

Eurogroup Statement on Greece

The Eurogroup has been informed on the outcome of the second review mission under the second macroeconomic adjustment programme for Greece and welcomes the staff-level agreement between Greece and the Troika on the updated policy conditionality underlying the programme.

The Eurogroup notes with satisfaction that Greece has made further substantial progress in implementing the fiscal and structural reforms foreseen in the agreed policy conditionality. The Eurogroup commends the authorities for their continued strong commitment to the adjustment programme and reiterates its appreciation for the efforts made by the Greek citizens.

The Eurogroup takes note that the economic outlook is largely unchanged from the previous review, with continued prospects for a gradual return to growth in 2014. We welcome that fiscal performance in 2012 complied with the programme targets and that this is expected to continue in 2013 and 2014. Greece is quickly regaining cost competitiveness, but product and services market reforms will need to accelerate to allow gains in cost competitiveness to translate more rapidly into prices.

The Eurogroup welcomes that the MoU milestones for March, including important steps with regard to the reform and streamlining of the public administration, have been achieved and that the EFSF on that basis disbursed EUR 2.8 bn on 3 May.

Furthermore, the Eurogroup welcomes that Greece has made good progress with implementing the required prior actions for the next disbursement. The Eurogroup in particular welcomes the important measures taken with a view to strengthening the organisation and effectiveness of the revenue administration which, coupled with the reform of the tax system adopted last January and other on-going steps to enhance tax procedures, should improve revenue collection. Strong resolve will be needed in the establishment of the new organisational structure and the fight against tax evasion. This is essential to ensure a more balanced and fair distribution of the adjustment and to support the achievement of fiscal targets. The Eurogroup equally welcomes the steps taken to fully recapitalise Greek core banks and to consolidate the banking system. However, further work is needed to fully implement the entire list of prior actions.

The Eurogroup stresses that it will now be important to ensure a rapid and full implementation of all the remaining reform measures, including the prior actions, which are key for the smooth functioning of the economy and to create the conditions for more innovation and stronger productivity growth, and new opportunities for business and job creation. This will contribute to bringing about sustained growth and employment and to secure the sustainability of public finances, thereby fully delivering the programme objectives.

The Eurogroup concludes that the necessary elements are in place for Member States to finalise the relevant national procedures required for the approval of the next EFSF instalment, which amounts to EUR 7.5 bn. The disbursement will take place in two sub-tranches. A first sub-tranche of EUR 4.2 bn will be approved by the EWG and the EFSF Board of Directors in the following days, following the completion of the national procedures and the full implementation of the prior actions. The disbursement of the second sub-tranche will be made in June 2013, linked to the implementation of the MoU milestones as agreed between Greece and the Troika.