12 April 2013

Statement by the Eurogroup and Ecofin Ministers

The Eurogroup and Ecofin Ministers discussed today the state of play of the adjustment programmes in Ireland and in Portugal.

Both programmes are broadly on track despite challenging macro-economic circumstances.

We commended the authorities' continued strong commitment to their respective adjustment programmes, which have already been successful in addressing previously accumulated imbalances.

In this context, we were reassured by the Portuguese authorities that they will swiftly agree with the Troika institutions and legislate appropriate compensatory measures, based on expenditure control, following the ruling of the Portuguese constitutional court on certain elements of the 2013 budget. We also welcome the authorities' commitment to fully specify the medium-term budgetary strategy, notably based on structural fiscal consolidation measures that will guarantee durable fiscal consolidation and public debt sustainability, respecting EU requirements.

While at a somewhat different stage of their programmes, both countries have taken successful steps to re-enter the markets.

To support their efforts to regain full market access and successfully exit their programmes, we agreed in principle, subject to national procedures, to lengthen the maturities of the EFSM and EFSF loans to Ireland and Portugal by increasing the weighted average maturity limit by 7 years provided their continued successful programme implementation is confirmed by the Troika together with the 9th review of the Irish adjustment programme and the 7th review of the Portuguese programme. The extension would smooth the debt redemption profile of both countries and lower their refinancing needs in the post-programme period.

We take note that, according to an assessment by the Troika, the maturity extension would, in the broader context of regaining market access, be confidence-enhancing for market participants and thereby protecting Portugal and Ireland from refinancing risks stemming from developments in other euro area programme countries like Cyprus.