COUNCIL OF
THE EUROPEAN UNION

Brussels, 30 January 2012

SN 1255/2/12
REV 2

Communication by euro area Member States

Today, we have taken major steps in the implementation of our overall strategy to fight the crisis:

1. The Treaty on stability, coordination and governance in the Economic and Monetary Union has been finalized. It will be signed in March. At the same time an arrangement will be decided about the procedure to be followed to bring to the Court of Justice a case of non-compliance with the Treaty.

   This represents a major step forward towards closer and irrevocable fiscal and economic integration and stronger governance in the euro area. It will significantly bolster the outlook for fiscal sustainability and euro area sovereign debt and enhance growth.

2. The Treaty establishing the European Stability Mechanism is ready for signature, and the objective is that it enters into force in July 2012. This permanent crisis mechanism will contribute to raising confidence, solidarity and financial stability in the euro area. It will have a wide range of tools available and a strong financial basis.

   As agreed in December, we will reassess in March the adequacy of resources under the EFSF and ESM.

3. Concerning Greece, we note progress made in the negotiations with the private sector to reach an agreement in line with the parameters agreed upon in October. We urge the Greek authorities and all parties involved to finalize negotiations on the new program in the coming days. Restoration of credibility requires that all political parties irrevocably commit to the new program. We urge our Finance Ministers to take all necessary steps for the implementation of the PSI agreement and the adoption of the new programme, including prior actions, well in time for the launching of the PSI operation by mid-February. We recall that PSI in Greece is an exceptional and unique case.

4. We welcome the latest positive reviews of the Irish and Portuguese programmes which concluded that quantitative performance criteria and structural benchmarks have been met. We will continue to provide support to countries under a programme until they have regained market access, provided they successfully implement their programmes.

5. We welcome the measures decided and already enacted by Italy and Spain to reduce the public deficit and boost growth and competitiveness and call on them to pursue their important efforts for fiscal consolidation and structural reforms. These reforms as well as their swift implementation will reinforce financial stability in Italy and Spain as well as the euro area as a whole.