

Klaus Regling at Eurogroup press conference

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Transcript of remarks by ESM Managing Director Klaus Regling

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I want to add a few words on Greece. As you remember, the EFSF and ESM disbursed over €200 billion to Greece in recent years, and that means that today about 55% of total Greek public debt is in our books. And that's the reason why take the perspective of a creditor whenever we analyse developments in Greece.

But we also take the perspective of Greece's long-term partner with a vested interest in Greece's success - because this improves the life of the people in Greece and it enhances Greece's capacity to eventually, after 40 years on average, repay us.

As has already been mentioned, Greece indeed has made a lot of progress since leaving the programme last August. This is shown in the Commission's Second Enhanced Surveillance Report, to which the ESM also contributed.

There are a few outstanding issues – I don't want to repeat what you already heard. Therefore I share the view that it was right for the Eurogroup to decide today to wait until there is full clarity. And I think that can indeed happen over the next few weeks. Once there is full clarity, the SMP and ANFA profits, and the amounts related

to the step-up margin can be disbursed by the ESM. The SMP and ANFA profits amount to €644 million, while waiving the step-up margin represents €330 million for Greece. So together, we are talking about €1 billion.

I think it's important to remember that that this is not a new ESM loan: these profits and also the step-up interest margin waived – these are commitments made by the Eurogroup in the context of the medium-term debt relief measures last June. And these are grants for Greece, so it's much better than an ESM loan – it doesn't have to be repaid and there's no interest payment on that.

This will continue. Remember that probably every six months, the Eurogroup will take another decision on additional SMP and ANFA profits, and another on waiving the step-up interest margin. And that will continue until 2022.

A short word on the budgetary instrument for convergence and competitiveness, where the expenditure side was discussed today. Since the beginning of the euro crisis, we have taken important steps to enhance the resilience of the euro area, which means to reduce its vulnerability. And we know that for markets, with whom the ESM is in contact frequently, the view is predominant that monetary union without a budgetary instrument would be incomplete. Therefore, the proposals that were discussed today from the Commission, from Germany and France are welcome and the discussion on the expenditure side is very helpful.

A budgetary instrument to support investment and structural reforms will strengthen obviously the resilience of the monetary union. In addition, one can imagine this budgetary instrument to contain also countercyclical elements, although that was not the main idea for the design of these instruments, but it could be a very useful by-product. There is no agreement on that point yet. But I hope that this discussion will continue so that we can come to an agreement to work on this, also on these countercyclical elements which could be on the expenditure side, but also on the revenue side, which will be discussed in the future.

Response to question on whether the IMF's forecasts regarding Greece are more pessimistic than the EU forecasts.

I think that the contrast that you paint between the IMF's assessment and the assessment of the European institutions is a little bit exaggerated. On the European side, we are not saying that everything is fine, but what we said today is that there is good progress, sticking to the commitments that were given at the end of the

programme last August. At the same time, we encourage Greece to continue with reforms, and there are these few open issues that we talked about today. And overall I think that one cannot say that the IMF is more pessimistic. If I remember correctly, the latest World Economic Outlook revision that the IMF put out last month shows that Greece was the only country among all advanced economies with an upward revision, with growth moving from 2 to 2.3% - which is even higher than the 2.2% that in the Commission's forecast. So I can't see from those numbers that the IMF is more pessimistic.

Response to question on whether Greece is running the risk of losing the €1 billion disbursement

It's not a question of money being lost. The money is sitting in the account at the ESM, and we are waiting for the signal from the Eurogroup and then we disburse the money. It's there; it was transferred in a complicated process from our Member States, and it's waiting for the signal from the Eurogroup.

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