

Approval of medium-term debt relief measures for Greece

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Press releases

EFSF

EFSF approves medium-term debt relief measures for Greece

Luxembourg – The Board of Directors of the European Financial Stability Facility (EFSF) today approved the implementation of a set of medium-term debt relief measures for Greece. The measures are set out in a number of EFSF documents including the Master Financial Assistance Facility Agreement between the EFSF and Greece. Euro area finance ministers had endorsed the measures at the Eurogroup meeting on 22 June 2018.

The implementation of the EFSF medium-term measures for Greece approved today consist of (i) a mechanism for the conditional abolition of the step-up interest rate margin related to the debt buy-back instalment of the second Greek programme from 2018 onwards; (ii) a further deferral of interest and amortisation by 10 years on €96.4 billion of EFSF loans to Greece; and (iii) extension of the maximum weighted average maturity of the above-mentioned loans by 10 years, respecting the programme authorised amount.

“We estimate that the total package of medium-term measures agreed by ministers last June should lead to a cumulative reduction of Greece’s debt-to-GDP ratio of around 30 percentage points until 2060. We also expect Greece’s gross financing needs to fall by around eight percentage points in the same time horizon,” said ESM Managing Director and EFSF CEO Klaus Regling.

“To ensure that the debt relief measures include incentives for continuous implementation by Greece of the reform measures agreed in the ESM programme,

the abolition of the step-up interest rate margin until 2022 is conditional on the continued implementation of key reforms under the ESM programme and Greece's compliance with the agreed reform measures and policy commitments during the post-programme surveillance period," added Mr Regling.

The step-up interest rate margin applies to the €11.3 billion loan instalment of the EFSF programme for Greece, which was used to finance a debt buy-back in 2012. A margin of 2% had originally been foreseen for 2017 onwards (under the short-term debt measures, the EFSF waived the margin for the year 2017). The deferral of interest and amortisation means that Greece will not start repaying most of its EFSF loans until 2033, and the new weighted average loan maturity will be 42.5 years.

For further information on EFSF medium-term debt relief measures for Greece, please consult the [explainer](#) on the ESM website.

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