cities and reached the audience of 10 000 people, inviting them to get acquainted with practical aspects of the euro introduction and to participate in interactive educational activities.
- The latest news on the adoption of the euro can be found on www.euro.lt, which is an official source of information on the euro. Furthermore, a **Facebook** account on the euro has been created (Facebook is used by more than two thirds of the Internet users in country). The Facebook account not only presents practical and fact-finding information, but also encourages the public to participate in the price monitoring and the euro news dissemination activities.



Useful links

- www.euro.lt / www.euras.lt
- Timeline “The euro comes to Lithuania” [ENG](#) [LT](#) [PL](#) [RU](#)
- Video demonstration – “Lithuanian Euro coins” <https://www.youtube.com/watch?v=aCVy9p1d9D4>
- “Lithuania introduces euro”. 338 million Europeans – stronger together with the euro <https://www.youtube.com/watch?v=6mkvGvTVdgY&list=PL6FDC86F1D8C663F3&index=4>
- Social advertising videos: “Journey” ([LT](#) [ENG](#)), “Feel, Look, Tilt” ([LT](#) [ENG](#))