

COUNCIL DECISION
of 12 May 2011
granting mutual assistance for Romania
(2011/289/EU)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 143 thereof,

Having regard to the recommendation from the European Commission made after consulting the Economic and Financial Committee,

Whereas:

- (1) Romania has implemented a substantial reform programme since 2009. Public finances have been brought back onto a more sustainable path and the government's access to market-based financing has improved markedly. As the fiscal adjustment continues and the exchange rate of Romania's national currency (RON) with the currencies of major trading partners has become more stable and as parent institutions of foreign-owned banks have kept their exposure to Romania, the banking sector has remained stable and well capitalised, and Romania's external deficit has been contained.
- (2) Continued fiscal consolidation needs to be pursued in order to further stabilise the debt to GDP ratio and to ensure the long-run sustainability of public finances in a rapidly ageing society. Romania has begun to build a yield curve, but for the time being the financing of the budget deficit as well as of the refinancing of maturing debt remain expensive, and Romania continues to rely on debt instruments with predominantly short maturities. While the stability of the banking sector has been maintained, the increase in impaired assets may continue putting strain on the system.
- (3) Against this background, it is crucial that the Romanian authorities pursue sound and credible macroeconomic policies to avoid any resurgence of major financial market stress. A cornerstone of the economic programme remains the reduction of the fiscal deficit in line with the Council recommendations to Romania adopted under the excessive deficit procedure. In order to render the achievement of lower budgetary deficits sustainable, Romania needs to continue the reform of its public financial management and control environment.
- (4) The Council is reviewing on a regular basis the economic policies implemented by Romania, in particular in the context of the annual reviews of Romania's update of

the convergence programme and implementation of the national reform programme and the regular review of progress made by Romania in the context of the convergence report.

- (5) While in the baseline scenario of the economic programme, total gross financing needs until the first quarter of 2013 are fully covered, and the government continues to consolidate its access to market-based financing, the unfinished reform agenda and substantial risks surrounding the baseline scenario support Romania's request for a financial assistance of a precautionary nature as a follow up to the assistance granted under Council Decision 2009/458/EC of 6 May 2009 granting mutual assistance for Romania ⁽¹⁾.
- (6) The Romanian authorities have requested financial assistance from the Union and other international financial institutions to support balance of payments sustainability and to ensure that international currency reserves can be kept at a prudent level even in the case of adverse economic developments.
- (7) Romania remains seriously threatened with difficulties as regards its balance of payments, a threat which continues to justify the granting of mutual assistance by the Union,

HAS ADOPTED THIS DECISION:

Article 1

The Union shall continue to grant mutual assistance to Romania, thereby continuing the assistance which has been provided pursuant to Decision 2009/458/EC.

Article 2

This Decision shall take effect on the day of its notification.

Article 3

This Decision is addressed to the Member States.

Done at Brussels, 12 May 2011.

For the Council
The President
PINTÉR S.

⁽¹⁾ OJ L 150, 13.6.2009, p. 6.