



Wilfried
Martens Centre
for European Studies

Bulgaria's Adoption of the Euro in 2026:

How Will It Shape the Euro Area?

Kaloyan Simeonov



Summary

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On 8 July 2025 the Council of the EU adopted decisions that paved the way for Bulgaria's entry into the euro area from 1 January 2026. As was the case for previous euro area enlargements, the adoption of the euro will have a significant impact on the economic, monetary, social and political development of Bulgaria. This brief focuses on two key issues. First the process of the adoption of the euro by Bulgaria is described. This process has not differed significantly from previous accessions as it has required that Bulgaria meets the same Maastricht convergence criteria, it brings similar costs and benefits, and similar myths have circulated about it. However, several specific aspects will be explored with regard to this latest euro area enlargement. In 2018 Bulgaria was the first EU member state to apply to join the Banking Union through a close cooperation agreement with the European Central Bank. Bulgaria was also under a currency board arrangement pegged to the euro for the longest period of any country before joining the euro area. Finally, the adoption of the euro by Bulgaria faced strong political opposition and low public support in the country.

The second key issue analysed is how this euro adoption will shape the euro area and what influence it will have on the other EU member states that are still outside that area. The brief compares the situations of the six non-euro area members of the EU, describes the current process of euro area accession and provides a brief discussion on the possibility of holding referendums in those countries on joining the euro area.

Keywords Euro area – Adoption of the euro – Non-euro area member states



The adoption of the euro by Bulgaria in 2026

This first section of the brief focuses on the process and consequences of the adoption of the euro by Bulgaria at the beginning of 2026. First there is an analysis of the economic and financial specificities of Bulgaria's euro area accession. The second subsection then focuses on the confidence in the single currency in the country. The level of populism and the political discourse in Bulgaria regarding the euro is then discussed. The final subsection describes some of the specific myths that have circulated about the adoption of the euro in Bulgaria.

The unique economic and financial aspects of Bulgaria's euro area accession

There are several unique aspects to Bulgaria's accession to the euro compared to previous enlargements of the euro area. The most significant is the fact that Bulgaria is the EU country which has experienced the longest period under a currency board arrangement pegged to the euro—27 years (since 1 January 1999). Prior to that, the Bulgarian lev was pegged to the Deutsche Mark for a year and a half.

Estonia also applied a currency board arrangement before its adoption of the euro, but for a shorter period of time. Latvia and Lithuania applied fixed exchange rate arrangements before their respective euro area accessions.

That Bulgaria was operating under this arrangement for so long as part of its planned accession to the euro area has several implications. Having the national currency pegged to the euro meant that the national monetary and exchange rate policies were highly dependent on those of the European Central Bank (ECB). This linked the country quite closely to the euro area, but did not give it a vote on the ECB's decisions. Another aspect is the fact that the Bulgarian economy and financial markets are quite integrated with and had converged with euro area developments due to the long and fixed pegging to the single currency.

Bulgaria and Croatia were the first two EU members to join the Banking Union, through a close cooperation agreement with the ECB in 2020.¹ Participation in the Banking Union is obligatory for euro area members, but for non-euro EU countries

¹ Council of the EU, 'Banking Union'.



it is not a legal requirement. However, since the Eurogroup statements issued with regard to Bulgaria and Croatia in the period 2018–19, it was a political condition for their accession to the euro. The need for early entry into the Banking Union, at the time of accession to the European Exchange Rate Mechanism (ERM II), has thus become a political commitment in the process of euro adoption.

In practice, this early participation in the Banking Union prepared the Bulgarian banking sector for euro area membership well before the country's accession to the single currency. Bulgaria was the first country in the EU to commit to Banking Union accession, in mid-2018,² followed by Croatia in mid-2019. These commitments took place through a letter from the respective ministers of finance and governors of the central banks, followed by the issuing of a Eurogroup statement.³ The Eurogroup statements for both Bulgaria and Croatia stipulate that subsequent euro area accessions will follow the same path—simultaneous ERM II and Banking Union entry.

