

# Klaus Regling at Eurogroup press conference

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Press conferences

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## **Transcript of remarks by ESM Managing Director Klaus Regling Press conference after Eurogroup meeting, Sofia, 27 April 2018**

A few words on Greece. I also want to welcome the Greek growth strategy, because we should not forget that the objective of all the different adjustment programmes and reforms of the last eight years had one clear target: to create a new basis for good, healthy growth in Greece. That's in the interest of the Greek people, and it's also in the interest of the ESM – we are by far Greece's largest creditor. We have disbursed already €187 billion, that's roughly 100% of Greek GDP. So it's in our interest that Greece gets on a good growth path again, because that's the best reassurance that we will be repaid one day. We are very patient with our repayments, but we want to be repaid one day. These are loans at very favourable interest rates, but they need to be repaid.

So it's good to have a growth strategy, demonstrating the ownership of the Greek authorities. The next few weeks and two months, as has been mentioned by everyone, will be very intense. We have to conclude the next review, prepare the decisions on debt relief, and also in that context, prepare the post-programme arrangements. So all that is important; the ESM of course intends to have a final disbursement at the end of the next review, which could be sizeable, in order to increase the liquidity buffer, which will be important to exit the programme. And that's comparable to what other ESM programme countries did at the end of their programmes – they had a sizeable cash buffer, so we are prepared to do that also

[for Greece].

I want to remind you that when we did our last disbursement of €5.7 billion at the end of March, that was part of the fourth tranche of €6.7 billion, so there's €1 billion pending. And you may remember that this is linked to further progress on arrears clearance, but also on e-auctions, so we will follow that closely and expect to have a disbursement in the first half of June.

A short word on the Memorandum of Understanding (MoU) that the European Commission and the ESM will sign this afternoon. It will actually be signed by Vice-President Dombrovskis, Commissioner Moscovici and myself. This MoU formalises the existing successful cooperation between the ESM and the Commission in ESM programmes. It builds on the respective competences of the Commission and the ESM, which are complementary to a large extent. Obviously, all the competences and responsibilities of the Commission under the EU Treaty are fully respected, that goes without saying. This MoU talks about the present cooperation in the current setting. Of course, if the debate we have at the moment about deepening EMU leads to decisions also on the ESM, on possible additional mandates, then we would have to look at this MoU and see whether it needs to be amended. But for the time being, I'm very happy to sign it this afternoon.

#### *Response to question on the size of Greece's cash buffer*

The magnitude of our final disbursement has not been decided yet; it has to go to the Board of Governors. But that will be mainly earmarked for building up the cash buffer; because you heard the good numbers on the fiscal side. There was a large primary surplus, which also corresponds to an overall surplus in the Greek budget, so there's no need for our money to cover any budgetary gaps. That was very different a few years ago, when most of our money went to cover large fiscal deficits. That's no longer needed, so it goes to some debt service, but mainly to build up the cash buffer. There's already a cash buffer of a few billion now, and the target is that indeed it will be substantially longer than 12 months. As I said, we don't have a final number, but it will be at least 12 months, as it was in the other countries, and probably with our final disbursement, higher than that.

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