

Transcript of statement by ESM managing Director Klaus Regling

Press conference following Eurogroup meeting, 7 March 2016

Introductory statement

First on Greece – the ESM team will go tomorrow to Athens and will continue to work with the other institutions and the Greek authorities on the review. Of course it will not be easy; the conditionality is ambitious. Pierre (Moscovici) mentioned some of the key points that need to be tackled. And hopefully one can move swiftly to complete the review because liquidity is getting tighter, and the timely completion of this review would ensure that the funds are available for debt service payments, and thus avoid the need to run domestic arrears to finance debt service payments, which is detrimental to economic development.

Just as a reminder, the ESM has already disbursed €21.4 billion since last September, so that's roughly 1/4 of the overall initial committed programme amount. This includes €16 billion for fiscal needs and €5.4 billion to recapitalise Greek banks. That leaves almost €65 billion in the programme envelope, although it is unlikely that the full amount will be needed.

On Cyprus, I can only join the happy comments you already heard. The country has come a long way since the programme was agreed 3 years ago. You heard the positive developments; it's really remarkable progress and I think one can now really say that Cyprus is the fourth success case after Ireland, Portugal and Spain, out of five programmes supported by EFSF and ESM money, and that's a positive development, despite the fact that the last review was not concluded. But overall it's also positive that we only had to disburse 70% of the committed amount of €9 billion; we disbursed €6.3 billion.

A word on transparency. The initiative introduced by Jeroen (Dijsselbloem) – because Jeroen has two hats as Chairman of the Eurogroup and as Chairman of the ESM Board of Governors. At the ESM we are as committed as the entire Eurogroup to make this work. To play our role, we have to follow slightly different legal procedures, but we are also determined to be as transparent as possible, with the only proviso that we will publish everything unless there are well-founded reasons not to. This will in general apply to what the Board of Governors does, and also the Board of Directors, and hopefully this will reinforce the transparency of the decision-making at the ESM.

Response to question on Greece's liquidity:

I cannot give you a date when the liquidity situation gets so tight that emergency measures need to be adopted – because the situation is fluid. One task of the review mission is to determine better where the country stands. We know for instance there are strong indications that economic developments in 2015 were better than assumed in August 2015. That means also that the budget balance is probably better than estimated in August. It looks like revenue during the first two months of this year was also slightly better. I'm just mentioning this not to indicate that there's no problem; but that things are not final yet and the review mission needs to continue. We do know that in the second quarter of this year, there are additional debt service payments of about €2.5



billion falling due, so it's not a big amount. But there are small amounts every month. My central scenario is that the programme review will be concluded before whatever Easter we look at.