Another unique economic element of the Bulgarian entry into the euro area is that the beginning of the accession process coincided with a severe health and economic crisis—the Covid-19 pandemic. The pandemic caused serious economic problems—a substantial decline in GDP and a significant rise in inflation. Illustratively, the harmonised index of consumer prices for Bulgaria stood at 14.3% in 2022.⁴ These economic developments negatively affected the preparations for euro adoption and for several years Bulgaria did not meet the inflation convergence criterion. This delayed the Bulgarian accession to the euro area, which was initially planned for 1 January 2024 and then rescheduled for 1 January 2025.

Confidence in the euro in Bulgaria

Confidence in the single currency among a nation's citizens and businesses is an important ingredient for the successful adoption of the euro and its implementation. Without confidence in the euro, the whole process of euro acceptance could be seriously undermined. Unusually, at the beginning of both of the final stages of

² The accession of Bulgaria to the Banking Union began in mid-2018, only four years after the bankruptcy of the fourth-largest bank in Bulgaria in mid-2014.

³ For more details, see Bulgaria, Minister of the Ministry of Finance and President of the Croatian National Bank, Letter to the President of the Eurogroup, Sofia, 29 June 2018; Croatia, Minister of the Ministry of Finance and President of the Croatian National Bank, Letter to President of the Eurogroup, Zagreb, 4 July 2019; Council of the EU, 'Statement of the Eurogroup on Bulgaria's Path Towards ERM II Participation', Brussels (12 July 2018); Council of the EU, 'Statement of the Eurogroup on Croatia's Path Towards ERM II Participation', Brussels (8 July 2019).

⁴ Bulgarian National Bank, Macroeconomic Indicators.



preparation for euro adoption—entry into the ERM II in 2020 and the request for additional convergence reports by the European Commission and the ECB in February 2025—support in Bulgaria for the euro was very low. For a very long period of time, disapproval of the policy to adopt the euro outweighed its approval among Bulgarian citizens. By contrast, business in Bulgaria has been rather supportive of the adoption of the single currency.

The data below demonstrate the level of support for the adoption of the euro among Bulgarian citizens and businesses in the period November 2022–July 2025. These surveys were requested by the Ministry of Finance of Bulgaria and conducted by Alfa Research, using a consistent methodology. In November 2022 Bulgaria was already a member of the ERM II and the Banking Union as a result of the signing of a close cooperation agreement between the Bulgarian National Bank and the ECB. However, at that time, the prospects of euro adoption were quite unclear due to both political tensions in the country and the non-fulfilment of the inflation convergence criterion. The end of the research period—July 2025—was characterised by a different landscape in terms of preparations for euro adoption: the positive convergence reports of the European Commission and the ECB had been published on 4 June 2025,⁵ the decisions about euro accession had been taken by the Council on 8 July 2025 and the date for the adoption of the euro, of 1 January 2026, had already been agreed.

Table 1 Support of Bulgarian citizens for the adoption of the euro (%)

Period	Approve	Disapprove	Do not know
November 2022	32.8	50.4	16.8
April 2025	45.2	49.0	5.8
July 2025	49.2	45.8	5.0

Source: Bulgaria, Ministry of Finance, Нагласите на граждани и бизнес: Присъединяване на България към еврозоната [Citizens' and Business Attitudes: Bulgaria's Accession to the Eurozone]; Bulgaria, Ministry of Finance, Обществени нагласи за въвеждане на еврото в България [Public Attitudes Towards the Introduction of the Euro in Bulgaria].

⁵ European Commission, Directorate-General for Economic and Financial Affairs, *Convergence Report 2025 on Bulgaria*, Institutional Paper 320, Brussels (4 June 2025); ECB, *Convergence Report*, Frankfurt am Main (4 June 2025).



Table 2 Support of Bulgarian business for the adoption of the euro (%)

Period	Approve	Disapprove	Do not know
November 2022	64.3	33.3	2.4
April 2025	64.6	35.2	0.2
July 2025	69.0	30.2	0.8

Source: Bulgaria, Ministry of Finance, Нагласите на граждани и бизнес: Присъединяване на България към еврозоната [Citizens' and Business Attitudes: Bulgaria's Accession to the Eurozone]; Bulgaria, Ministry of Finance, Обществени нагласи за въвеждане на еврото в България [Public Attitudes Towards the Introduction of the Euro in Bulgaria].

