

# 'Bulgaria, welcome to the euro area! – Embracing the common currency in a changing world'

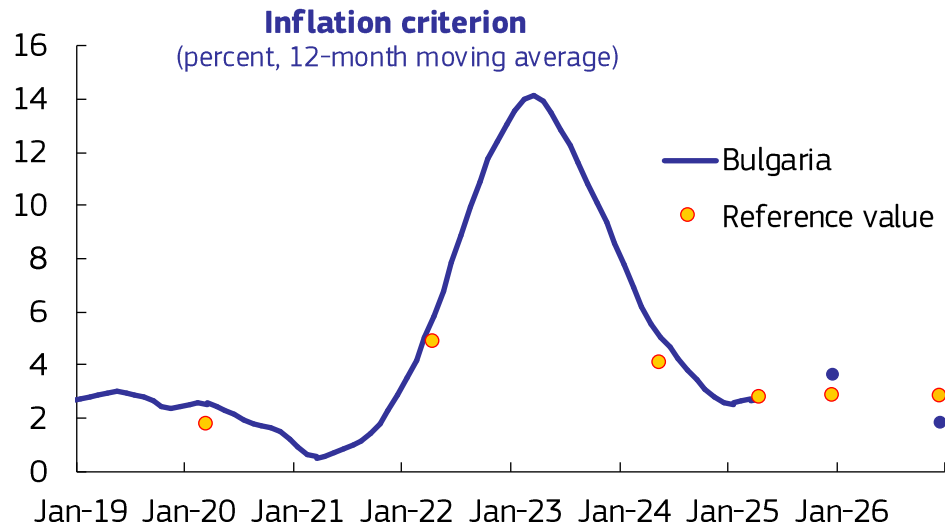
Paul Kutos, Director

DG Economic and Financial Affairs

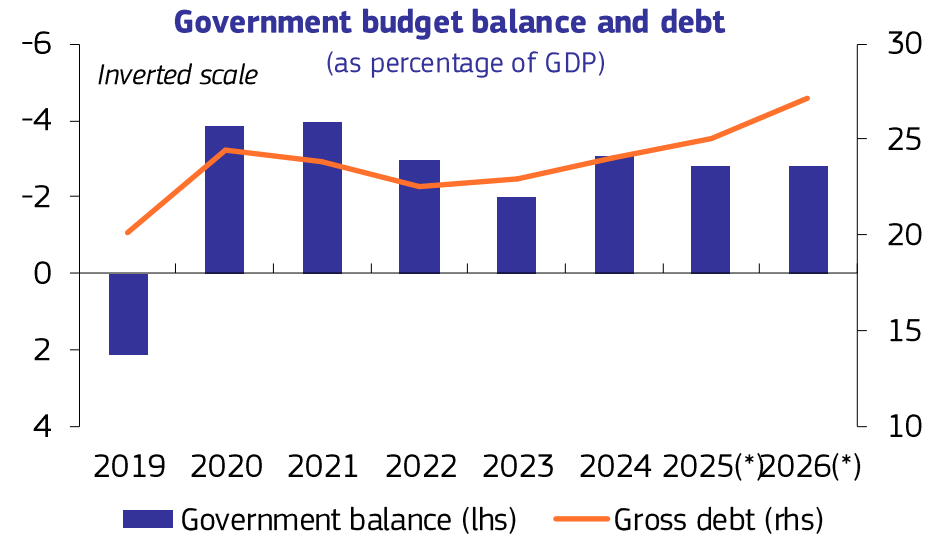
European Commission

*05/02/2026 Brussels*

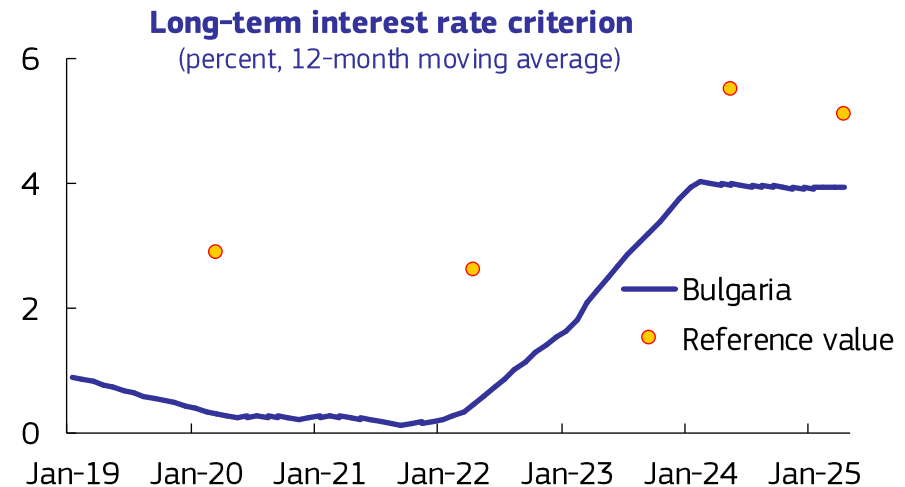
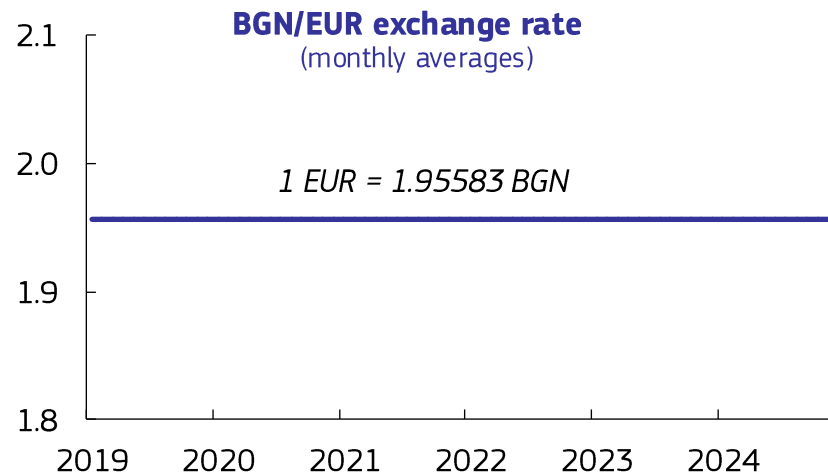
# Bulgaria's convergence



Note: The dots at the right end of the chart show the projected reference value and 12-month average inflation rate of Bulgaria in December 2025 and December 2026. The reference values for 2020, 2022 and 2024 refer to the reference values calculated in the previous convergence reports.



(\*) Commission's Spring 2025 Economic Forecast.



