

Selected European topics and euro adoption in the Czech Republic

2025



Czech National Bank — Euro Survey — 2025

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I. INTRODUCTION

Five analysts from leading Czech financial institutions took part in this year's survey of analysts on current European topics and the Czech Republic's accession to the euro area. In their responses, they outlined their subjective views on a wide range of questions, painting a picture that shows how representatives of the professional public view current developments in the European Union (EU).

The EU is going through a period of fundamental transformations, which are due to a combination of structural challenges, geopolitical shocks and technological changes. Against the backdrop of the war in Ukraine, changing relations with the United States and China's growing influence, the concept of European integration is changing as well. Issues such as competitiveness, energy security, digital transformation, fiscal coordination and strategic autonomy fundamentally shape European policy today. The Czech Republic, as an EU Member State, faces the task of actively reflecting these changes and finding its place in the newly-forming European framework. The responses suggest that addressing these challenges requires the thorough implementation of specific measures, a reduction of the administrative burden and support for the European economy's investment and innovation capacity. At the same time, geopolitical developments, including relations with the US and China, are fundamentally shaping the EU's external environment.

The debate about euro adoption in the Czech Republic, which remains highly politicised, is also closely linked to the above, even though the economic assumptions have been met in many respects. The debate about the euro opens up broader issues relating to the Czech Republic's strategic anchoring in European structures, resilience during crises and the degree of domestic economic policy autonomy. Most of the analysts' opinions point to a lack of political will and insufficient societal consensus as the main obstacles to adopting the single currency. The expected date for the Czech Republic's euro area entry is therefore being put back.

We thank all those who provided contributions to the survey – they are much appreciated. However, it should be noted that the opinions expressed in this survey are those of the participating respondents and do not necessarily reflect the official views of the CNB.

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II. CURRENT ISSUES FACING THE EU

What do you consider the most important challenges for the EU and how do you think they should be resolved?

The analysts' responses to this question on key problems can be divided into several thematic headings, namely: loss of competitiveness, energy security and sustainability, security and defence, bureaucracy and the administrative burden, and the need for structural reforms and fiscal integration.

The loss of competitiveness of the European economy is repeatedly identified as one of the biggest challenges. Two indicators of this are the marked appreciation of the real effective exchange rate (REER) in the euro area and the disparity in energy price inflation – while prices for EU businesses have increased more than double on average since 2015, they have gone up only 17% in the US and 4% in China. Furthermore, capital market fragmentation, insufficient investment in R&D and the decline of the traditionally strong European automotive industry are persisting. So far, the EU's response has mainly been extensive analyses and strategies, such as Mario Draghi's report (September 2024), but there is a lack of effective implementation of specific steps. Criticism is also aimed at the preference for debt subsidies, which are reminiscent of the inefficient features of some programmes, such as the recovery fund.

According to the analysts, the energy crisis, exacerbated by geopolitical developments, revealed the EU's vulnerability to external shocks. High energy prices undermine competitiveness and reduce Europe's attractiveness for investors. The solution consists, among other things, in altering the common energy market, expanding the production of renewable energy sources, including nuclear energy, and a possible return to imports of cheaper Russian pipeline gas, subject to compliance with geopolitical principles. At the same time, it is necessary to re-evaluate some of the Green Deal objectives in a realistic manner so that they are achievable without jeopardising economic stability.

The security dimension has come to the fore as a result of the ongoing war in Ukraine. This situation not only accelerated structural changes in the field of energy, but also revealed the need for deeper coordination of EU defence policy. A key step, according to the respondents' views, should be to increase defence spending by Member States, possibly using loans or increasing the involvement of the European Investment Bank (EIB) in financing the defence industry. A uniform strategy and pressure on less engaged states to contribute to the strengthening of collective security are also necessary. Continued support for Ukraine and cooperation with NATO remain essential.

The EU has long been criticised for excessive red tape that hampers enterprise and innovation. This has a major impact primarily on small and medium enterprises, for which it is costly to meet the extensive reporting requirements. Reducing the administrative burden, deregulation and introducing more flexible frameworks (e.g. the "28th regime"¹ for pan-European firms) are necessary steps to improve the business environment. At the same time, the analysts expect support for investment in infrastructure, the capital market, research and development (R&D) and, last but not least, defence.