The data demonstrate several key facts and results. Some of the main conclusions that can be drawn from these data are as follows:

- Bulgarian citizens do not sufficiently trust the euro. This conclusion is highly significant, especially as it relates to the period prior to the final preparations for the country's adoption of the euro. In November 2022, amid internal political crisis, geopolitical challenges in the form of the start of the Russian war against Ukraine and high inflation due to the Covid-19 pandemic, citizens' support for adoption of the euro was notably low: only 32.8% of the population supported it; a majority of 50.4% did not.
- Another notable figure is that relating to the percentage of citizens who do not know if they approve or disapprove of the adoption of the euro. In November 2022 about 16.8% of citizens did not have an answer to what is a key question for the future of their country, economy and everyday life.
- A positive fact is that in July 2025 the trend among Bulgarian citizens with regard to their opinions about the adoption of the euro had reversed. A slight majority of 49.2% approved, compared to the 45.8% of the population who did not.⁶ Furthermore, the percentage of those who did not know whether they approved of its adoption or not had also decreased significantly, to only 5%. A possible explanation for this shift is that the information and communication campaign about the introduction of the euro had already begun.⁷

⁶ It is interesting that even a few months before, in April 2025, disapproval of the adoption of the euro among the citizens still prevailed slightly.

⁷ The information and communication campaign for the adoption of the euro intensified in the second half of 2025. More information about the activities taking place as part of this campaign is available in Bulgaria, Ministry of Finance, *Communication Strategy for Information and Publicity of Bulgaria's Accession to the Euro Area* (February 2024).



- The business sector in Bulgaria is much more supportive than the general public of the adoption of the euro and its implementation in the country. Approval among the business sector totals more than two-thirds of the management in Bulgarian companies. The approval rate among businesses has also increased slightly, from around 64% in November 2022 to 69% in July 2025. The level of disapproval has also decreased slightly.
- It is not surprising that the business sector has fewer reservations regarding the introduction of the euro. The percentage of businesspeople who do not have a firm opinion about adopting the euro is slightly under 1%. This is logical, as businesses have many more engagements and commitments in relation to the adoption of the euro and so must be prepared in advance. The business sector is also more informed compared to the general public about the pros and cons of the introduction of the euro.

Confidence in the euro in Bulgaria has played a key role in the proper adoption and implementation of the single currency in the country. The positive shift in public opinion as well as the strong support among Bulgarian business for entry into the euro area are substantial factors that have facilitated the introduction of the single currency.

Populism and the political discourse in Bulgaria

The political discourse about Bulgaria's adoption of the euro, as well as the populist rhetoric of some political parties against the process are other important elements in the puzzle. In the current Bulgarian Parliament there are three political parties that are against the adoption of the euro. However, the majority of the members of the Parliament are in favour of it—these are the members of the parties that support the current government. Some opposition parties are also in favour of the adoption of the single currency.

The political parties that are against the adoption of the euro used a populist discourse against the single currency. They believe that the introduction of the euro will undermine sovereignty and weaken national identity, and argued that its adoption would go against the national interests of the country. Other arguments, such as that adoption of the single currency would lower economic standards and impoverish the population, were also used.

The president of the Republic of Bulgaria also played a relatively controversial role in the political debate about the adoption of the euro. His most controversial act was to propose to the Parliament that a referendum be held on the introduction



of the euro. The date on which he made this announcement was chosen very carefully as 9 May 2025. This date is celebrated as Europe Day—a day intended to promote unification and symbolise the European integration process, not create the division and disintegration that such a referendum might have provoked. The official reasons given by the president for proposing such a referendum were related to the need for democracy and giving the people an opportunity to express their will in this decision.⁸

However, the president did not take into account that the same people have voted in favour of Europe and the euro area on many previous occasions. It must also be stressed that decisions about the adoption of the euro were required to be taken by the EU institutions within the two months following his proposal, and not later than the beginning of July 2025. Therefore, this proposal showed the president's clear willingness to postpone the adoption of the single currency to later than 1 January 2026. The President of the Bulgarian Parliament swiftly rejected the president's proposal. And this rejection confirmed a previous decision about a possible referendum on the subject in 2023.

