

Klaus Regling at Eurogroup press conference

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**Transcript of remarks by ESM Managing Director Klaus Regling
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Let me also say a few words on Greece. Indeed, a historic moment for everybody who has been around from the beginning. I joined the group in mid-2010, so 8 years now. A lot has happened during this period. We had dramatic nights; I think many of you – who come here when we finish the meetings – had dramatic nights, particularly in 2010, 2012, when the financial stability of the entire euro area was sometimes under threat. Of course in July 2015, Greece was really close to leaving monetary union, and if this had happened, it would have had profound implications for Greece, but also for the monetary union as a whole.

So we have come a long way, Greece has come a long way, we in the euro area have come a long way. I really want to congratulate Greece on concluding this third programme. The solidarity from the euro area for Greece in exchange for all the reforms and adjustment is unprecedented. It's the biggest solidarity the world has ever seen. We have seen disbursements of €245 billion, when I add up the Greek Loan Facility, EFSF and ESM loans. That's only the European side, and the IMF comes on top of that. And there was debt relief in 2012, not only from the private creditors, but also the official creditors improved the lending terms – extended the maturities, reduced margins and fees. And when we estimate what all these measures coming

from the European creditors have meant for Greece, you'll find in our Annual Report that was published today, that Greece saved last year in its budget €12 billion in debt service payments, that's more than 6.5% of Greek GDP. And this will be repeated every year. So this is the biggest support programme ever.

The President of the Eurogroup talked about the details of today's decisions. The ESM is prepared to disburse €15 billion to Greece after national procedures have been completed. €9.5 billion will go into a dedicated account for the cash buffer, and this will cover post-programme financing needs, until the year 2020. The remaining €5.5 billion will go to the segregated account to cover immediate debt servicing needs.

On the debt relief: there will be a further extension of maturities, deferral of interest and amortisation payments. This means, to put a number to that, interest and amortisation on €96.4 billion of EFSF loans will be deferred for another 10 years. So the first time Greece will make interest and amortisation payments on this amount will be in 2033. You will find all the other details on that operation in the Eurogroup statement.

I welcome that there are serious post-programme monitoring arrangements. Commissioner Moscovici talked about enhanced surveillance. I think that is appropriate, given the large amount of money that has been disbursed, and also the unprecedented debt relief. Therefore, the post-programme monitoring is tighter than in the other cases. The ESM will be happy to collaborate closely with the Commission in the context of enhanced surveillance; we have our Early Warning System as you know, and that will be important as follow-up.

On deepening EMU, the other important item today, I don't want to say very much, but I want to remind everyone that the economic rationale of these different ideas to deepen monetary union is to make the euro area more resilient to future crises. We want to reduce risks because there will be another crisis one day, and we want to share risk where it is necessary. And it's in that spirit that I also want to welcome the contribution from Germany and France on deepening EMU.

From the discussion tonight let me highlight a few points of particular relevance to the ESM, without ignoring how important the other elements are - on completing Banking Union, all that is important for more risk-sharing. Of course for the ESM, the decision to provide the backstop for the Single Resolution Fund will be important. It's

also important that the ESM toolkit will be reviewed and possibly new tools will be added. The other points were made clear by the President of the Eurogroup. It will also be important to work on the collaboration between the ESM and the European Commission, which is working very well. We have demonstrated that in our work on Greece over the last few years. It's all written down in an MoU which we signed in April in Sofia. But if the ESM gets news mandates, obviously that needs to be reflected in that MoU, so we will look at that once the decisions have been taken.

I believe there can be a very good continued division of labour between the ESM and the Commission, also in programme design and management. We will look at it from the perspective of a creditor, and with a view to market access and debt sustainability. Obviously, we will and must respect the Commission's competences because they are written down in the EU Treaty, so there is no attempt from anybody to intrude into that.

Of course we have to remember that all this will take some time, anyway on the ESM's side, because once we have an agreement on the different elements to broaden the mandate, the ESM Treaty needs to be changed – that requires ratification in the 19 parliaments of our Member States, and that will take as a minimum one year, I would expect.

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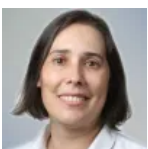


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