In connection with the current challenges, it is clear that deeper structural reforms will need to be taken in order to ensure the EU's long-term stability. One way forward is to strengthen the fiscal union as a complement to the monetary union, thereby fostering resilience to external shocks and making the use of public funds more efficient. In addition to institutional changes, however, it will be crucial for the EU to move from declaratory strategies to their consistent and credible implementation. Success in these areas will determine the future of the European project in an era of increasing global competition.

What impact do you expect the actions of the new US administration to have on the economies of the EU and the Czech Republic?

The arrival of the new US administration poses a number of economic challenges for both the European Union and the Czech Republic. Possible changes to US trade policy, fiscal stimuli and arms spending, which can fundamentally affect not only transatlantic relations, but also the broader global economic environment, are becoming a key issue.

The greatest concerns are about a possible escalation of trade tensions between the US and EU. The imposition of significantly higher US tariffs on European exports poses a direct risk to economic growth. The expected negative impact on GDP applies to both the EU as a whole and the Czech Republic, which is strongly export-oriented. Trade wars and protectionist measures are generally considered economically harmful – virtually all lines of economic thinking agree that

¹ The European single market currently has too many national barriers and diverging legal regulations. In order to make it easier to overcome administrative and bureaucratic barriers, the EU aims to enable companies operating in more than one EU country to follow a single set of rules across the EU, for example in the areas of trade law, insolvency law, labour law and taxation. This single and simplifying framework is referred to as the 28th regime.

they lead to losses for all parties involved. Deglobalisation, disruptions to production chains and heightened uncertainty limit investment and slow down the long-term growth of the global economy.

The planned increase in defence spending is one of the consequences of geopolitical changes and US pressure for a greater focus on defence. This higher government expenditure, if effectively allocated, could have a positive effect on GDP growth in the EU, probably from 2026. At the same time, it puts additional pressure on public finances, especially in smaller or fiscally less resilient countries. One option is the launch of the German investment fund and wider use of fiscal instruments at the EU level to mitigate the negative effects.

The impacts of US policy will largely depend on how the EU decides to respond. If it chooses confrontation and introduces countermeasures, this may further escalate tensions, thus putting European exporters at a disadvantage while strengthening the position of Asian producers on the European market. On the contrary, a strategy aimed at diplomatic dialogue and maintaining cooperative relations with the US could minimise the economic damage.

According to some of the opinions, US tariff policy is unlikely to have an immediate recession-causing impact on the Czech Republic, mainly due to strong domestic demand and high household savings in previous years. These savings can be used to sustain growth through consumption. However, a possible decline in confidence, which could lead to increased caution on the part of households and lower consumption, remains a risk. However, the Czech economy may also suffer in the long run as a result of weaker global demand and a slowdown in trade.

What is your current opinion on ESG policy and the European Green Deal? Are the EU's plans to achieve climate neutrality realistic, or will a review be necessary? What will be the impact of financing "green investments" on public finances?

The ESG policy and Green Deal represent the European Union's fundamental stance, which must be seen in a pragmatic manner. Despite the risks posed by this policy, it is clear that it is an irreversible process that cannot be avoided. For countries such as the Czech Republic, it is important to remain part of the European mainstream and actively take advantage of the opportunities offered by the transition towards a sustainable economy. Sustainability should be seen not only as an environmental objective, but also as an economic strategy that promotes productivity growth and quality of life. ESG principles do not have to be at odds with economic growth, if they are subject to a rigorous cost-benefit analysis.

At the same time, however, the policy needs to be implemented using a balanced approach. The plans to achieve climate neutrality, as currently formulated, face considerable criticism due to their cost and questionable contribution in the global context. Opinions are appearing that the European Union must not remain the only actor that applies ambitious environmental regulation, while other powers, such as the US or China, have less stringent standards. This misalignment could lead to a loss of competitiveness and an increase in Europe's import dependency, which would further increase its economic vulnerability. Economic growth should therefore not be sacrificed for ESG objectives.

