

ESM and FLAR sign Memorandum of Understanding

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Press releases

ESM

Washington, DC - The European Stability Mechanism (ESM) and Fondo Latinoamericano de Reservas (FLAR) today signed a Memorandum of Understanding (MoU). The MoU provides a general framework to strengthen collaboration in matters of common interest between the two rescue funds.

Among other things, the MoU covers the organisation of joint activities, including the dialogue among Regional Financing Arrangements (RFA) and between RFA and the International Monetary Fund (IMF). Examples are the annual High-Level RFA Dialogue, which takes place for the second time today in Washington D.C. and the Joint RFA Research Seminar, which was held for the first time in Singapore in September. The MoU also covers joint research by the ESM and FLAR, technical cooperation, capacity building and staff exchanges.

“The MoU signed today between FLAR and the ESM marks an important step in promoting regional cooperation in the field of financial stability and crisis prevention. Establishing closer ties between our institutions will enhance the Global Financial Safety Net,” said FLAR Executive President José Darío Uribe.

“The ESM and FLAR have similar roles in their respective regions – I look forward to the concrete and mutually beneficial results of our strengthened cooperation. This MoU is the most recent one signed by the ESM with regional, multilateral institutions around the world. Thanks to this network of cooperating institutions, we can advance technical cooperation, joint research projects, as well as collaboration on macroeconomic and market analysis,” said ESM Managing Director Klaus Regling.

FLAR is a regional, multilateral organisation established in 1978 with the objective to provide support to its member countries’ balance of payments by granting credits or

guaranteeing third-party loans and improving the conditions of international reserves. Its member countries are Bolivia, Colombia, Costa Rica, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

The ESM is the crisis resolution mechanism for the countries of the euro area, established by multilateral treaty by the euro area Member States and which started operating on 8 October 2012. The ESM's mission is to provide financial assistance to ESM Members in a severe crisis. Together with its temporary predecessor, the European Financial Stability Facility (EFSF), the ESM has granted rescue loans totalling €272 billion to Ireland, Portugal, Greece, Spain, and Cyprus in exchange for the implementation of economic reforms. Ireland, Portugal, Spain, and Cyprus have successfully exited their rescue programmes.

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](#)

Senior Financial Spokesperson

+352 260 962 232

g.matlock@esm.europa.eu