

Nicola Giammarioli speaks at The Economist Roundtable with the Government of Greece

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Speeches

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Nicola Giammarioli, ESM Head of Strategy and Institutional Relations The Economist 22nd Roundtable with the Government of Greece

“A compass for Europe - A fair wind for Greece”

Athens, 14 June 2018

(Please check against delivery)

Many thanks for the invitation to exchange views with colleagues from the other institutions and your guests.

We are in the third and final year of the ESM financial assistance programme for Greece and it is the third time that I have the honour to address this audience. It also gives me the chance to repeat for the third time that the three most important things in Greece are: reforms, reforms, reforms.

Let me however qualify this statement in light of the specific time we are facing and of how I see the situation unfolding in the next few months.

In the past three years, reforms were mainly driven by the need to complete the various programme reviews and to have the related disbursements approved. We are now nine weeks ahead of the conclusion of the ESM programme, with only the final disbursement pending.

The 88 prior actions still need to be finalised but we are almost there. The Eurogroup will meet next week in Luxembourg and most likely will take decisions on a package of debt relief measures as well as on post-programme arrangements.

In this context, and speaking about reforms, the time horizon of the Greek authorities should not be limited to the next nine weeks and to the decisions at stake in the next few days.

On 20 August the ESM programme will be concluded but the challenges of the Greek economy – its capacity to grow in a sustainable way and the possibility of accessing financial markets at reasonable prices to a large extent – will remain.

Most importantly, the legitimate requests by the Greek people – who heavily contributed to the adjustment programme with great sacrifices – to enjoy the benefits of the recovery, need to be addressed.

All these challenges do not call for “turning the page” after 20 August. To the contrary, they call for continuing the reform efforts in all areas covered by the adjustment programme.

This is also the best way to address the debt sustainability issue: the numerator – the debt or the gross financing needs – is important, but the denominator – GDP – is much more important.

Accordingly, the growth strategy presented by the Greek government has to be implemented without delays. The reform of the public administration, judicial system, tax collections, product and service markets should be top priority for the years to come.

The privatisation process and especially a well-functioning privatisation fund (HCAP) are also instrumental to achieving the growth targets.

The message I am trying to convey – reforms, reforms, reforms – is not a textbook recipe nor a fixation of a small institution located in Luxembourg. It is the request we continue hearing from market participants, rating agencies, investors and the business community.

Recent market turmoil, due to factors outside the control of Greece, adversely

impacted spreads. The only way to address this is a continued commitment to reform. Without that, Greece cannot achieve strong economic performance, nor maintain it.

Given Greece's fragile access to markets, regaining investor trust implies that the country has to show full commitment to reforms.

The same commitment to reforms holds true for former programme countries Cyprus, Ireland, Portugal, and Spain. And all these countries have achieved solid growth rates after their programmes.

If Greece follows the path of the other former programme countries, it will be well on its way to become the next success story of the ESM, and of the euro area's crisis response.

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