

Transcript of K. Regling's remarks at Eurogroup press conference

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Press conferences

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Thank you very much. Indeed, I'm very happy to continue as the boss of the ESM. I'm grateful that the finance ministers reappointed me for another term. When I started the first term in 2012, to think back how Europe looked like in 2012, at that point in time I already had two and a half years' experience with the EFSF. And the ESM was really a new institution that was not foreseen in the initial design of monetary union. The ESM is now our lender of last resort to sovereigns, and I think it's fair to say today that without the creation of the EFSF and ESM, some Member States would have probably been forced to leave the euro area. And I think Europe would be a different place today if that had happened.

It's also very satisfying to see that former programme countries are so successful. Four of the five countries that received financial assistance from the EFSF and ESM exited their programmes; they are able to refinance themselves on the markets fully. It shows that our "cash for reforms" approach indeed works. These four countries out of the five that have exited – they have growth rates today that are among the highest in Europe, so it's really successful. Greece is the only country that is still in an active programme, it's a special case as I have said on many occasions. Therefore, it's very good that there is now a common understanding for the four institutions to go back to Athens. Indeed, as Chairman Dijsselbloem and Commissioner Moscovici said, it's important to come to an agreement soon. We know the big repayment is only due in July, but in the meanwhile, it would have a

positive impact on confidence if we can conclude soon. And also the Greek authorities could then continue to repay their domestic arrears, as they successfully did last year. And we know that stimulates growth and employment. So that's why it's important to work on this and we are certainly determined to do that.

One other element: we had good news from Greece today. They have repaid to the ESM €2 billion; you may ask why they are repaying any money to us while at the same time we are talking about concluding a review which leads to more disbursements. It has to do with the bank recapitalisation that took place in 2015. At that time, we disbursed €5.4 billion to the Greek government, which in turn was earmarked and used to recapitalise two banks as part of the restructuring agreement that was agreed with DG [Directorate General of the European Commission] Competition. It was agreed that the National Bank of Greece would have to sell its subsidiary, and the proceeds of that sale would be used to repay the ESM. So this has happened, and that's why, in line with our financing and lending agreement, Greece indeed repaid €2 billion to us. I think that's positive; it shows that what we agree with Greece happens, and it happened on time. It's also good because it reduces Greek debt by €2 billion, and at the same time increases the lending capacity of the ESM, which is also good for the stability of the euro area. So that's good news – let me leave it at that.

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