## Economic benefits of the euro

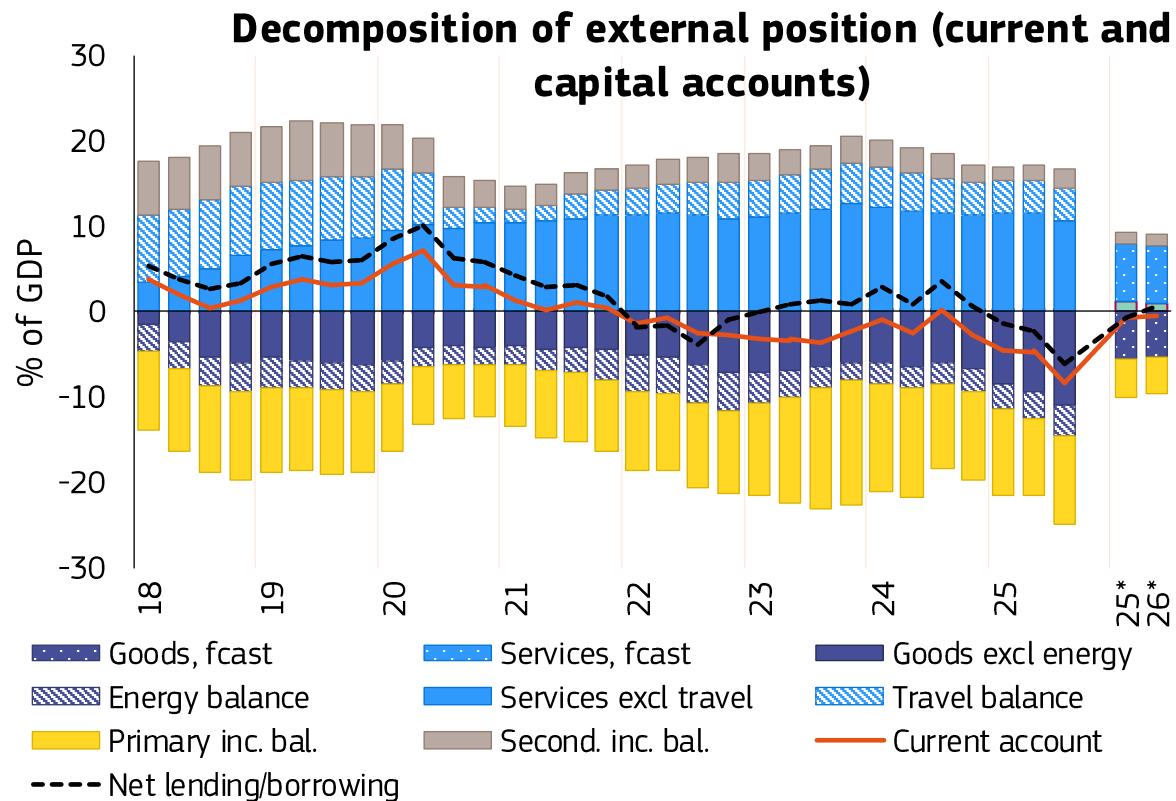
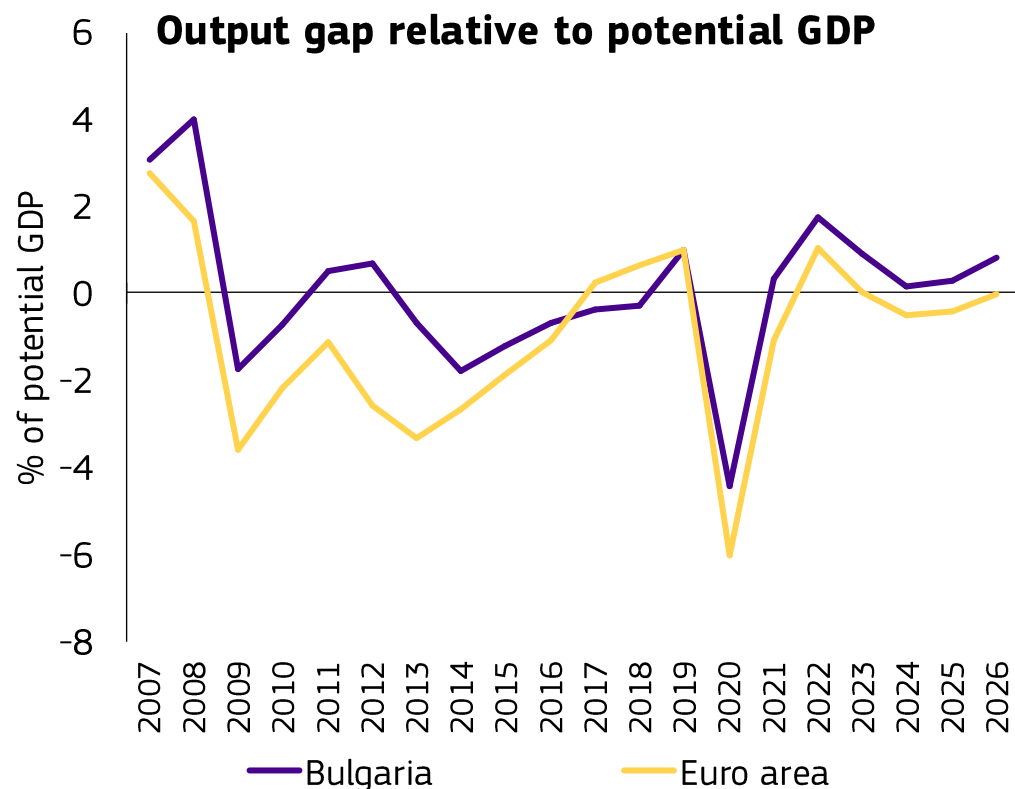
- Easier price comparison and price arbitrage reinforce benefits of the EU Single Market
- Lower transaction costs in financial markets, reduced 'home bias' and increased risk sharing
- Positive effects on trade
- Price stability through ECB's monetary policy and medium-term inflation target of 2%
- Lower borrowing cost for euro area countries

