COUNCIL OF
THE EUROPEAN UNION

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***PROVISIONAL VERSION***

# PRESS RELEASE

Extraordinary Council meeting

## Economic and Financial Affairs

Brussels, 9/10 May 2010

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| President | **Ms Elena SALGADO**<br>Second Vice-President of the Government and Minister for Economic Affairs and Finance of Spain |

# P R E S S

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## Main results of the Council

*The Council and the member states decided on a comprehensive package of measures to preserve financial stability in Europe, including a European financial stabilisation mechanism, with a total volume of up to EUR 500 billion.*

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[1] Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
Documents for which references are given in the text are available on the Council's Internet site (http://www.consilium.europa.eu).
Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

## PARTICIPANTS

The governments of the Member States and the European Commission were represented as follows:

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| **Belgium:** | |
| Mr Didier REYNDERS | Deputy Prime Minister and Minister for Finance and Institutional Reforms |
| **Bulgaria:** | |
| Mr Simeon DJANKOV | Deputy Prime Minister and Minister for Finance |
| **Czech Republic:** | |
| Mr Eduard JANOTA | Minister for Finance |
| Mr Tomáš ZÍDEK | Deputy Minister for Finance, International Relations and Financial Policy Section |
| **Denmark:** | |
| Mr Claus HJORT FREDERIKSEN | Minister for Finance |
| **Germany:** | |
| Mr Thomas de MAIZIÈRE | Federal Minister for the Interior |
| Mr Jörg ASMUSSEN | State Secretary, Ministry of Finance |
| **Estonia:** | |
| Mr Jürgen LIGI | Minister for Finance |
| **Ireland:** | |
| Mr Brian LENIHAM | Minister for Finance |
| **Greece:** | |
| Mr George PAPACONSTANTINOU | Minister for Finance |
| **Spain:** | |
| Ms Elena SALGADO | Second Vice-President of the Government and Minister for Economic Affairs and Finance |
| Mr José Manuel CAMPA | State Secretary for Economy |
| **France:** | |
| Ms Christine LAGARDE | Minister for Economic Affairs, Industry and Employment |
| **Italy:** | |
| Mr Giulio TREMONTI | Minister for Economic Affairs and Finance |
| **Cyprus:** | |
| Mr Charilaos STAVRAKIS | Minister for Finance |
| **Latvia:** | |
| Mr Normunds POPENS | Permanent Representative |
| **Lithuania:** | |
| Ms Ingrida ŠIMONYTĖ | Minister for Finance |
| **Luxembourg:** | |
| Mr Luc FRIEDEN | Minister for Finance |
| **Hungary:** | |
| Mr Tamás KATONA | State Secretary, Ministry of Finance |
| **Malta:** | |
| Mr Tonio FENECH | Minister of Finance, Economy and Investment |
| **Netherlands:** | |
| Mr Jan Kees de JAGER | Minister for Finance |
| **Austria:** | |
| Mr Josef PRÖLL | Vice Chancellor and Federal Minister for Finance |
| **Poland:** | |
| Mr Jan VINCENT-ROSTOWSKI | Minister for Finance |
| **Portugal:** | |
| Mr Fernando TEIXEIRA DOS SANTOS | Ministro de Estado, Minister for Finance |

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| **Romania:** | |
| Mr Alexandru NAZARE | State Secretary, Ministry of Finance |
| **Slovenia:** | |
| Mr Franc KRIŽANIČ | Minister for Finance |
| **Slovakia:** | |
| Mr Peter KAŽIMÍR | State Secretary at the Ministry of Finance |
| **Finland:** | |
| Mr Jyrki KATAINEN | Deputy Prime Minister, Minister for Finance |
| **Sweden:** | |
| Mr Anders BORG | Minister for Finance |
| **United Kingdom:** | |
| Mr Alistar DARLING | Chancellor of the Exchequer |

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| **Commission:** | |
| Mr Olli REHN | Member |

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| **Other participants:** | |
| Mr Lucas PAPADEMOS | Vice-President of the European Central Bank |
| Mr Philippe MAYSTADT | President of the European Investment Bank |
| Mr Thomas WIESER | Chairman of the Economic and Financial Committee |
| Mr Lorenzo CODOGNO | Chairman of the Economic Policy Committee |

**ITEMS DEBATED**

## EUROPEAN STABILISATION MECHANISM TO PRESERVE FINANCIAL STABILITY

The Council adopted the following conclusions:

"The Council and the Member States have decided today on a comprehensive package of measures to preserve financial stability in Europe, including a European Financial Stabilisation mechanism with a total volume of up to € 500 billion.