In this context, the question is to what extent current EU plans are realistic. It is clear that a certain revision will have to be made, in particular with a view to re-evaluation of specific measures such as the ban on the sale of new cars with combustion engines after 2035 or the system of emission fines for automakers. At the same time, the revision must not turn into the overall destruction of the Green Deal – maintaining the green transition framework is crucial.

The financing of green investments has so far largely been channelled through revenues from emission allowances, which, according to one respondent, can be described as a fiscally neutral mechanism. However, calls for public financing may increase in the future, especially if large-scale government subsidies or infrastructure investments are required. For the sustainability of public budgets, according to the respondents' responses it will be important that support for green projects is effectively targeted and continuously evaluated in terms of return.

How do you assess the level of regulation in the EU and its impact?

The degree of regulation in the European Union is generally perceived as very high and in many places it is said that it negatively affects European producers' competitiveness. The scope and complexity of the regulatory framework are seen as too excessive, creating a business environment subject to high administrative costs. This puts European firms, in particular, at a disadvantage compared to competition from the United States or Asia.

The current state of play is leading to growing criticism, not only because of its impacts on firms, but also because of the impact on ordinary citizens. According to some of the opinions, the European Union has never been able to create a truly

functioning single internal market. Instead, it is increasingly involved in regulating everyday operations, often in areas where it could take a back seat in favour of the Member States or the market itself. In this context, some regulatory interventions are referred to as absurd and counter-productive.

For example, the ever-larger reporting duties, which mainly affect small and medium enterprises, are a major example of increasing regulation. These duties increase the administrative complexity of business and also draw attention and capacity away from the core business activity, i.e. production and innovation.

The over-regulated environment results not only in the limited growth of economies in the EU, but also in the incomplete nature of the single market. According to estimates by the International Monetary Fund (IMF), the current state of play corresponds to a regulatory burden equivalent to import duties of around 110% for services and 44% for goods. These figures illustrate how important barriers persist within the EU itself.

For these reasons, according to the analysts, calls are needed for a fundamental reassessment and simplification of the EU regulatory framework. Such a step could create the conditions for restoring dynamic growth and enhancing the European economy's global competitiveness. Without deeper reform of the regulatory environment, the EU risks remaining a prisoner to economic forces of faster-adjusting and more flexible economies outside Europe.

How should the EU respond to China's growing influence in both the global economy and international politics and to its investment presence in Europe? What concrete steps can European countries take to protect their industries?

The European Union has increasingly encountered China's growing influence in the global economy and politics in recent years. China's investment interest in Europe, especially in crucial sectors and infrastructure, as well as its strong position in supply chains, raise questions concerning the strategic autonomy and resilience of the European economy. While the EU often declares efforts to reduce this dependency, specific measures are perceived to be insufficient so far, and European dependence on Chinese imports and investment continues to grow.

There is therefore a conviction that, first and foremost, the EU should seek to reduce its dependence on Chinese raw materials and components, in particular in the area of strategic minerals. A crucial step is to support the extraction and processing of these raw materials in Europe, as well as to strengthen control over supply chains. The diversification of import sources and building of own capacity are necessary to ensure the resilience of European industry in the event of geopolitical tensions or trade restrictions.

At the same time, it is important that the EU does not perceive China solely as a threat. Its growing influence is unavoidable in many respects and cannot simply be stopped. However, this does not mean that Europe does not have the means to protect its industry. One appropriate instrument could be the Carbon Border Adjustment Mechanism (CBAM), which helps to level the competitive conditions between domestic production and imports from countries with lower environmental standards.

In addition to defence tools, the analysts believe that Europe needs to strengthen its internal capacities. One of the most fundamental steps is the creation of a truly functioning single internal market. It is also necessary to develop the capital market, simplify the regulatory framework and eliminate excessive bureaucracy that hinders European firms' investment activity. The revision of some policy objectives, including a partial alteration to the Green Deal in favour of economic and technological feasibility, could also increase European industry's competitiveness.

Protectionist measures, such as export or import duties, should only be used as a last resort. In an extreme case, the imposition of export duties on crucial components that are essential for Chinese production, such as scrap metal, or the imposition of import duties in sectors such as steel, may be considered. However, these steps should only be taken if efforts to negotiate fair conditions in international trade fail.

