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Czech Republic hesitant about the euro

On 18 June President Vaclav Klaus named the current vice-president of the Czech National Bank (CNB), Miroslav Singer, as its new president. The taking on of the role of president of the CNB by a person sharing the economic views of the country's president will mean a continuation of the current CNB policy; an unwillingness for the Czech Republic to enter the eurozone. Together with the lack of agreement among parties set to form the future government as regards the strategy for joining the eurozone, the perspectives for the Czech Republic signing up are being postponed.

The new president will take the reins for his six year term following Zdenek Tuma who resigned from the post in mid-April. The nomination of Miroslav Singer, who had been vice-president from 2005, was not a surprise for the Czech markets and was positively received by financial institutions. Singer, who takes on the new role on 1 July, as with Klaus, is sceptical about policies currently undertaken in the euro zone. Both have declared that the date for the Czech Republic to take on the euro should be put back. Accepting the nomination, Miroslav Singer stated that the current situation in the country makes it impossible to draw up a timeline for the Czech Republic to enter the euro zone.

The date for entering the euro zone is a contentious issue in negotiations on forming a centre-right government of the Civic Democratic Party (ODS), TOP 09 and Public Affairs (VV). TOP 09 and VV have declared themselves in favour of deciding on a specific date to enter the euro zone. ODS, who will have the strongest position in the coming cabinet, is against this. The most likely outcome is that the future government will attempt to gradually fulfil the criteria of convergence, delaying setting a date for joining the euro zone. <grosz>