The first submission to hold a referendum in Bulgaria on the adoption of the euro dates from 2023 and was made by a nationalist party represented in the Parliament. The question proposed at that time was 'Do you agree that the Bulgarian lev should be the only official currency in Bulgaria until 2043?' The Parliament rejected this initial proposal and the Constitutional Court confirmed this decision at the beginning of 2024. One of the main arguments for rejecting the demand for a referendum was that it is not possible to hold a referendum on a subject such as entry into the euro area when it has already been decided by an international agreement (i.e. the Treaty of Accession of Bulgaria to the EU), also taking into account that this agreement has been ratified by the Parliament.⁹

Specific myths about the adoption of the euro in Bulgaria

The adoption of the euro by EU member states is often linked with not only the rise of populism but also the spreading of various myths that have little basis in reality. Some of these myths are common and are repeated every time a new country joins the euro area. Such myths relate to prices doubling, reductions in the overall standard of living, and slowdowns in economic growth and prosperity after the adoption of the euro.

⁸ For further details, see K. Nikolov, 'Bulgarian President Proposes Controversial Referendum on the Euro', *Euractiv*, 12 May 2025.

⁹ Bulgaria, Constitutional Court of the Republic of Bulgaria, Decision no. 3 from 8 February 2024.



However, some of the myths that have circulated regarding the adoption of the euro are quite specific to Bulgaria. One relates to loss of sovereignty after accession to the euro area. In practice, it is true that every deeper integration among the member countries results in the loss of some national sovereignty, as decisions tend to be taken at the supranational rather than national level. However, in the case of the Bulgarian entry into the euro area, the situation is somewhat different. Taking into account that the value of the Bulgarian lev was operating under a conservative currency board at a fixed rate against the euro for 27 years, Bulgaria lost its monetary and exchange rate sovereignty more than two decades ago. It could even be argued that with the adoption of the euro, the country has regained some of its sovereignty, as the governor of the Bulgarian National Bank is now sitting on the Governing Council, where the decisions for the euro area are taken.

Another myth specific to Bulgaria is that the country will suffer a loss of identity with the adoption of the single currency. The specifics of this myth with regard to Bulgaria have two dimensions. The first relates to the belief that the Bulgarian lev is a symbol of Bulgarian strength and pride. It is true that the lev (in translation, 'lion') is one of the symbols of the Bulgarian state. However, the origin of the name of the Bulgarian lev is not the ancient Bulgarian symbol of the lion. Rather, it derives from the Dutch coins (*Leeuwendaalder*) that were common throughout the Balkans, especially in the seventeenth century, which depicted a lion.¹⁰ The name of the Romanian Leu, the national currency of Romania, has the same origin.

The second argument regarding the loss of identity relates to the fact that Bulgarian banknotes will cease to exist. This is true, but opponents of the euro in Bulgaria tend to miss two important realities. Euro coins always have a national side. In the case of Bulgaria, this national side matches the existing Bulgarian coins. Thus, they depict the Madara Horseman on 1, 2, 5, 10, 20 and 50 euro cent coins; St Ivan Rilski on 1 euro coins; and Paisy Hilendarski on 2 euro coins.¹¹ These Bulgarian symbols are now widely spread throughout the whole euro area—from Finland to Portugal and from Ireland to Greece. This thus represents not a loss of identity, but the opposite. Another important element that enhances national identity is that a new series of euro banknotes, called 'Europa', which are already in circulation in the euro area, uses the Cyrillic spelling of euro (EBPO), alongside the Latin and Greek alphabets.¹²

¹⁰ I. Ditchev, 'Защо еврото е добре за България – кратка история на българския лев' [Why the Euro Is Good for Bulgaria – A Short History of the Bulgarian Lev], *Dnevnik*, 15 January 2022.

