

Brussels, 7 May 2010

**STATEMENT OF THE HEADS OF STATE OR GOVERNMENT
OF THE EURO AREA**

1/ Implementation of the support package for Greece

In February and in March, we committed to take determined and coordinated action to safeguard financial stability in the euro area as a whole.

Following the request by the Greek government on April 23 and the agreement reached by the Eurogroup on May 2, we will provide Greece with 80 billion euros in a joint package with the IMF of 110 billion euros. Greece will receive a first disbursement in the coming days, before May 19.

The programme adopted by the Greek government is ambitious and realistic. It addresses the grave fiscal imbalances, will make the economy more competitive, and will create the basis for stronger and more sustainable growth and job creation.

The Greek Prime Minister has reiterated the total commitment of the Greek government to the full implementation of these vital reforms.

The decisions we are taking reflect the principles of responsibility and solidarity, enshrined in the Lisbon Treaty, which are at the core of the monetary union.

2/ Response to the current crisis

In the current crisis, we reaffirm our commitment to ensure the stability, unity and integrity of the euro area. All the institutions of the euro area (Council, Commission, ECB) as well as all euro area Member States agree to use the full range of means available to ensure the stability of the euro area.

Today, we agreed on the following :

- First, consolidation of public finances is a priority for all of us and we will take all measures needed to meet our fiscal targets this year and in the years ahead in line with excessive deficit procedures. Each one of us is ready, depending on the situation of his country, to take the necessary measures to accelerate consolidation and to ensure the sustainability of public finances. The situation will be reviewed by the Ecofin Council on the basis of a Commission assessment by the end of June at the latest. We have asked the Commission and the Council to strictly enforce the recommendations addressed to Member States under the Stability and Growth Pact.
- Second, we fully support the ECB in its action to ensure the stability of the euro area.
- Third, taking into account the exceptional circumstances, the Commission will propose a European stabilization mechanism to preserve financial stability in Europe. It will be submitted for decision to an extraordinary ECOFIN meeting that the Spanish presidency will convene this Sunday May 9th.

3/ Strengthening economic governance

We have decided to strengthen the governance of the euro area. In the context of the Task Force headed by the President of the European Council, we are prepared to :

- broaden and strengthen economic surveillance and policy coordination in the euro area, including by paying close attention to debt levels and competitiveness developments;
- reinforce the rules and procedures for surveillance of euro area Member States, including through a strengthening of the Stability and Growth Pact and more effective sanctions;

- create a robust framework for crisis management, respecting the principle of Member States' own budgetary responsibility.

The President of the European Council decided to accelerate the work of the Task Force. The Commission will present its proposals next week on May 12.

4/ Regulation of the financial markets and the fight against speculation

Finally, we agreed that the current market turmoil highlights the need to make rapid progress on financial markets regulation and supervision. Increasing transparency and supervision in derivatives markets and dealing with the role of rating agencies are among the key priorities for the EU. We also agreed on intensifying the work on crisis management and resolution in the financial sector and on a fair and substantial contribution of the financial sector to the costs of crises. The work on assessing whether more steps are necessary in view of recent speculation against sovereign debtors should be sped up. The President of the European Council therefore intends to discuss these issues at the June European Council, on the basis, where needed, of Commission proposals.