Europe therefore faces a dual challenge: to protect its strategic interests from the risks of excessive dependence and also to kick-start its own economic revitalisation. The way forward is not in isolation, but in strengthening its own competitiveness and resilience to global fluctuations.

What factors should the EU take into consideration when seeking to support competitiveness and economic growth?

According to respondents' responses, promoting competitiveness and economic growth in the European Union requires a focus on several crucial areas. One of the most critical is the issue of energy prices. Competitive and stable energy prices, together with their reliable availability, are essential for the development of industry and innovation, as well as for maintaining the attractiveness of the business environment in the EU. The first step should therefore be to focus on reducing them across the whole economy.

Investment, technological innovation and reducing production costs also play an essential role in boosting growth. The EU should support the introduction of modern technologies, including artificial intelligence, especially in areas where AI can effectively replace human work and significantly reduce unit costs. These tools can help restore dynamic growth and raise productivity, in which Europe lags well behind the USA.

Removing barriers in the single internal market, in particular in the services sector, is also an important factor. Administrative and regulatory barriers often hinder the free movement of goods, services and capital, thereby limiting innovation and European firms' export capacity. Closely related to this is the need to reduce red tape and simplify the legal framework. The recently presented action plans for some key industrial sectors, whose successful implementation could contribute to improving the overall business environment, can be seen positively in this context.

Another important area is the development of the single capital market and the venture capital market. Access to finance is particularly crucial for young and emerging firms, which are the engine of innovation and future competitiveness. The EU should therefore support tools to facilitate investment in these companies and enhance their growth potential.

Europe should also become more focused on establishing strategic partnerships with trusted and stable trading partners. Seeking new outlets in safe and promising regions can make an important contribution to diversifying exports and strengthening economic stability.

Should the EU expand further into the Western Balkans, including countries like Albania?

The issue of further enlargement of the European Union, in particular towards countries in the Western Balkans such as Albania, remains under discussion. On the one hand, EU enlargement is seen as an opportunity to strengthen its geopolitical influence, economic stability and security in the immediate neighbourhood. On the other hand, there are concerns that the EU, in its current composition, cannot effectively address its own problems, let alone accept new members without negative repercussions for its internal functioning.

The advocates of enlargement argue that today's geopolitical tensions and trade conflicts mean it makes sense to strengthen European integration not only because of the economic benefits, but also because of the EU's weight globally. An enlarged EU would have greater bargaining power in both international trade and geopolitical relations. Moreover, from a market perspective, enlargement would bring new opportunities for European businesses, which could develop their activities in the dynamic economies of the Western Balkans.

However, enlargement cannot take place without strict conditions. It is crucial that candidate countries first meet strict criteria, including in anti-money laundering (AML), protecting human rights, ensuring judicial independence and achieving macroeconomic stability. These conditions are necessary not only to ensure compatibility with the EU's legal and economic framework, but also to ensure the confidence of citizens and the business sector in newly acceding countries.

The enlargement process is long and often politically demanding. It is therefore important that it be conducted with an emphasis on sustainability, a clear progression of tasks and the actual implementation of reform steps by the candidate countries. Enlargement should not only aim at a formal connection, but genuine integration into European structures.

At the same time, however, it must be acknowledged that the European Union itself faces a number of internal challenges that it has not yet been able to fully deal with. In this light, there are opinions that enlargement could currently draw attention away from the necessary reform of the EU itself. If the EU is unable to function effectively in its current composition, further enlargement could only deepen or delay a resolution of its problems.

How do you see the future of a central bank digital currency, for example, the digital euro? What challenges and opportunities do you foresee with the digital euro?

The future of the digital euro, as a currency issued by the central bank, is seen mostly as real and likely, with expectations being that it will be introduced once the test phase has been completed. According to some of the opinions, a digital euro should primarily serve as a complementary payment instrument in addition to, and not as a substitute for, existing cash.

