

# Joint Statement by Finance Minister of Lithuania and ESM Managing Director

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03/02/2015

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## **Lithuania joins the ESM**

The Republic of Lithuania has today become the 19th member of the European Stability Mechanism (ESM). Lithuania has ratified the ESM Treaty and now acquires the full rights and obligations of ESM membership. Lithuania's accession follows the adoption of the euro on 1 January this year. Lithuania will now fully benefit from the euro and from ESM membership.

The Lithuanian Finance Minister Rimantas Šadžius said: "Our accession to the ESM represents more than the natural step after the adoption of the euro. It is an insurance policy against financial turmoil in the future and it is a signal of protection for investors. Through the ESM, Lithuania also shares the commitment of solidarity between euro area countries and contributes to financial stability in the euro area. With the adoption of the euro and membership in the ESM, Lithuania has now reached the deepest level of integration that there is in Europe".

ESM Managing Director Klaus Regling said: "I am very happy to welcome Lithuania in the ESM. The adoption of the euro for Lithuania and its membership in the ESM prove the doomsayers of the euro area wrong. The currency union continues to be attractive, open and promising. With the ESM membership, Lithuania will benefit from a crisis protection mechanism and strengthen solidarity between euro area countries, which are both at the core of the ESM's foundation."

According to the ESM Treaty, all euro area Member States join the ESM. Lithuania joined the euro area on 1 January 2015 and completed the necessary procedures for

membership in the ESM. The country will now be able to receive financial assistance against economic policy conditionality from the ESM, if ever needed.

Lithuania subscribed to €2.86 billion of the ESM capital stock, with a contribution of €327.2 million to the ESM's paid-in capital, which provides backing for the bills and bonds issued by the ESM. This sum will be paid in five annual tranches of €65.4 million. As a country with a GDP per capita of below 75% of the EU average, Lithuania benefits from the temporary correction for new members of the ESM until 2027. By this date, another paid-in capital contribution of €159.4 million is foreseen. There are no other additional costs for Lithuania.

Lithuania does not become member of the European Financial Stability Facility (EFSF), the temporary crisis resolution fund founded in 2010 that is responsible for the financial assistance programmes for Ireland, Portugal and Greece.

Finance Minister Rimantas Šadžius is now a member of the ESM Board of Governors in which the euro area Finance Ministers take all important decisions regarding the ESM, most of them by unanimity.

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