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# Rajoy urges battle for euro's survival

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By Victor Mallet in Madrid

Mariano Rajoy, Spain's centre-right prime minister, has called for a battle to be waged in Europe to ensure the survival of the euro by solving immediate liquidity and funding problems and moving towards fiscal and financial sector integration.

He expressed delight in parliament on Wednesday that Spain's partners in the eurozone had agreed at the weekend to help recapitalise Spanish banks with up to €100bn in loans to the country, but said a "battle" was needed to ease the financial difficulties that were strangling European economies. Investors were unimpressed by the bailout and Spain's sovereign borrowing costs hit a euro-era high on Tuesday.

Mr Rajoy released a letter he had sent on June 6 – three days before the announcement of Spain's bank bailout – explaining the policies he believed should be adopted by the European summit of June 28-29 to save the euro.

"Europe [the EU] is undergoing the gravest crisis since its creation," he wrote to Herman Van Rompuy, head of the European Council, and José Manuel Barroso, president of the European Commission. "The euro is at risk."

Mr Rajoy outlined a five-point plan, including further action by the European Central Bank in the short term to "guarantee the financial stability of the eurozone". He wrote: "The only institution which today has the capacity to ensure these conditions of stability and liquidity that we need is the ECB."

He repeated Spain's support for greater central control in the eurozone of fiscal policy and bank supervision, and accepted that would mean a loss of national sovereignty.

Mr Rajoy also called for the reduction of budget deficits, market reforms such as the labour market legislation introduced by his government, and further integration of national markets in the EU.

These three strategies, however, would take time to bear fruit. "And time is precisely what we lack."

He wrote: "The next European Council on June 28 and 29 must launch a clear and decisive message on the irrevocability of the euro and the single market."