7. Bulgaria Joins the Eurozone- International Relation

Bulgaria adopts euro, nearly 20 years after joining European Union Bulgaria has officially become the 21st member of the Eurozone, adopting the euro nearly two decades after joining the EU. This transition requires adherence to strict "convergence criteria," integrating Bulgaria into the common currency bloc while six other EU nations (and opt-out state Denmark) retain their own currencies.

Bulgaria Joins the Eurozone- A Historic Milestone

1. News Context

Current Event- Bulgaria has officially become the 21st country to adopt the euro.
Timeline- This transition comes nearly 20 years after the Balkan nation first joined the European Union (EU).

2. Geographical Profile- Bulgaria

Location- Occupies the eastern portion of the Balkan Peninsula in southeastern Europe.
Capital City- Sofia, situated in a mountainous basin in the western part of the country.
Bordering Nations and Water Bodies

1. North- Romania (border largely marked by the lower Danube River).
2. East- The Black Sea.
3. South- Turkey and Greece.
4. Southwest- North Macedonia.
5. West- Serbia.

3. Historical Background- The Path to the Euro

Foundational Treaty- The Maastricht Treaty of 1992 established the European Union.
Economic & Monetary Union (EMU)- This treaty paved the way for a common economic and monetary union.
Adoption of Currency- It authorized the creation of a common currency, the euro, to serve as the sole legal tender.
First Rollout- The euro was first introduced in 12 countries on January 1, 2002.
Institutional Framework- It established a unified central banking system under the European Central Bank (ECB) and created a common economic region.

4. Understanding the Eurozone

Definition - The Eurozone (officially the euro area) refers to the geographic and economic region comprising those EU member states that have fully adopted the euro as their official national currency.

Composition and Membership

Total Members- With Bulgaria's admission, the Eurozone now consists of 21 nations out of the 27 total EU members.
Non-Euro EU Members- The remaining 6 EU members continue to use their own sovereign currencies.
Special Cases (Non-Eurozone Users)
With Agreement- Four microstates—Andorra, Monaco, Vatican City, and San Marino—use the euro through formal agreements with the EU.
Without Agreement- Kosovo and Montenegro use the euro as their sole currency unilaterally without a formal agreement.
Status- Importantly, none of these special case countries are technically regarded as members of the Eurozone.
Previous Entrant- Croatia was the last country to join before Bulgaria, entering in 2023.

Eligibility Criteria ("Convergence Criteria")

To qualify for Eurozone membership, an EU country must meet strict criteria (with the exception of Denmark, which holds an opt-out clause). These ensure alignment with other members economically, socially, and politically
Economic Alignment- Must meet specific targets regarding inflation, government debt, and deficits.

Market Integration- Full integration into the common market.
Legal Compliance- Adjustment of national laws and monetary policies to comply with EU treaties.
Objective- To ensure a smooth transition that does not disrupt the stability of the existing Eurozone.

5. Benefits of Joining the Eurozone

Category	**Key Benefits**
Economic Stability	Ensures price stability and lower interest rates. Shields the country from external economic shocks due to the Eurozone's massive collective economic size.
Trade & Commerce	Allows consumers to compare prices easily across member nations. Eliminates currency exchange costs. Facilitates the free movement of trade, labor, and capital.
Strategic Influence	Grants the country a seat on the ECB's Governing Council, giving it a voice in monetary policy. The euro is the world's second-largest reserve currency, boosting global economic competitiveness.
Growth	Strengthens European integration. Boosts tourism by simplifying travel for other Europeans.

Source- https-//www.thehindu.com/news/international/bulgaria-adopts-euro-nearly-20-years-after-joining-european-union/article70459928.ece