

Germany dismisses 2-trn-euro ESM as "illusory"

BERLIN, Sept. 24 (Xinhua) -- German Finance Ministry on Monday dismissed an earlier report of plans to boost the size of European Stability Mechanism (ESM) to 2 trillion euros (2.6 trillion U.S. dollars) as "completely illusory."

Martin Kotthaus, spokesman for Finance Minister Wolfgang Schaeuble, told a press briefing that the figure was unrealistic, adding that it is not feasible to put a precise number on the amount of the ESM, although the European Commission confirmed on Monday that talks are underway to boost the firepower in order to shore up investors' confidence.

The current target for the eurozone's permanent bailout fund for indebted countries is 500 billion euros, but German weekly Der Spiegel said on Sunday that eurozone countries want to boost the size to 2 trillion euros for emergencies.

German Deputy Finance Minister Steffen Kampeter told media on Monday that Germany's parliament would be consulted in the discussion on leveraging the ESM.

Earlier this month, the German Constitutional Court gave a long-awaited verdict over the suspended ratification process of the ESM and the fiscal pact, setting conditions which protect the parliament's power for the final ratification of the ESM and the fiscal pact.

The parliament should "receive comprehensive information" over future decisions made by the ESM and Germany's financial burden in the fund should be limited to its share of the capital stock or 190 billion euros, the court ruled.

Increase of German liability in the ESM, if any, should not happen "without agreement of German representatives" and Germany must express that its interest should be respected in the ESM, reserve the right to opt out of mechanism, the Karlsruhe-based court said.

The ESM is expected to replace the temporary European Financial Stability Facility (EFSF) and take effect on Oct. 8. (1 euro = 1.29 U.S. dollars)