

# Chronology of Events 1989–2009

Majken Corti<sup>1</sup>

The following chronology<sup>2</sup> covers major events leading to and following the fall of the Iron Curtain as well as milestones of European integration. Furthermore, it pays tribute to the role of the European Commission and international institutions, such as the International Monetary Fund (IMF), in supporting the transition process.

Focus is given to the ten countries in Central, Eastern and Southeastern Europe (CESEE) that have, in the meantime, become members of the EU: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia and Slovenia. Considering the number of countries and time span covered, this chronology does not claim to be complete.

## 1988

May 23 János Kádár, Secretary-General of the Hungarian Communist Party, is forced to resign, mainly due to the country's economic difficulties and his own ill health, opening the way for the Hungarian parliament to adopt a reform package.

## 1989

June 4 The landslide victory of Solidarność in the Polish parliamentary elections leads to the formation of the first noncommunist government in the Eastern Bloc in September 1989.

July 14–16 At the Paris Western Economic Summit, the European Commission is charged with the coordination of economic restructuring assistance in Hungary and Poland, to be financed by the G-24.<sup>3</sup> This marks the beginning of the PHARE<sup>4</sup> program, which is soon afterwards extended to a larger group of countries and becomes one of the instruments to assist the CESEE countries in their preparations for joining the EU.

Sep. 11 Hungary opens its border with Austria, allowing more than 30,000 East Germans to flee to the West before East Germany bans its citizens from travelling to Hungary.

Oct. 18 East German leader Erich Honecker is forced to step down in the face of mass protests and growing pressure for reform.

Nov. 3 Czechoslovakia opens its borders to the West, allowing thousands of East Germans to travel to West Germany via Czechoslovakia.

Nov. 9 The Berlin Wall falls as East German authorities allow their citizens to enter West Germany directly via existing border points.

Nov. 10 Bulgarian head of state and leader of the Communist Party, Todor Zhivkov, is removed from office in an attempt to satisfy the growing pro-democracy movement. In February 1990 the party voluntarily gives up its claim on power.

<sup>1</sup> Oesterreichische Nationalbank, European Affairs and International Financial Organizations Division, majken.corti@oenb.at.

<sup>2</sup> Cutoff date: June 30, 2009.

<sup>3</sup> The G-24 was a group of Western industrialized countries founded to provide financial assistance to the transition economies of CESEE.

<sup>4</sup> Poland and Hungary: Assistance for Restructuring their Economies.

- Nov. 17 The brutal suppression of a peaceful student demonstration by riot police in Prague triggers a series of mass demonstrations in Czechoslovakia. This date marks the beginning of the Velvet Revolution, which brings down the Communist regime. Dissident writer Václav Havel is elected president in December.
- Dec. 16–25 The Romanian Revolution, claiming the lives of 1,104 people, overthrows the regime of Communist leader Nicolae Ceaușescu, who is executed together with his wife.

**1990**

- Jan. 1 Re-establishment of the Bank of Estonia.
- Jan. 2 The Polish złoty is pegged to the U.S. dollar and backed by a USD 1 billion stabilization fund provided by the G-24.
- Feb. 16 The Paris Club<sup>5</sup> and Poland sign a debt rescheduling agreement.
- Mar. 1 Re-establishment of the Bank of Lithuania.
- Mar. 2 Re-establishment of the Bank of Latvia.
- Mar. 11 Lithuania declares independence. An attempt by the Soviet army to prevent the secession fails.
- Mar. 14 The IMF approves an SDR 160 million compensatory and contingency financing facility for Hungary.
- Sep. 20 Czechoslovakia joins the IMF.
- Sep. 25 Bulgaria joins the IMF.
- Oct. 3 German unification.

**1991**

- Jan. 1 The Czechoslovak koruna is pegged to a currency basket with a band.
- Feb. 15 Czechoslovakia, Hungary and Poland found the Visegrád Group, an alliance to foster inter-state cooperation and further integration into the EU.
- Feb. 20 The IMF approves an SDR 1.1 billion extended fund facility for Hungary.
- Mar. 15 The IMF approves an SDR 279 million stand-by facility for Bulgaria.
- Apr. 11 The IMF approves an SDR 380.5 million stand-by facility for Romania.
- Apr. 14 Inauguration of the European Bank for Reconstruction and Development (EBRD) with the objective of supporting the transition process in CEE.
- Apr. 18 The IMF approves an SDR 1.2 billion extended fund facility for Poland.
- Apr. 19 The Paris Club reaches an agreement with Poland on debt reduction and with Bulgaria on debt rescheduling.

<sup>5</sup> The Paris Club is an informal group of public creditors that negotiates solutions to the payment difficulties experienced by debtor countries.

