



**EUROPEAN COUNCIL
THE PRESIDENT**



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PR PCE 16

**Statement by
President of the European Council
Herman Van Rompuy
on the signature of the European Stability Mechanism Treaty**

I welcome today's signature of the treaty establishing the European Stability Mechanism (ESM). The objective is that it enters into force in July 2012, one year earlier than initially planned.

This permanent crisis mechanism will contribute to raising confidence and ensuring solidarity and financial stability in the euro area. It creates a permanent firewall with a broad range of tools and a strong financial basis, to safeguard financial stability.

The ESM will be an international financial institution, based in Luxembourg and founded by euro area member states, with an initial maximum lending volume of €500 billion, to be achieved by €700 billion of subscribed capital (€80bn in paid-in shares and €620 billion in callable shares).

As agreed in December by the leaders of the European Union, we will reassess the adequacy of resources under the European Financial Stability Facility and European Stability Mechanism on 1 March 2012.

P R E S S

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Following agreement reached at the informal European Council meeting on 30 January 2012 on the fiscal compact, the ESM treaty stipulates that the granting of financial assistance will be conditional, as of 1 March 2013, on the ratification of the fiscal compact by the ESM member states concerned. The two new treaties are both elements in the strategy to overcome the public debt crisis in the eurozone.

Factsheet on ESM Treaty:

www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/127788.pdf

Full text of the ESM Treaty:

www.european-council.europa.eu/media/582311/05-tesm2.en12.pdf

Summary of decisions taken on 30 January related to euro-area matters:

www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/127633.pdf