



**COUNCIL OF
THE EUROPEAN UNION**



Brussels, 4 November 2008
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The Council approves the grant of a loan to Hungary to support its medium term balance of payments

Today the Council adopted a Decision¹ on the grant of a loan to Hungary amounting to EUR 6.5 billion, to help it to deal with the financial crisis confronting it.

This loan from the European Community is in addition to the financial aid of EUR 12.5 billion from the International Monetary Fund and EUR 1 billion from the World Bank to support Hungary's medium-term balance of payment Hungary has agreed a programme of economic adjustment with the IMF that is fully supported by the European Union.

This financial support should enable Hungary to resist the severe pressure on its financial markets at present For their part, the Hungarian authorities have undertaken to apply an accompanying programme which will be incorporated in an update of its convergence programme, under the EU's Stability and Growth Pact.

¹ The Decision was adopted at a Council meeting on Economic and Financial Affairs.

P R E S S

The Hungarian authorities have undertaken to accelerate the consolidation of their national budget this year and in 2009, and to reform their budget governance. Measures have also been taken to improve market liquidity and strengthen financial stability with the support of the European Central Bank. For its part, the Hungarian central bank, the Magyar Nemzeti Bank, has increased its rates of interest in order to halt the fall in the value of the Hungarian forint.

The Council Decision is based on Article 119 of the Treaty and on Council Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments. This is the first time that recourse has been had to this facility on the basis of Regulation (EC) No 332/2002.
