



# REPUBLIC OF CROATIA

## REPRESENTATIVE RATE FOR THE EURO

February 2023

This paper on the Republic of Croatia was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed on November 15, 2022.

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## REPRESENTATIVE RATE FOR THE EURO

November 15, 2022

Approved By  
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Prepared by the Finance Department in consultation with the European, Legal, and Monetary and Capital Markets Departments.

1. The Council of the European Union decided on July 12, 2022 that the Republic of Croatia had fulfilled the necessary conditions for adoption of the euro with effect from January 1, 2023,<sup>1</sup> and that the conversion rate should be set at 7.53450 Croatian kuna per one euro.<sup>2</sup> The Croatian authorities notified the Fund on October 5, 2022, that the euro will be their country's currency, effective from January 1, 2023.

2. In December 1998, the Fund determined the procedures for the representative exchange rate for the euro under Rule O-2(b)(i) of the Fund's Rules and Regulations after consultation with the 11 members that subsequently adopted the euro when it was introduced on January 1, 1999.<sup>3</sup> These procedures provide that (i) the representative exchange rate for the euro under Rule O-2(b)(i) of the Fund's Rules and Regulations is the rate against the U.S. dollar as published daily by the European Central Bank; and (ii) the European Central Bank will promptly inform the Fund of any changes in the exchange arrangements, which may affect the determination of the representative exchange rate. These same procedures were later applied to members who subsequently became members of the euro and to those members that are not members of the euro but use the euro as a legal means of payment.<sup>4,5</sup>

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<sup>1</sup> [EU Council Decision \(EU\) 2022/1211 of July 12, 2022.](#)

<sup>2</sup> [EU Council Regulation \(EU\) No. 2022/1208 of July 12, 2022.](#)

<sup>3</sup> See [The EMU and the Fund—Operational Issues.](#)

<sup>4</sup> Greece, Republic of Slovenia, Cyprus and Malta, Slovak Republic, Republic of Estonia, Republic of Latvia, and Republic of Lithuania joined the euro area since January 1999.

<sup>5</sup> San Marino, Montenegro, Republic of Kosovo, and Principality of Andorra are currently not members of the euro area but use the currency as legal means of payment. The Principality of Andorra and San Marino have a monetary agreement with the EU.

**3.** After consultations with the Croatian authorities, it is proposed that the approach used to determine the representative exchange rate for the other euro area members be similarly extended to the Republic of Croatia.