

# Klaus Regling at Eurogroup press conference

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**Transcript of remarks by ESM Managing Director Klaus Regling  
Press conference after Eurogroup meeting, 5 April 2019**

I will focus on Greece. You know the political decision was taken to initiate a transfer to Greece of almost €1 billion. The precise number is €973 million. It has two

components: €644 million is the equivalent of SMP and ANFA profits. And the second component is €339 million related to the step-up margin that we talked about many times. This €339 million has two sub-components. €103 million was already paid by Greece last year. And since then the money is in our accounts in Luxembourg. And the larger amount, €226 million, will be due in June. It accumulates from July last year to June this year, unless a decision is taken not to charge that.

So that all adds up to €973 million. After the political decision was taken today, the national procedures will begin. And if all that goes well, we should be able to disburse the money no later than early May.

But I want to put this decision today in the broader context because it's one of the many debt relief measures that was decided by the Eurogroup last year. Of course Greece is out of the programme. So there are no more loan disbursements and also this €973 million - it's not a loan. It's a transfer that doesn't have to be repaid. That already shows that we are dealing here with something quite different. So no conditionality, no programme.

However, in return for these substantial debt relief measures, Greece took the commitment to implement everything that was agreed under the ESM programme. This is of particular importance for the ESM because after we disbursed more than €200 billion to Greece, obviously we have a great interest that the Greek growth potential is enhanced. A higher growth potential will make it easier to repay the loans, even if it's 40 years from now. And that's why the statement that was adopted by the Eurogroup today on Greece refers to these commitments that are particularly important to enhance growth. So it talks about further NPL reduction, implementing the fiscal targets that were agreed; no new targets, just the old targets.

But it's also important to implement those fiscal targets in a growth-friendly way because there are different ways to do it. Also competitiveness should be preserved and arrears which have not been eliminated to zero should be tackled. So all that is important for the Greek economy and for the ESM as the largest creditor. That's why you'll find all those things in the statement on Greece.

Just a very short word on the discussions that took place on the budgetary instrument and on EDIS. I think that it is in the long term really important to make progress here. There was progress today; it has to continue because these are steps that would make monetary union more robust and less vulnerable. That is important.

And I can tell you when I talk to investors around the world on the ESM roadshows, I hear again today more than maybe two or three years ago that they believe monetary union is incomplete. And it will be incomplete unless there is a budgetary instrument one day. And until there is deposit insurance one day. The timing is less important. And it's I think absolutely acceptable. And also markets understand that the sequencing has to be discussed. The preconditions that need to be in place to take these steps need to be discussed. But the ultimate goal should not be questioned. And I think we made some good progress today in that respect.

*Response to question on Greece's potential request to make an early repayment on its IMF loans*

I agree with everything the [Eurogroup] President said. We know that a certain part of the IMF debt is particularly expensive. Out of the €9.5 billion outstanding to the IMF, for one-third, or €3.5 billion, Greece has to pay an interest rate of almost 5%, so that's substantially higher than what Greece pays on the markets. Therefore, also from the ESM perspective, it would make sense to repay that because it would strengthen Greece's debt sustainability. Of course the conditions would have to be in place; it would have to be discussed by all the creditors, so we need to go through a process. But from the ESM perspective, I would support it.

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