



**EUROPEAN COUNCIL
THE PRESIDENT**

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**Remarks by
Herman VAN ROMPUY
President of the European Council
at the press conference following the Informal Summit
of the Heads of State and Government of the Eurozone**

Good evening.

Another meeting, another world – from "no-fly-zone" to "Eurozone", and from "provisional council" to "permanent mechanism". I am pleased to announce that tonight we have taken important decisions, after long and fruitful discussions.

We have agreed on the "Pact for the Euro". This Pact is an important part of our response to the public debt crisis. We have also agreed in principle on other major elements of the "economic package". Everything will come together at the European Council at the end of March. This should allow us to finally turn the corner.

First, on the Euro Pact. The Euro Pact expresses everyone's strong political commitment to do what is required for our common good, the euro. All 17 leaders of the Eurozone are convinced that their economies need to be more competitive and more convergent. This is essential. We live in a global economy, and an invisible loss of competitiveness was a driving force behind the public debt crisis in the Eurozone.

The Euro Pact's objectives are as follows:

- sustainable public finances;
- a competitive economy;
- sound financial systems.

These objectives may sound familiar. What has changed, however, is the political commitment. The Heads of Government will announce measures under the pact which they will put in place at national level. So alongside market pressure, and alongside the existing institutional pressure, we will now have strong peer pressure. This will give the commitments under the Pact a politically binding force.

P R E S S

FOR FURTHER DETAILS:

Dirk De Backer - Spokesperson of the President - ■ +32 (0)2 281 9768 - +32 (0)497 59 99 19
Jesús Carmona - Deputy Spokesperson of the President ■ +32 (0)2 281 9548 / 6319 - +32 (0)475 65 32 15
e-mail: press.president@consilium.europa.eu - internet: www.european-council.europa.eu/vanrompuy

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In order to secure agreement to the Euro Pact, I worked very closely with the President of the European Commission. We designed a balanced approach.

- Firstly, it is not a "one size fits all" approach. It takes account of country-specific factors. We will agree on common targets and Member States will be free to choose the means, in full respect of their traditions, including the tradition of social dialogue.
- Secondly, the Euro Pact will be firmly anchored in our institutional framework. The Commission will play a key role in that respect. The Pact comes on top of what we have already decided in the Task Force on economic governance.
- Thirdly, our non-euro area colleagues are invited to join us in this approach. I have always insisted on this.

At our next meeting at the end of March, colleagues will announce the first pledges under the Pact for the next twelve months.

Today we also welcomed the ambitious measures which were announced this morning by the Portuguese government. These are important measures in themselves; they also reinforce the confidence and solidarity of the partners in the Eurozone.

Indeed, with regard to the other elements of the package, all the partners agreed tonight on three features of the temporary facility and the permanent mechanism.

Firstly, concerning the volume: we will ensure that the full amount is available; 440 billion for the facility and 500 billion for the mechanism.

Secondly, with regard to the flexibility of the instruments, the facility and the mechanism will have the capacity to intervene on the primary market in the context of a programme (a programme with conditionality).

Thirdly, as regards pricing in the facility, we will lower the interest rates in order to take greater account of debt sustainability, while still complying with the IMF pricing principles; in addition, in view of the efforts which have been made by Greece, we have decided to extend the maturity of the loans to Greece and to lower interest rates by 1%.

As I said, the Euro Pact and the package as a whole will be formally adopted by the next European Council on 24 and 25 March.

A general remark to conclude. Why do we undertake such efforts in support of the euro? It is not to undermine the welfare state; rather, it is to safeguard it. And it is not to hamper growth, but rather to make economic growth and employment possible.