ESM Board of Governors approves 2017 Annual Report

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Luxembourg – The Board of Governors of the European Stability Mechanism (ESM) held its sixth Annual Meeting today at the ESM's premises in Luxembourg and approved the ESM Annual Report for 2017. The Board of Governors comprises the 19 euro area finance ministers. They discussed the main developments of the ESM over the past year and its key activities, including funding, investment and lending.

Mário Centeno, Chairperson of the Board of Governors, expressed his positive view of the ESM's achievements. "The ESM is, in itself, a success story. Its creation filled an institutional gap in the Economic and Monetary Union (EMU). It has built a reputation as a credible and reliable institution with a solid and robust capital structure. The ESM became instrumental in developing EMU further."

The Annual Report includes the ESM's financial statements for 2017, which were approved by the Board of Governors. The ESM's net income of €68.6 million was allocated to its Reserve Fund, which now holds €2.1 billon. This represents a potent buffer in a challenging interest rate environment.

Since the last Annual Meeting one year ago, ESM/EFSF beneficiary countries maintained their solid growth momentum: The most striking example was Ireland's 7.8% GDP growth in 2017, the highest among all 28 EU countries. The performances of Spain, Cyprus, and Portugal were also impressive; growth in Greece accelerated recently.

ESM Managing Director Klaus Regling said: "The past year was another visible indication of how reforms and economic adjustments bring tangible results. Four of the five countries that were in EFSF or ESM assistance programmes are clear success stories. Greece has a chance to join this group, if it continues to implement reforms, also after the end of its programme on 20 August." He added: "The ESM makes the monetary union more robust, and enhances the resilience of its economy. These are not abstract concepts: it means fewer job losses, and less economic damage when the next crisis hits. As a result of ESM and EFSF lending terms, our five beneficiary countries saved a total of €16.6 billion in debt service payments in 2017, compared to the assumed market cost of funding. Greece alone saved €12 billion last year, the equivalent of 6.7% of the country's GDP."

An electronic version of the ESM Annual Report for 2017 is available on the ESM website.

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