One of the main arguments for the introduction of a digital euro is the ongoing shift of payments to the online environment. Electronic payments suit an increasing part of the population and the demand for digital forms of currency is therefore expected to increase. In this context, a digital euro appears to be a natural step towards modernising the European payment system.

A reduction in transaction fees is mentioned among the opportunities associated with the digital euro. Cheaper and more efficient payments could benefit both consumers and businesses and thus help increase the efficiency of payments in the euro area.

On the other hand, challenges and potential risks are also perceived. One of the main concerns is the possibility of full central bank control of the digital currency, including access to information on all payments. This could cause resistance by a part of the public, which could see a digital currency as a means of monitoring and jeopardising privacy.

Another problematic issue is the impact on the banking sector. If a digital euro were offered directly to citizens by a central bank, it could become a competitor for commercial banks and affect their traditional role in the financial intermediation system.

The responses show that there are good reasons for a digital euro, but its introduction must be well thought-out and sensitive to possible negative effects on citizens' privacy and the financial system's stability.

III. THE CZECH REPUBLIC'S ACCESSION TO THE EURO AREA

What are the main pros and cons (risks) of the Czech Republic joining the euro area? Are there any issues that are not being sufficiently discussed?

The debate about euro adoption in the Czech Republic has long been polarised and often simplified, although it is a complex economic and political decision with major impacts. The pro and con arguments have a rational core, so it is important that discussions take place mainly at the expert level. The responses reveal that politicised and simplified positions, rather than a deep expert debate, currently predominate in the Czech public space.

The elimination of exchange rate risk and reduction in transaction costs are seen as the main advantages of the Czech Republic joining the euro area, especially for firms trading with euro area countries. This could mean annual savings totalling several tenths of a percent of GDP. Another benefit is greater stability of the environment for investors, which may make the Czech Republic more attractive for foreign direct investment. Adopting the euro would also make it easier to compare prices and wages in the euro area, thus contributing to greater price transparency and simplifying travel and the everyday lives of citizens.

On the other hand, there are significant risks and disadvantages. The loss of an independent monetary policy, i.e. an instrument enabling the country to respond to specific economic shocks adapted to domestic conditions, is regarded as a key problem. A flexible exchange rate serves as a buffer and can dampen the impacts of external fluctuations on the domestic economy. The Czech Republic would be giving up this tool by adopting the euro and would be fully subordinate to the European Central Bank's monetary policy, which may not always be suitable for the specifics of the Czech economy.

Another risk is that the Czech Republic's business cycle is not fully aligned with the core of the euro area. In the event of different dynamics, a single monetary policy may have a counter-productive effect. The loss of the exchange rate tool could then lead to an increase in fluctuations in economic activity, at least in the transition period following entry to the euro area.

At the same time, however, the Czech economy is undergoing a gradual process of euroisation, especially in the area of loans, which are increasingly provided in euros even though the interest rate differential between the koruna and the euro is decreasing. This suggests that market participants are naturally moving towards the euro, which is gradually reducing

the effectiveness of the country's own monetary policy. Euro adoption may thus seem to be a logical step arising from economic trends.

At the same time, the issue of euro adoption is a further step in European integration and thus the transfer of some powers to the supranational level. This aspect is often neglected or simplified. The structural conditions that euro adoption should be accompanied by – primarily an increase in the flexibility of the domestic economy, which could include some unpopular measures – are also insufficiently discussed.

Do the economic pros of the Czech Republic joining the euro area currently outweigh the cons?

The individual responses show that there is no clear and convincing opinion among the respondents. However, the idea that the current economic pros of euro adoption in the Czech Republic outweigh the cons prevails, as three respondents to this survey see it this way. One of the analysts has the opposite opinion and one did not comment.

Does having an independent monetary policy benefit the Czech Republic? To what extent would euro adoption limit the Czech Republic's ability to respond to economic crises?

The question of whether it is beneficial for the Czech Republic to have an independent monetary policy is seen in various ways. Some respondents argue that the pros of its own monetary policy slightly outweigh the cons, and the Czech National Bank's ability to respond to domestic economic conditions is regarded as important.