June 25	Slovenia declares independence. The ensuing ten-day war marks the beginning of the breakup of Yugoslavia. The Bank of Slovenia is established.
Aug. 20	Estonia declares independence.
May 4	Latvia declares independence.
Oct. 8	The tolar becomes the national currency of Slovenia under a managed floating exchange rate regime.
Oct. 15	Poland introduces a crawling peg regime, linking the złoty to a currency basket.
Dec. 9	Hungary pegs the forint to a currency basket with a band.
<b>1992</b>	
Apr. 3	The IMF approves an SDR 236 million stand-by arrangement for Czechoslovakia.
Apr. 17	The IMF approves an SDR 155 million stand-by arrangement for Bulgaria.
Apr. 29	Lithuania joins the IMF.
May 1–7	Lithuania and Latvia introduce temporary currencies – the talonas and the Latvian ruble respectively – alongside the Russian ruble to combat a shortage of cash and to pave the way for an independent monetary system.
May 19	Latvia joins the IMF.
May 26	Estonia joins the IMF.
June 1	The IMF approves an SDR 314 million stand-by arrangement for Romania.
June 20	The Estonian kroon becomes the sole legal tender in Estonia. The exchange rate is fixed against the Deutsche mark (against the euro as of January 1, 1999). The Estonian currency board arrangement has been maintained nominally unchanged until today.
July 20	Latvia temporarily introduces the Latvian ruble as sole legal tender and establishes a managed floating exchange rate regime.
Oct. 1	Lithuania temporarily introduces the talonas as sole legal tender.
Dec. 14	Slovenia succeeds to the IMF membership of the former Socialist Federal Republic of Yugoslavia and takes over its share of the member quota, assets and liabilities.
Dec. 16	The Paris Club and Bulgaria sign a debt rescheduling agreement.
<b>1993</b>	
Jan. 1	Peaceful breakup of Czechoslovakia into the Czech Republic and Slovakia. The Czech National Bank and the National Bank of Slovakia are established to replace the State Bank of Czechoslovakia, and two new currencies, the Czech koruna and the Slovak koruna, are introduced (the exchange rate regime remains unchanged). The Czech Republic and Slovakia succeed to the IMF membership of Czechoslovakia, dividing between them its member quota, assets and liabilities.

Mar. 5	The lats becomes the national currency of Latvia. The Latvian ruble remains legal tender for some denominations until July 1998.
Mar. 8	The IMF approves an SDR 476 million stand-by credit for Poland.
Mar. 17	The IMF approves an SDR 177 million stand-by credit for the Czech Republic.
June 21–22	With a view to eastward enlargement, the Copenhagen Criteria for EU accession are laid down at the European Council. They stipulate that a new Member State must (1) be a stable democracy, respect human rights and the rule of law and protect minorities, (2) have a working market economy and (3) adopt the common rules, standards and policies that make up the body of EU law.
June 25	The litas becomes the national currency of Lithuania, replacing the talonas.
Oct. 25	The IMF approves an SDR 25.9 million systemic transformation facility for Lithuania.
Oct. 27	The IMF approves an SDR 11.6 million stand-by credit for Estonia.
Nov. 1	The Treaty of Maastricht enters into force, creating the EU and setting the rules for the single currency, the Common Foreign and Security Policy as well as closer cooperation in justice and home affairs.
Dec. 15	The IMF approves an SDR 22.9 million stand-by credit for Latvia.

#### 1994

Feb. 1	European Union Association Agreements (EUAs) with Hungary and Poland enter into force, establishing the framework for the accession process.
Feb. 12	The Latvian lats is pegged to an SDR basket with a band (and repegged to the euro as of January 1, 2005).
Mar. 31	Hungary is the first CESEE country to formally apply for EU membership.
Apr. 1	Lithuania adopts a fixed exchange rate under a currency board arrangement. The exchange rate of the litas is pegged to the U.S. dollar (and repegged to the euro as of February 2, 2002).
Apr. 5	Poland formally applies for EU membership.
Apr. 12	The IMF approves an SDR 69.7 million stand-by credit for Bulgaria.
Apr. 14	The Paris Club and Bulgaria sign a debt rescheduling agreement.
May 3	Lithuania accepts the IMF's Article VIII obligations regarding the liberalization of capital movements.
May 11	The IMF approves an SDR 132 million stand-by credit for Romania.

