

Slovakia halts EU stabilisation mechanism

On 18 June Slovak Prime Minister Robert Fico announced that Slovakia will not support the European Financial Stability Facility (EFSF) for euro zone countries unless the Slovak centre-right – which won a majority of seats in parliamentary elections on 12 June – declares support for it. The outgoing government is attempting to share the blame for accepting the unpopular decision to bind Slovakia to providing loan guarantees to almost 4.5 billion euros. It is attempting through this to weaken the credibility of the centre-right coalition currently being formed.

The European stabilisation mechanism agreed on 9 May by the Council of the EU creates a pool of loans and loan guarantees with a total value of 750 billion euros. This can be used to help return financial liquidity to euro zone countries struggling with the credit crunch. The opposition strongly criticised the project which was accepted by Robert Fico's cabinet before the elections on 12 June. The outgoing PM has stated that following the elections his cabinet has no mandate to bind Slovakia to support of the EU stabilisation mechanism. Fico called on the four parties who have announced they will form the governing coalition (SDKU-DS, SaS, KDH and Most-Hid) to support the EU project to stabilize the euro. Those parties have, however, decided on a wait-and-see strategy, stating that the decision regarding the stabilisation mechanism is in the exclusive competence of the current government.

The Slovak minister of finance's signature is necessary to create a special purpose vehicle which would initiate loans within the stabilisation mechanism. Prime Minister Fico is attempting to cast the blame for halting the EU project onto the parties forming the new governing coalition, thus weakening their credibility in the EU. The clash between the outgoing government and the opposition entering power is delaying the launch of the EFSF. It may however be expected that Slovakia will eventually accept the EU project. <grosz>