

Portugal successfully exits EFSF programme

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Press releases

EFSF

Luxembourg – The EFSF financial assistance programme for Portugal officially ends today with a successful programme exit. This follows the disbursement of €26 billion by the EFSF over three years to support macroeconomic adjustment in Portugal.

Klaus Regling, the CEO of the EFSF said: “The government and people of Portugal deserve recognition for their achievements in the last three years. Fiscal measures and structural adjustment have enabled Portugal to improve competitiveness, restore sustainable growth and regain the trust of investors. It should be stressed, however, that Portugal still faces serious challenges. Continued efforts are needed to overcome the persistently high levels of public and private debt, to ensure fiscal sustainability and to tackle the currently high unemployment levels.”

The EFSF, EFSM (an EU facility funded through bonds issued by the European Commission) and IMF each contributed €26 billion to the overall financial assistance package of €78 billion agreed by ECOFIN and the Eurogroup in May 2011. The first disbursement of EFSF financial assistance was made in June 2011 and the final 12th instalment was transferred on 28 April 2014. The loans were granted at interest rates slightly above the EFSF’s cost of funding, with a weighted average maturity of nearly 21 years.

“Portugal is the third country, following Ireland and Spain, to exit an EFSF or ESM programme without requesting further financial assistance,” Klaus Regling added. “The funds gave national authorities the time needed to carry out comprehensive reforms. For all three countries, 2014 will be the first year of economic recovery that will most likely extend into a period of sustained growth.”

The ESM will continue to cooperate with the Portuguese authorities under the ESM's Early Warning System, which also applies to EFSF programmes and is designed to ensure beneficiary countries will be able to honour their debts in a timely manner. In order to avoid an additional reporting burden for Portugal, the ESM will join the European Commission twice a year for its post-programme surveillance.

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