In the wake of the crisis in Greece, the situation in financial markets is fragile and there was a risk of contagion which we needed to address. We have therefore taken the final steps of the support package for Greece, the establishment of a European stabilisation mechanism and a strong commitment to accelerated fiscal consolidation, where warranted.

First, following the successful conclusion of procedures in euro area Member States and the meeting of euro area Heads of State or Government, the way has been cleared for the implementation of the support package for Greece. The Commission has signed today, on behalf of the euro area Member States, the loan agreement with Greece and the first disbursement will proceed, as planned, before 19 May. The Council strongly supports the ambitious and realistic consolidation and reform programme of the Greek government.

Second, the Council is strongly committed to ensure fiscal sustainability and enhanced economic growth in all Member States and therefore agrees that plans for fiscal consolidation and structural reforms will be accelerated, where warranted. We therefore welcome and strongly support the commitment of Portugal and Spain to take significant additional consolidation measures in 2010 and 2011 and present them to the 18 May ECOFIN Council. The adequacy of such measures will be assessed by the Commission in June in the context of the excessive deficit procedure. The Council also welcomes the commitment to announce by the 18 May ECOFIN Council structural reform measures aimed at enhancing growth performance and thus indirectly fiscal sustainability henceforth.

Third, we have decided to establish a European stabilisation mechanism. The mechanism is based on Art. 122.2 of the Treaty and an intergovernmental agreement of euro area Member States. Its activation is subject to strong conditionality, in the context of a joint EU/IMF support, and will be on terms and conditions similar to the IMF.

Art. 122.2 of the Treaty foresees financial support for Member States in difficulties caused by exceptional circumstances beyond Member States' control. We are facing such exceptional circumstance today and the mechanism will stay in place as long as needed to safeguard financial stability. A volume of up to € 60 billion is foreseen and activation is subject to strong conditionality, in the context of a joint EU/IMF support, and will be on terms and conditions similar to the IMF. The mechanism will operate without prejudice to the existing facility providing medium term financial assistance for non euro area Member States' balance of payments.

In addition, euro area Member States stand ready to complement such resources through a Special Purpose Vehicle that is guaranteed on a pro rata basis by participating Member States in a coordinated manner and that will expire after three years, respecting their national constitutional requirements, up to a volume of € 440 billion. The IMF will participate in financing arrangements and is expected to provide at least half as much as the EU contribution through its usual facilities in line with the recent European programmes.

At the same time, the EU will urgently start working on the necessary reforms to complement the existing framework to ensure fiscal sustainability in the euro area, notably based on the Commission Communication to be adopted on 12 May 2010. We underline the importance that we attach to strengthening fiscal discipline and establishing a permanent crisis resolution framework.

We underlined the need to make rapid progress on financial market regulation and supervision, in particular with regard to derivative markets and the role of rating agencies. Furthermore, we need to continue to work on other initiatives, such as the stability fee, which aim at ensuring that the financial sector shall in future bear its share of burden in case of a crisis, also exploring the possibility of a global transaction tax. We also agreed to speed up work on crisis management and resolution.

We also reiterate the support of the euro area Member States to the ECB in its action to ensure the stability to the euro area. "

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The Council also adopted a regulation establishing a European financial stabilisation mechanism.

In addition, the representatives of the governments of the euro area member states adopted a decision to commit to provide assistance through a Special Purpose Vehicle that is guaranteed on a pro rata basis by participating member states in a coordinated manner and that will expire after three years, up to 440 billion euros, in accordance with their share in the paid-up capital of the European Central Bank and pursuant to their national constitutional requirements.

The representatives of the governments of the 27 EU member states adopted a decision whereby the Commission will be allowed to be tasked by the euro area member states in this context.

**OTHER ITEMS APPROVED**

None