June 10	Latvia accepts the IMF's Article VIII obligations.
June 29	The London Club <sup>6</sup> and Bulgaria sign a debt reduction (nearly 50%) agreement.
July 1	The Central European Free Trade Agreement (CEFTA) between the Czech Republic, Hungary, Poland and Slovakia enters into force.
July 22	The IMF approves an SDR 180.2 million stand-by credit for Slovakia.
Aug. 5	The IMF approves an SDR 545 million stand-by credit for Poland.
Aug. 15	Estonia accepts the IMF's Article VIII obligations.
Sep. 14	The London Club and Poland sign a debt reduction (nearly 50%) and rescheduling agreement.

**1995**

Feb. 1	The EUAs with Bulgaria, the Czech Republic, Romania and Slovakia enter into force.
Mar. 13	Hungary introduces a crawling peg regime. The forint is pegged to the Deutsche mark with a band (and re-pegged to the euro as of January 1, 2000).
Apr. 12	The IMF approves an SDR 14 million stand-by credit for Estonia.
Apr. 21	The IMF approves an SDR 27.5 million stand-by credit for Latvia.
May 16	A band is added to the Polish crawling peg regime.
June 22–27	Romania and Slovakia formally apply for EU membership.
July 21	Poland accepts the IMF's Article VIII obligations.
Sep. 1	Slovenia accepts the IMF's Article VIII obligations.
Oct. 1	The Czech Republic and Slovakia accept the IMF's Article VIII obligations.
Oct. 13	Latvia formally applies for EU membership.
Nov. 24	Estonia formally applies for EU membership.
Dec. 8	Lithuania formally applies for EU membership.
Dec. 14	Bulgaria formally applies for EU membership.

**1996**

Jan. 1	Slovenia joins CEFTA as its fifth member. Hungary accepts the IMF's Article VIII obligations.
Jan. 17	The Czech Republic formally applies for EU membership.
Mar. 15	The IMF approves an SDR 264.2 million stand-by credit for Hungary.
May 24	The IMF approves an SDR 30 million stand-by credit for Latvia.
June 10	Slovenia formally applies for EU membership.
July 19	The IMF approves an SDR 400 million stand-by credit for Bulgaria.
July 29	The IMF approves an SDR 14 million stand-by credit for Estonia.

<sup>6</sup> The London Club is an informal group of private creditors that negotiates solutions to the payment difficulties experienced by debtor countries.

**1997**

- Apr. 11 The IMF approves an SDR 479.5 million credit for Bulgaria.
- Apr. 23 The IMF approves an SDR 301.5 million stand-by credit for Romania.
- May 26 The Czech Republic adopts a managed floating exchange rate regime.
- July 1 Bulgaria adopts a fixed exchange rate regime under a currency board arrangement. The exchange rate of the lev is fixed against the Deutsche mark (and against the euro as of January 1, 1999). Romania joins CEFTA as its sixth member.
- July 16 The European Commission presents its Opinions on the applications of the ten CESEE countries, proposing to begin accession negotiations with the Czech Republic, Estonia, Hungary, Poland and Slovenia but to postpone the start of accession negotiations with Bulgaria, Latvia, Lithuania, Romania and Slovakia.
- Oct. 10 The IMF approves an SDR 33 million stand-by credit for Latvia.
- Dec. 12–13 Official launch of the enlargement process at the European Council meeting in Luxembourg.
- Dec. 17 The IMF approves an SDR 16.1 million stand-by credit for Estonia.

**1998**

- Feb. 1 The EUAs with Estonia, Latvia and Lithuania enter into force.
- Mar. 25 Romania accepts the IMF's Article VIII obligations.
- Mar. 30 The EU officially launches the accession process of ten CESEE countries. The European Council adopts individual Accession Partnerships (APs) for each country. The candidate countries draw up national programs for the adoption of the *acquis communautaire*, setting out a timetable for achieving the priorities and objectives laid down in the APs.
- Mar. 31 Bilateral EU accession negotiations begin with the Czech Republic, Estonia, Hungary, Poland and Slovenia.
- Apr. 3 Formal beginning of the analytical examination of the *acquis communautaire* of the ten CESEE countries, the multilateral *acquis* screening process.
- June 1 The European Central Bank (ECB) and the European System of Central Banks (ESCB) are established.
- Sep. 24 Bulgaria accepts the IMF's Article VIII obligations.
- Sep. 28 The IMF approves an SDR 627.6 million extended fund facility for Bulgaria.
- Oct. 1 Slovakia moves from its fixed exchange rate regime to managed floating.
- Nov. 4 The European Commission publishes Progress Reports assessing the ten CESEE candidate countries' progress in preparing for EU membership.