## Euro area institutional and financial framework- increased resilience to shocks

- Macroeconomic surveillance and coordination of economic policy (national, EU and euro area level)
- Access to crisis backstops in case of severe financial distress
- Banking union – risk sharing and common supervision
- Euro area enlargement supports resilience

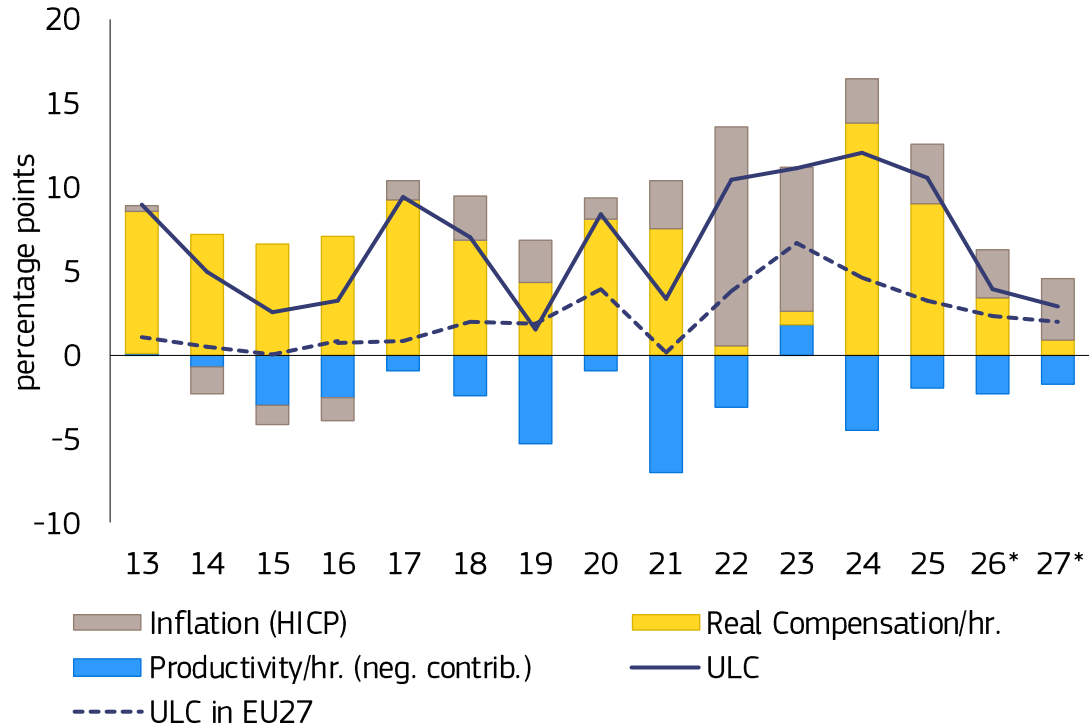


# Economic cycle and external position



# Labour costs and household credit

**Decomposition of rate of change of ULC**



**MFI loans (change of stocks) to the domestic private sector**