¹¹ Bulgarian National Bank, 'Design of the Bulgarian National Side of Euro Coins', Press Release (16 November 2023)

¹² This second series of euro banknotes is known as the Europa series due to the fact that two of the security features contain a portrait of Europa. See ECB, 'Europa Series of Euro Banknotes'.



Other specific myths regarding the Bulgarian entry into the single currency area include the ideas that the country will now have to financially save other euro area member countries, that the foreign exchange reserves of the Bulgarian National Bank will be deliberately spent by Bulgarian politicians and so on. Last, but not least, a widespread myth is that Bulgaria will experience the same debt crisis as Greece did in the period 2009–15. This myth does not take into account the fact that the markets have already learned lessons from that crisis and that EU law has changed substantially in order to prevent such a recurrence.

The six non-euro area members of the EU after 2026

The second section of this brief is structured as follows. First the brief outlines some thoughts on how the accession of Bulgaria and Croatia will shape the euro area. It then compares the six non-euro area members of the EU, focusing on key characteristics, such as ERM II membership, the availability of national strategies and coordination mechanisms, and so on. The third subsection describes the current process of euro area accession and the last one provides a brief discussion on the likelihood of referendums on euro adoption being held in those countries.

How will the latest accessions modify the euro area?

The accessions to the euro area of Croatia in 2023 and Bulgaria in 2026 should not, in practice, entail significant changes to the shape of the single currency area. This is due to the fact that neither economy is large enough to provoke major changes. However, these two accessions do have some serious implications.

First, they demonstrate that the euro project is active and attracting interest from EU member states in terms of both deepening the level of their economic and monetary integration and further enlarging the euro area. The euro area comprises 21 out of 27 EU member states. An important factor to consider is that these two enlargements clearly demonstrate that confidence in the euro is increasing.

Second, these accessions have further extended the borders of the euro area into the Black Sea region and the Balkan Peninsula. For the first time, countries such as Romania, Serbia, and Bosnia and Herzegovina have common borders with euro area member states. Taking into account the fact that Montenegro and Kosovo¹³ both unilaterally use the euro, as well as that Bosnia and Herzegovina

¹³ This designation is without prejudice to position on status, and is in line with UN Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo declaration of independence.



operates under a currency board pegged to the euro, the geographical spread of the euro in South-East Europe is significant.

The accession of Croatia and Bulgaria to the euro area has also further strengthened the rotational decision-making system of the Governing Council of the ECB. The rotational allocation of voting rights within the Governing Council was introduced after the accession of Lithuania in 2015. Under this system, the euro area members are divided into groups, based on the sizes of their economies and financial sectors. The rotation takes place on a monthly basis.¹⁴

Finally, the accession of Croatia and Bulgaria to the euro area makes the economy of the single currency area even more significant. Currently, the GDP of the euro area represents around 85% of the GDP of the EU27.

A comparison of the six non-euro area members of the EU

A comparison of the six non-euro area members of the EU shows that there are many similarities between them in terms of their levels of preparation for adoption of the single currency. However, they each have their own specificities in relation to their preparations and prospects for accession to the single currency area.

Denmark holds the most unique position of the EU members outside the euro area. After the withdrawal of the UK from the EU, it is the only EU country with an opt-out from the euro area—that is, it does not have to join the single currency. However, Denmark is also the non-euro EU member that is the most integrated economically, financially and even in terms of exchange rate policy. Denmark is currently the only non-euro EU member that is part of the ERM II. Rather than applying the large exchange rate boundaries of $\pm 15\%$ of the national currency against the euro, it applies boundaries of just $\pm 2.25\%$. Denmark has been a member of the ERM II since the introduction of the euro on 1 January 1999, and has not amended the central rate of the Danish krone against the euro since.

There are also distinctions between the four countries from Central and Eastern Europe—Poland, Czechia, Hungary and Romania—on the one hand, and Sweden and Denmark, on the other. The two Nordic countries have not established national coordination mechanisms for euro adoption, nor do they have relevant national strategies or action plans. The four Central and Eastern European countries do have such mechanisms, strategies or action plans, but they are outdated. When these countries start the process of joining the euro, they will need to amend and

¹⁴ ECB, 'Rotation of Voting Rights in the Governing Council', 1 December 2014 (updated on 1 January 2023).



update them. Sweden and Denmark are also the only countries that have held referendums on adopting the euro, both of them with negative outcomes.

