

Remarks by Jeroen Dijsselbloem at the press conference following the Eurogroup meeting of 6 November 2014

Good evening and welcome to this Eurogroup press conference

We had a productive meeting, to which we welcomed a number of new colleagues: Estonian Minister Maris Lauri, the new Latvian Minister Janis Reirs, the new Commissioner for Economic and Financial Affairs Pierre Moscovici and the Chair of the Supervisory Board of the SSM, Danièle Nouy. We also welcomed Commission Vice President Valdis Dombrovskis and the Commissioner for Financial Stability, Financial Services and Capital Markets Union Jonathan Hill who joined us for specific points of the agenda.

The most important issues that we discussed today are: the economic situation and related matters, developments in a number of programme countries, and the results, the outcome of the ECB Comprehensive Assessments.

Economic situation and fiscal stance

First we discussed the economic situation in the euro area on the basis of the Commission's recent 2014 Autumn forecast. Pierre will probably say few words about the Commission forecast, but I can say that Ministers broadly concurred with the Commission assessment.

The economic recovery in the euro zone has lost momentum. After a relatively good start of the year with positive growth in the first quarter, weak economic growth is expected for the rest of this year in both the EU and the euro area. Nevertheless, we should not be overly pessimistic. On balance, for the whole of 2014, euro area GDP growth will be back in positive territories, thereby leaving the two recession years 2012-2013 behind us. The recovery should gradually resume next year and further in 2016. I think also if you look close you'll see quite some differences between countries.

Having said this, it is clear that Ministers all agree that the current situation is not satisfactory. The latest economic data underscores the need for decisive policy actions from Governments, notably a credible mix of fiscal policy, structural reforms and investment by Member States. Determined actions in these areas will, alongside the independent monetary policy measures of the ECB, safeguard the economic recovery, and boost growth.

As part of our discussion on the economic situation, we continued our exchange of views on Member States fiscal policies. As you are well aware, the Commission decided not to send back draft budgetary plans based on the submissions by the Member States but the Commissioner made quite clear to us that it does not mean that budgets that have submitted are all compliant with the recommendations given by the Council.

We now await the Opinions that the Commission will issue on the draft budgetary plans based on the common economic scenario of the 2014 Autumn Forecast.

On the basis all these opinions to be published late November, the Eurogroup will discuss the budgetary plans and the broader policy mix in a dedicated meeting later this year. We spoke and communicated the date of the 21st of November early on but that will go back little in time allowing the new Commission to finalise their opinions on the budgets. As was the case last year, we intend to reflect the conclusions of our deliberations of this delicate Eurogroup meeting in a Eurogroup statement on the different countries.

Perhaps I can add that we share the view and underlined once again that the Stability and Growth Pact serves as an anchor of confidence in the EU. There is a clear sense of responsibility that the credibility of the Pact that we regained through hard work over the past years needs to be preserved. The growth-friendly consolidation strategy should continue.

At the same time, we need to step up our efforts. Therefore, the Euro Summit leaders have asked the presidents of the Commission, the Council, the ECB and the Eurogroup to prepare next steps on better economic governance and to further strengthen the economic governance and coordination in the Eurozone. The Eurogroup will actively participate in this work with a view to provide a clear and coherent package proposal to foster growth, structural reforms and the return of the investments in the euro area.

Greece

Let me now turn to programme countries, starting with Greece.

We welcomed that the ECB Comprehensive Assessment has identified only small residual capital needs for the Greek banks included in the exercise. It is also very encouraging that the Commission's Autumn Forecast expects the Greek economy to finally rebound this year and return to growth after six difficult years of recession.

We were informed that the Greek authorities have presented a package of further measures to the Troika institutions. While these measures constitute significant progress, more remains to be done but all express the wish for the Troika institutions to resume the current review mission as soon as possible. The Troika institutions and the Greek authorities are working closely together on the outstanding issues to come to a swift agreement.

Closing of the current review is off course an important precondition to make possible the discussion on any follow-up arrangements.

Today, we had a first and preliminary exchange of views on these arrangements to be put in place once the current EFSF programme expires at the end of this year. Gikas Hardouvelis presented his government's current thinking on this matter.

Our positions are clearly converging. Taking into account the still fragile market sentiment and the many reform challenges that still lie ahead, there is a strong support for a precautionary credit line in a form of an existing ESM tool called ECCL (Enhanced Conditions Credit Line).

While the technical details would still need to be worked out, I think it is crucial that the current 5th review is concluded.

There is also a broad understanding that IMF needs to continue being involved and further discussion will have to take place on the exact form of this involvement.

I cannot go into more details on this point. We have now started these discussions and further work will have to be done and we will come back to that in our next meetings.

Cyprus

Turning to Cyprus, we welcomed the progress that Cyprus has made in putting in place an effective legal framework for private debt restructuring, and that should now enable us to move forward with the process of concluding the fifth review.

Banking Union

Danièle Nouy presented us the main findings of the ECB Comprehensive Assessment. We welcomed and complimented Danièle Nouy and her team, the ECB, for the work they have done giving the necessary clarity at the start of the European banking union. We have also been reassured that the ECB has established the necessary operational capabilities to carry out the supervisory role it has assumed since 4 November.

The Comprehensive Assessment, the efforts by banks to reinforce their balance sheets and the remedial action that will no doubt be successfully undertaken within the agreed timeline will further boost confidence in the financial sector and hence, contribute to the economic recovery.