An important advantage of an independent monetary policy is the option of responding to specific problems in the Czech economy, for example conditions on the labour market. It remained tight during the pandemic and the energy crisis, and the inflow of Ukrainian migrants did not solve the problems of labour shortages either. Inflation was therefore also driven, among other things, by strong domestic demand, to which the CNB was able to respond by adjusting interest rates. This flexibility would be lost upon euro area entry.

On the other hand, it was mentioned that independent monetary policy was more vulnerable to political or other special-interest effects, which could undermine its effectiveness and credibility. In addition, the importance of having a national currency is gradually decreasing. Large firms have been operating in euro for years and have borrowed abroad due to high domestic interest rates, putting smaller firms and entrepreneurs at a disadvantage.

The opinion that, due to large foreign exchange reserves, the koruna is no longer performing its previous function as a buffer, weakening and dampening the negative impacts of external shocks on the economy in the form of adverse external demand developments, was also expressed. In this respect, the ability of monetary policy to protect the economy during external shocks is partly limited.

Some arguments emphasise that the Czech economy is strongly linked to the euro area and has a similar business cycle. This means that the Czech Republic's monetary policy is often in line with that of the European Central Bank. In addition, the experience of younger euro area countries shows that these countries do not do comparatively worse than non-euro area countries in crises, so the loss of an independent monetary policy may not have a major negative impact on the Czech Republic's ability to cope with crises. In addition, high inflation has hit non-euro area countries the most in recent years.

What's your perspective on the debt levels of certain euro area Member States? From your perspective, could this be a factor in the Czech Republic's limited interest in joining the euro area?

The debt of some euro area Member States is a topic that is often mentioned in the debate about euro adoption in the Czech Republic. However, views on its significance and impacts differ. Generally, it does not apply that debt itself is automatically a problem or the main reason for the Czech Republic's lower interest in joining the euro area.

Some analysts point out that debt in itself may not be a major obstacle, although its structure and purpose of use are important. If the funds were invested in areas that bring future returns or if the government has room to reduce mandatory expenditures, a higher debt level may not be a problem. However, the situation is alarming in countries such as Italy, France and Spain, where the debt often stems from structural deficits and the inefficient use of public funds. On the other hand, some of these countries – such as Greece – weathered the Covid-19 and energy crises better than expected and are now succeeding in stabilising and gradually reducing their debt thanks to reform efforts. This clearly shows that even high debt can be managed, if accompanied by a responsible fiscal policy.

The solidarity of financial assistance to indebted countries within the euro area is often a matter of concern and criticism, especially from opponents of Czech entry to the euro area. However, these concerns may not always be legitimate, as the true degree of solidarity and its impacts are often overestimated in the debates.

How would you assess the current economic and political preparedness of the Czech Republic to enter the euro area?

The respondents generally believe that the Czech Republic is ready to a large extent as regards economic indicators or that preparedness can be completed without major complications in a relatively short period. If the political decision to adopt the euro were taken, the Czech Republic would be able to join the euro area within a standard technical time frame, i.e. over a three-year period.

From the economic viewpoint, the Czech Republic is close to meeting the Maastricht criteria and the euroisation of the economy is already partially ongoing. However, this process is very asymmetric – while the business sector, especially export-oriented firms, is naturally using the euro (especially on the liabilities side and in accounting), this phenomenon is minimal in the case of households. Nevertheless, the Czech economy is structurally moving closer to the euro area.

However, there are also warning voices pointing to the risks associated with giving up the exchange rate tool in a situation where convergence between the Czech economy and the euro area has not been fully completed. Slovakia is often cited as a relevant example for deeper analysis; it adopted the euro, but this did not automatically bring fundamental economic benefits. This example shows that joining the euro area is not a guarantee of greater prosperity and should always be seen in the broader context of economic policy and structural reforms.

Overall, therefore, economic preparedness is evaluated as good, especially after the pandemic and the energy crisis subside. However, there is still a lack of political will for euro adoption. Without a clear political decision, the process cannot move forward despite economic progress and technical readiness. At the same time, it must be borne in mind that economic well-being is not guaranteed by the introduction of the euro in the Czech Republic.

What are the potential costs associated with switching to the euro?