None of the countries outside the euro area is currently a Banking Union member through close cooperation with the ECB. Nor do any of them have an official target date for euro adoption, with the exception of Romania, which has pushed back this date on several occasions. Currently, the Romanian authorities have fixed the date for Romanian euro adoption for the beginning of 2029.

Table 3 Comparisons between the six non-euro area member states

	Poland	Czechia	Hungary	Romania	Sweden	Denmark
ERM II membership	No	No	No	No	No	Yes
Opt-out clause	No	No	No	No	No	Yes
National mechanism for euro preparations	Coordination mechanism, committee, eight working groups and two special teams (2009)	Coordination mechanism with national group and six sub-groups (2006)	National coordination committee (2007)	Two coordination formats in the central bank (2010) and the government (2018)	No	No
National strategy or plan for euro adoption	National plan from 2010	Strategy from 2003 and a plan from 2007	National plan from 2009	No: initial plan was prepared but not adopted	No	No
Participation in the Banking Union	No	No	No	No	No	No
Plans to hold a referendum	Possible referendum in order to ensure a qualified majority for amendments to the Constitution	Possible non-binding referendum	No current plans to hold a referendum	Some discussions about a possible referendum	Unsuccessful referendum for euro adoption (13 September 2003)	Unsuccessful referendums for ratification of the Maastricht Treaty (2 June 1992) and for euro adoption (28 September 2000)
Current target date for euro adoption	None	None	None	2029	None	None

Source: K. Simeonov, *Еврото и държавите от ЕС. Къде сме ние?* [The Euro and the Member States. Where Are We?], 144.



A common feature among these countries is that euro area entry is a relatively distant prospect. For each country, it would take a minimum of four years to address the procedural issues before the euro could be successfully adopted.

Current process for euro area entry

The process of accession to the euro area is currently much more complex for EU members than it was a decade ago. One of the reasons for the more complicated and conditional process is due to the establishment of the Banking Union after the last global financial crisis. As has already been stated, simultaneous accession to the Banking Union and the ERM II has become a political condition for new euro area accessions.

Another reason for the lengthy process for any future accessions is the fact that none of the non-euro area member states (except Denmark, which has an opt-out clause) is a member of the ERM II, and two years of stable ERM II participation is one of the convergence criteria.

Figure 1 demonstrates the step-by-step process of accession to the ERM II and euro area. The submission of an application for entry into the ERM II by the minister of finance and the governor of the respective national central bank is a strong political signal that a country wishes to start the euro area accession process. The letter from these national authorities should indicate a willingness both to join the ERM II, and subsequently the euro area, and to comply with the pre-ERM II commitments that are specific for each EU member state. From the EU side, the accession process is triggered by a positive Eurogroup statement.

Important steps in the pre-ERM II process are the asset quality review and the stress test, which are conducted by the ECB on selected banks in the applicant country. These are usually the biggest banks and those with larger cross-border operations. These steps are part of the accession to the Banking Union. If the reviewed banks demonstrate a shortage of capital, this must be remedied in due time for the accession to the Banking Union to be finalised. Only after meeting the conditions for Banking Union entry and fulfilling all the specific pre-ERM II commitments is there the opportunity for simultaneous entry to the ERM II and the Banking Union. The experience so far with Croatia and Bulgaria shows that this process will take at least one to two years to achieve after the issuing of a positive Eurogroup statement. During entry to the ERM II, the acceding EU member also undertakes to meet post-ERM II commitments. This second set of commitments must be met before the Council decisions can be taken with regard to the adoption of the euro.



The compliance with the ERM II convergence criterion requires a minimum of two years of successful membership of that mechanism, without devaluing the national currency by more than $\pm 15\%$. Therefore, accession to the euro area cannot happen for at least a period of another two years. Convergence reports are usually issued by the ECB and the European Commission in late May/early June. If these reports confirm fulfilment of the convergence criteria, a possible positive decision by the Council of the EU for euro area accession may be issued at the beginning of July. This gives the respective EU member state around six months to make final preparations for the accession, which takes place on 1 January.

