

# Rolf Strauch in interview with ORF (Austria)

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Interviews

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## **Transcript of interview with Rolf Strauch, ESM Chief Economist ORF TV (Austria), 18 August 2018**

Interviewer: Raffaella Schaidreiter

Original language: German

**Mr Strauch, Monday is a significant day for Greece. Officially, the country is leaving the support programme. Looking back, since 2010, five countries have also been receiving loans from the ESM. Greece is now facing a debt of 290 billion euros, which must be repaid. What do you think of this high number?**

Well, I am feeling very positive. I think the Greek debt is quite manageable. One has to keep in mind that debt does not depend on the level of the debt per se, but on the debt service - the annual payments that have to be made. This is similar to a mortgage loan where it mostly comes down to what monthly payments you have. And in this respect, it needs to be said that in Greece the annual debt servicing costs are lower than in other European countries. This is the result of a series of steps that we have taken over time. On the one hand, Greece had a significant haircut in 2012, where private creditors waived € 100 billion. That was the biggest debt cut in history. A second important aspect is the conditions at which we grant loans. We have low interest rates on the one hand, and long maturities on the other. In other words, Greece will not have to pay back the debt in just a few years, so the debt burden is quite sustainable.

**There is also post-programme surveillance, which means that the influence of the creditors is not completely over from Monday on. A follow-up**

**programme, post-programme monitoring, was also used in other countries, such as Cyprus, Portugal, Spain and Ireland. Only in Greece it should, as we have heard, be stricter. What does "stricter" mean?**

The ESM - as the institution that grants loans - always visits countries and assesses whether these countries can repay the debt. The same applies to the European Commission, which is present in countries in order to carry out the standard surveillance in the framework of the European monitoring mechanisms. The surveillance, in this case, has developed one step further by introduced the so-called "enhanced surveillance" - an enhanced surveillance program to record and determine whether over the coming years Greece also continues to fulfil the commitments it has made under the program, and thus continues the reform process that it has now begun.

**That means, Greece's responsibility is not over yet?**

No, the responsibility lays with Greece, it remains there. We are the biggest creditor of Greece, so we have an interest in being repaid on time. Greece has this responsibility and will live up to this responsibility.

**Let's come back to the other four countries: Cyprus, Spain, Portugal, and Ireland. These countries have already completed the programs. How satisfied are you with the "payback morale"?**

Well, I think it is first worth noting that all of these programs worked - insofar as these countries have left the programs and are back on the market, showing very good growth rates. It's important to see that the programmes worked on their own. And in that sense, we are not even worried about the repayment ability, or that risk that we won't be paid back. On the contrary, one can say that countries are even proactively interested in repaying us; such as Spain, which has already made seven early repayments. So, we are in that respect on the safe side.

**And with Greece, you are also [satisfied]?**

As I said, for the foreseeable future, I do not see that Greece would not repay us. We have certain mechanisms for the time after the program, so that the reform flow continues. And the best safeguard we can have is indeed that reforms will continue

and Greece will show positive growth. And we work on that, and that's where also the responsibility of the Greeks lies.

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