Slovakia agrees upon EFSF framework

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Press releases
EFSF

Luxembourg, July 16 2010. The Slovak Finance Minister Ivan Mikloš yesterday signed the framework agreement of the European Financial Stability Facility (EFSF), designed to provide a funding backstop should a euro area member state find itself in financial difficulties. Slovakia was the last euro zone member to officially approve the EFSF.

Klaus Regling, Chief Executive of the EFSF, said:
"I am pleased that Slovakia's government has cleared the way for the launch of the EFSF. The facility will be fully operational by the end of July 2010. The EFSF is an integral part of the framework to safeguard financial stability in Europe by providing the technical and financial capacity to raise funds if necessary."

About the EFSF

The European Financial Stability Facility (EFSF) was incorporated in Luxembourg under Luxembourgish law on June 7th 2010. Its objective is to preserve financial stability of Europe's Economic and Monetary Union by providing temporary financial assistance to euro area Member States in difficulty. In order to reach its objective the EFSF can - with the support of the German Debt Management Office (DMO) - issue bonds or other debt instruments on the market to raise the funds needed to provide loans to countries which would submit a request. Issues would be backed by guarantees given by euro area Member States of up to € 440 billion.

The EFSF is part of a wider safety net. Its funds would be combined with loans of up to € 60 billion coming from the European Financial Stabilisation Mechanism (EFSM), i.e. funds raised by the European Commission and guaranteed by the EU budget, and up to € 250 billion from the International Monetary Fund (IMF) for an overall rescue package worth up to € 750 billion. EFSF, EFSM and IMF can only act after a support request is made by a euro area Member State and a country programme has been negotiated with the European Commission and the IMF. This would only occur when the country is unable to borrow on markets at acceptable rates. Any financial assistance by EFSF, EFSM and IMF to a country in need would be linked to very strict policy conditions.

Contacts

Cédric Crelo
Head of Communications and Chief Spokesperson
+352 260 962 205
c.crelo@esm.europa.eu

Anabela Reis
Deputy Head of Communications and Deputy Chief Spokesperson
+352 260 962 551
a.reis@esm.europa.eu

Juliana Dahl
Principal Speechwriter and Principal Spokesperson
+352 260 962 654
j.dahl@esm.europa.eu

[George Matlock](mailto:g.matlock@esm.europa.eu)
Senior Financial Spokesperson
+352 260 962 232
g.matlock@esm.europa.eu