Figure 1 Step-by-step accession to the ERM II and the euro area



Source: K. Simeonov, *Еврото и държавите от ЕС. Къде сме ние?* [The Euro and the Member States. Where Are We?], 189.



If one calculates all the minimum periods mentioned above, also taking into account that no current EU members outside the euro area and without an opt-out—that is, Poland, Czechia, Hungary, Romania or Sweden—have yet started this process, the next euro area accession cannot take place before 2030. This conclusion is based on the fact that a period of at least four years is required for successive entry into the ERM II and the single currency area.

Are referendums needed for euro area accession?

Whether to hold a referendum on euro area accession is a controversial issue. On the one hand, changing the national currency to the single European currency is an important policy decision that affects the whole population and the business sector. It sounds democratic to offer people the right to vote on if and when the euro is introduced as legal tender in the national territory.

On the other hand, adopting the euro is an obligation of all the EU member states except for Denmark. A referendum cannot renounce the legal obligation of the member state to adopt the euro. It is also questionable how citizens, with very different educational and social backgrounds, can make such a complicated decision, which is linked to the monetary, exchange rate, financial and economic policies of the country.

Until now, only two member states have held referendums on the adoption of the euro. The first was Denmark, on 28 September 2000, which produced a negative outcome of 53.2%. The second was Sweden, on 14 September 2003, which also found against adoption, with a majority of 55.9%. Both referendums postponed the possible adoption of the euro for an indefinite period. The matter of holding referendums in the countries from Central and Eastern Europe that have not yet adopted the euro has also led to controversial and politicised discussions. As has been demonstrated in the case of Bulgaria, the idea of holding a referendum on the matter has been used by populist parties for domestic purposes and to gain more support in parliamentary elections.



Policy recommendations and conclusions

This closing section provides some policy recommendations and conclusions based on the analysis of the Bulgarian entry into the euro area and the prospects of euro adoption by the six EU member states that are currently outside that area.

The main policy recommendations from the current analysis are as follows:

- The EU member states that are outside the euro area should examine the positive experiences of the Bulgarian and Croatian euro area accessions to better prepare their economies, monetary systems and financial sectors for future euro area entry.
- These countries should also study the lessons learned from these recent accessions in order to better overcome the various challenges. One of these lessons is that an intensive information and communication campaign regarding the adoption of the euro should start well in advance of accession.
- Finally, if a member state wants the next euro area accession to take place around 2030, the actual preparations should start very soon, no later than in the next couple of months.

The current analysis draws also some general policy conclusions for the euro area accession process and for the six EU members that are still outside that area:

- With the accession of Croatia and Bulgaria to the euro area, the idea that the euro should be the single currency of the whole single market of the EU27 is much closer to being realised.
- The idea of holding a referendum on euro adoption, even though it sounds like a democratic solution, is not a perfect one. With the exception of Denmark, the other non-euro area members of the EU are obliged to adopt the euro once they are ready to do so and they meet the convergence criteria.
- Romania, Poland and Czechia seem to have some willingness to start euro area accession discussions in the foreseeable future. However, it is unlikely that these discussions will trigger an official application for subsequent ERM II and euro area entry any time soon.



- Sweden and Denmark are strongly integrated with the euro area but there is no current political will to adopt the euro.
- Hungary is apparently far away from taking the decision to start euro area preparations under the current government.
- The adoption of the euro is a long and complicated process. Euro area entry is the final step on the path to the deeper economic and monetary integration of a member state with the EU.

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About the author

Kaloyan Simeonov is Associate Professor and Dr Habil of Political Science in the European Studies Department of the Faculty of Philosophy at Sofia University 'St Kliment Ohridski'. He is currently Deputy Dean of International Cooperation in the faculty. He has more than 26 years of practical experience in the Bulgarian administration, in the areas of financial services and the economic and monetary integration of the EU.

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