

21 November 2010

Statement by the Eurogroup and ECOFIN Ministers

Ministers welcome the request of the Irish Government for financial assistance from the European Union and euro-area Member States. Ministers concur with the Commission and the ECB that providing assistance to Ireland is warranted to safeguard financial stability in the EU and in the euro area.

In the context of a joint programme EU/IMF, the financial assistance package to the Irish state should be financed from the European financial stabilisation mechanism (EFSM) and the European financial stability facility (EFSF), possibly supplemented by bilateral loans to be negotiated by EU Member States. The United Kingdom and Sweden have already indicated today that they stand ready to consider a bilateral loan.

EU and euro-area financial support will be provided under a strong policy programme which will be negotiated with the Irish authorities by the Commission and the IMF, in liaison with the ECB.

The programme will address the fiscal challenges of the Irish economy in a decisive manner. It will build on the fiscal adjustment and structural reforms that will be put forward by the Irish authorities in their Four Year Budgetary Strategy next week. This strategy will provide the details of the Government's commitment to achieve fiscal consolidation of EUR 6 bn in 2011 as part of a strategy leading to a 3% of GDP deficit by 2014, implying an overall consolidation of 15 bn in the 4 year strategy, which contains an annual review. Given the strong fundamentals of the Irish economy, decisive implementation of the programme should allow a return to a robust and sustainable growth, safeguarding the economic and social cohesion.

The programme will also include a fund for potential future capital needs of the banking sector. By building on the measures already taken by Ireland to address stress in its banking sector, a comprehensive range of measures – including deleveraging and restructuring of the banking sector – will contribute to ensuring that the banking system performs its role in the functioning of the economy.

After approval by the Irish Government, the programme will be endorsed by the ECOFIN Council and the Eurogroup, in line with national procedures, on the basis of a Commission and ECB assessment.