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2013/0167 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision 2011/77/EU on granting Union financial assistance to Ireland

EXPLANATORY MEMORANDUM

In order to strengthen the sustainability profile of the economic programme to Ireland and ease the liquidity needs of the Irish government in the post-programme years, and in line with the Statement by the Eurogroup and Ecofin Ministers of 12 April 2013, Council Implementing Decision 2011/77/EU on granting financial assistance to Ireland should be amended. The amendments concern in particular the extension of the average maturity of the overall facility from “up to 12.5 years” to “up to 19.5 years” by extending the maturities of the individual disbursements.

At the request of Ireland and market conditions permitting, the Commission may refinance all or part of its initial borrowing in order to extend the maturity of an instalment or a tranche, provided that the maximum average maturity of 19.5 years is respected. Any amounts borrowed by the Commssion in advance shall be kept on an account with the ECB that the Commission has opened for the administration of the financial assistance. The Commission will also make sure that the maturity at which the refinancing operations are made caters for the proper management of the margin under the EU Own Resouces ceiling, including the redemption profile of the EU bonds.. The refinancing operations are expected to take place from 2015 and all costs incurred by the EU in concluding and carrying out each operation will be borne by Ireland.

It should be noted that such decision will enhance the sustainability and improve the liquidity outlook of the programme. This results in improved borrowing conditions for the sovereign as well as spill-over effects to the private sector. These effects are beneficial for both creditor and debtor countries and therefore contributes to the stability of the euro area.

Taking into account the above explanations, the Commission considers that the changes consisting in the extension of the average maturity of the EFSM loan to Ireland are beneficial to securing the programme's objectives.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism[1], and in particular Article 3(2) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Upon a request by Ireland, the Council granted financial assistance to Ireland (Implementing Decision 2011/77/EU[2]) in support of a strong economic and reform programme aiming at restoring confidence, enabling the return of the economy to sustainable growth, and safeguarding financial stability in Ireland, the euro area and the Union.

(2) The Commission completed the ninth review of the Irish economic reform programme on 22 April 2013.

(3) An extension of the maximum average maturity of the EU loan would be beneficial as it would support Ireland's efforts to regain full market access and successfully exit its programme. In order to take full benefit from the extension of the maximum average maturity of the EU loan, the Commission should be authorised to extend the maturity of instalments and tranches.

(4) In light of these developments, Implementing Decision 2011/77/EU should be amended,

HAS ADOPTED THIS DECISION:

Article 1

Article 1 of Implementing Decision 2011/77/EU is amended as follows:

(1) Paragraph 1 is replaced by the following:

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1 OJ L 118, 12.5.2010, p. 1.

2 OJ L 30, 4.2.2011, p. 34.

‘1. The Union shall make available to Ireland a loan amounting to a maximum of EUR 22.5 billion, with a maximum average maturity of 19.5 years. The maturity of individual tranches of the loan facility may be up to 30 years.’

(2) The following paragraph is added:

‘9. At the request of Ireland, the Commission may extend the maturity of an instalment or a tranche, provided that the maximum average maturity as set out in paragraph 1 is respected. The Commission may refinance all or part of its borrowing for that purpose. Any amounts borrowed in advance shall be kept on an account with the ECB that the Commission has opened for the administration of the financial assistance.’

Article 2

This Decision is addressed to Ireland.

Article 3

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

For the Council
The President