Statement to press by Klaus Regling following meeting with Greek Finance Minister Christos Staikouras, 12/05/2021

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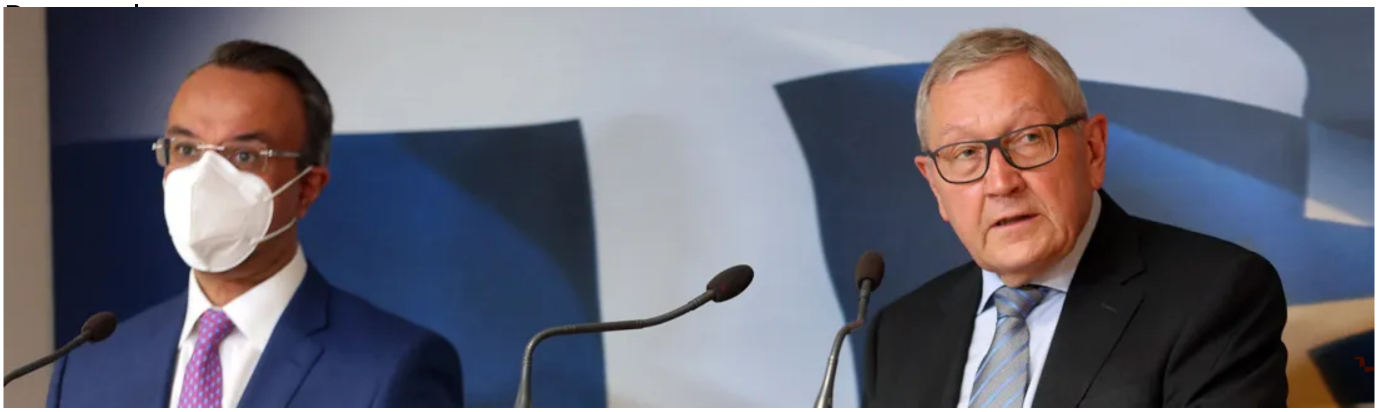

I would like to thank Minister Christos Staikouras and his colleagues for their warm welcome today.

Our meeting in September was my last trip before the pandemic intensified again and travel restrictions were tightened. This is my first official trip, almost a year later, as measures ease again. And I am happy to be able to come back as we see the situation improving.

I am confident Europe and Greece are now moving out of the crisis. All forecasts by international and European institutions as well as by market analysts predict strong growth from now onwards. The EC published its latest forecast this morning and it confirms good growth this year and very strong growth for Greece next year, plus 6%. On average, the euro area countries are expected to return to their pre-crisis economic performance of 2019 in early 2022. This is also true for Greece.

Greece has come a long way in the last decade and has emerged from the previous crisis stronger. The Greek economy was structurally more resilient at the start of the pandemic than before the sovereign debt crisis. Its fiscal position was good after a long and painful adjustment.

Preserving that strong position and fostering a high growth potential is a key challenge going forward. Making good use of the available EU funds will support Greece’s recovery considerably over the next few years. It will be the country that receives the most funds relative to the size of its economy. Success will depend on the capacity to absorb these funds effectively.

The objective of the government is to raise Greece’s growth potential. I can only applaud that intention which requires not only

- the productive use of the very large EU funds but also
- reforms to support a business friendly environment, including tax reforms the Minister mentioned;
- continued privatisation;
- further strengthening of the banking system, of the judicial system and the administration in general;
- a reform of the education system;
- and the transition to a greener and digital economy which is the objective of all European countries.

Raising Greece’s long-term growth potential through these policies will be essential to maintain debt sustainability. As you know, the ESM is Greece’s long-term partner and biggest creditor. The ESM holds around 55% of Greece’s public debt and the average maturity of the ESM/EFSF loans is 31 years. We have a genuine interest in Greece’s good economic and social development. We take a long-term view. Greece’s success is our success.

Debt has gone up in all countries. Greece is not an exception. So as I said earlier, making the best possible use of the EU funds and the recovery and resilience plan, will be crucial to unleash the long term growth potential that will be the basis to ensure debt sustainability is maintained in the future.

This is also good for the Greek people, because concentrating on the right policies will generate growth and jobs in the imminent recovery and for years to come.

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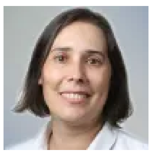

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