**1999**

- Jan. 1 Eleven EU Member States introduce the euro as an electronic means of payment, irrevocably fixing the exchange rates of their national currencies against the euro.  
Bulgaria joins CEFTA as its seventh member.
- Feb. 1 The EUAA with Slovenia enters into force.
- May 1 The Treaty of Amsterdam enters into force, clearing the way for EU enlargement.
- Aug. 5 The IMF approves an SDR 400 million stand-by credit for Romania.
- Oct. 13 The European Commission publishes the 1999 Progress Reports, recommending the start of accession negotiations with Bulgaria, Latvia, Lithuania, Romania and Slovakia, but also imposing certain conditions on Bulgaria and Romania.
- Dec. 10 The IMF approves an SDR 33 million stand-by credit for Latvia.

**2000**

- Jan. 15 Start of bilateral EU accession negotiations with Bulgaria, Latvia, Lithuania, Romania and Slovakia.
- Mar. 1 The IMF approves an SDR 29.3 million stand-by credit for Estonia.
- Mar. 8 The IMF approves an SDR 61.8 million stand-by credit for Lithuania.
- Apr. 12 Poland allows the zloty to float freely.

**2001**

- Apr. 20 The IMF approves an SDR 33 million stand-by credit for Latvia.
- Aug. 30 The IMF approves an SDR 86.5 million stand-by arrangement for Lithuania.
- Oct. 1 Hungary pegs the forint to the euro with a wide band, abandoning the crawling peg regime after six years.
- Oct. 31 The IMF approves an SDR 300 million stand-by credit for Romania.

**2002**

- Jan. 1 Euro notes and coins replace the national currencies in 12 EU Member States.
- Feb. 27 The IMF approves an SDR 240 million stand-by credit for Bulgaria.

**2003**

- Feb. 1 The Treaty of Nice enters into force, paving the way for enlargement by reforming EU voting rules.

**2004**

- May 1 The Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovakia and Slovenia as well as Cyprus and Malta join the EU. Their respective national central banks become members of the ESCB.

June 28	Estonia, Lithuania and Slovenia enter the European exchange rate mechanism II (ERM II).
July 7	The IMF approves an SDR 250 million stand-by arrangement for Romania.
Aug. 6	The IMF approves an SDR 100 million stand-by arrangement for Bulgaria.
<b>2005</b>	
May 2	Latvia enters ERM II.
Nov. 28	Slovakia enters ERM II.
<b>2006</b>	
Sep. 26	The European Commission adopts its final monitoring report on the preparedness of Bulgaria and Romania for EU membership. Both countries are considered to be ready to join on January 1, 2007, on the condition that a mechanism is established to verify that progress is made in the areas of judicial reform and the fight against corruption and organized crime.
<b>2007</b>	
Jan. 1	Bulgaria and Romania join the EU, and their respective national central banks become members of the ESCB. Slovenia adopts the euro.
Mar. 16	The Slovak koruna's central exchange rate in ERM II is revalued by 8.5%.
Dec. 13	The EU heads of state and government sign the Treaty of Lisbon. After ratification by all EU Member States, it will adapt the structures of the EU and its institutions to an enlarged Union, bring about changes in how EU legislation is proposed and adopted, and enhance the EU's role on the international stage.
<b>2008</b>	
Jan. 1	Slovenia is the first among the Member States that joined in 2004 or 2007 to take over the presidency of the EU.
Feb. 26	The exchange rate of the Hungarian forint is allowed to float freely.
May 29	The Slovak koruna's central exchange rate in ERM II is revalued by 17.6%.
Sep. 7–15	The world financial crisis escalates.
Nov. 4–6	In a concerted effort to avert a deepening of financial market pressures in Hungary, the IMF approves an SDR 10.5 billion stand-by arrangement, and the European Council approves a EUR 6.5 billion loan.



Dec. 23	As part of a concerted effort to stabilize the Latvian economy, the IMF approves an SDR 1.5 billion stand-by arrangement. On January 20, 2009, the European Council approves a EUR 3.1 billion loan. Furthermore, Scandinavian, Baltic and Eastern European countries provide bilateral financial assistance.
<b>2009</b>	
Jan. 1	The Czech Republic takes over the presidency of the EU. Slovakia adopts the euro.
Jan. 23	Launch of the Vienna Initiative. International financial institutions, including the IMF and the EBRD, and the European Commission meet in Vienna with home and host country supervisory authorities and banks active in CESEE to discuss the need for cooperation with a view to addressing the challenges caused by the financial crisis in CESEE and to secure commitments from foreign parent banks to support subsidiaries in host countries.
May 4–6	In a concerted effort to cushion the effects of the sharp drop in Romanian capital inflows, the IMF approves an SDR 11.4 billion stand-by arrangement and the European Council approves a EUR 5 billion loan.
May 6	The IMF approves an SDR 13.7 billion arrangement under the flexible credit line for Poland.