The costs associated with the Czech Republic switching to the euro can be divided into direct (one-off) costs and systemic costs, which will be reflected mainly in the loss of monetary autonomy. At the same time, however, the precise quantification of these costs is complex and many of them can only be evaluated retrospectively, i.e. ex post, as is the case for the benefits.

One of the most frequently cited items is the costs associated with joining euro area institutions, for example the European Stability Mechanism (ESM). This step requires a capital contribution, which, according to one analyst, was quantified at around CZK 350 bn in the past (in 2012). Although it is mostly a promise of capital that does not need to be paid immediately, it remains a significant commitment.

Other costs relate to the technical transition to the new currency, the adaptation of accounting systems, changes to price tags, the exchange of cash and information campaigns. According to available estimates, total costs may be in the higher tens of billions of koruna.

The most significant cost in terms of systemic impacts is the loss of an independent monetary policy. This means the CNB loses its ability to influence interest rates and the exchange rate autonomously, which may limit its ability to respond to specific economic shocks. This aspect needs to be taken into account mainly in the context of asymmetric shocks and different economic dynamics across euro area Member States.

On the other hand, the financial benefits of euro area entry (such as savings from the elimination of exchange rate risk, lower transaction costs and greater attractiveness for investors) could offset these one-off and systemic costs in the medium term or even outweigh the one-off and systemic costs. For example, the current costs of hedging are estimated at around 0.4% of the GDP per year. However, the overall balance can only be estimated with a certain accuracy some time after all the consequences are evaluated in practice.

Should the Czech Republic step up its preparations for euro adoption? What initial steps should the government take in this area? What role should be played by the CNB?

The debate on intensifying preparations for euro adoption in the Czech Republic reflects different positions. Some stress the fact that that, without a broad political and social consensus, it is not appropriate to start preparations. According to them, euro adoption should be the result of a consensus. Two respondents therefore do not see a reason to start preparations.

By contrast, three analysts think it desirable to accelerate preparations. The introduction of the euro could serve as a trigger for economic reforms and support growth. The government should start with consolidation of public finances, reforms in the areas of taxation, regulation, digitalisation and the labour market, and should communicate the benefits and risks of euro adoption. A crucial issue is setting a target date for entry, ERM II entry and negotiations on the banking union. The Czech National Bank should play an expert and advisory role in the process and provide both expert and communication support in the event of political decisions. However, it is still essential to find a united approach across the political spectrum, ideally from the start of the term of office of a government with a pro-European programme.

What factor (potential trigger) will ultimately decide the Czech Republic's entry into the euro area?

Not only economic preparedness, but above all a combination of political, social and geopolitical factors will decide on the Czech Republic's entry to the euro area. One of the key triggers could, in one view, be the victory of a political party or government that has euro adoption in its manifesto. However, long-term and systematic public education is necessary for such a political mandate to arise.

Not only politicians, but also the corporate sector will play an important role in this process – employers and firms should actively communicate the benefits of the euro to their employees and thus contribute to a better understanding of the single currency's benefits. A change in public opinion is an essential condition for a shift at the political level.

The influence of a strong personality – an opinion maker such as the president of the republic – who, by his/her attitude and authority, helps reduce the previously negative attitude of most people and opens up space for constructive debate, may also be an important factor. In addition, a targeted marketing campaign can play a role to present the benefits of potential risks of euro adoption in clear and factual terms.

Of external influences, other major central and eastern European countries, such as Poland, could provide a decisive impetus to joining the euro area. Such a move could put pressure on the Czech Republic to maintain the comparability of its position in both the region and the EU. Last but not least, decisions will also be affected by the broader geopolitical situation, which may turn the perceptions concerning euro adoption into a strategic step in consolidating European integration and security.

When do you expect the Czech Republic to enter the euro area?

The adoption of the euro by the Czech Republic remains a subject of political and economic debates. Based on our survey, we tend to see a sceptical view of the possibility of joining the euro area soon, mainly because of the perceived lack of political will and generally because the population is not very favourably inclined towards the euro. Although the current government previously designated 2029 as the next realistic date for adopting the single currency, trends on the domestic political scene and the low degree of consensus according to the analysts suggest that the nearest date will be moved to the 2030s.

