

Remarks by J. Dijsselbloem following the Eurogroup meeting of 22 April 2016

Good afternoon. Welcome everyone, welcome to Amsterdam. Let me debrief you on the Eurogroup meeting. Many of us were already in Washington at the IMF spring meetings, discussing the state of play in the global economy, rising risks on the basis of the advice and analysis of the IMF. The good news, however, for major economies, this also goes for the Eurozone economy, is that our economies have weathered global events quite well. I believe we are still on the right track with economic growth that is broad-based, stronger supervision of banks and signs that investment is starting to pick up throughout the Eurozone.

Greece

Having said that, and on that positive note, let's first turn to Greece, which took up a major part of our time today. We discussed the state of play of the first review of the ESM programme and next steps to be taken.

Cooperation between the institutions and the Greek authorities has been strong and productive, but the institutions will say more about that. We believe that substantial progress has been made, reducing the number of open issues, and getting close to an agreement on a number of key areas such as pension reform, income tax reform, the NPL strategy and the establishment of the privatisation fund. On some issues more work will have to be done to fully conclude that, but we are very close.

Today we also looked at and clarified the way to go forward to bridge the issue which is about insecurity of a forecast and confidence that we can have in the implementation of what has been agreed.

We came to the conclusion that the policy package should include a contingent package of additional measures that would be implemented only if necessary to reach the primary surplus target for 2018. The contingency mechanism needs to be credible, legislated upfront, automatic and be based on objective factors which would trigger these contingent measures.

That needs further work: the design of that, how it would work, what kind of measures there would be and what would trigger it. I'm happy to say that with the commitment of the Greek minister to work on that constructively and as quickly as possible, the institutions have said that they stand ready to work as quickly as possible, in the coming days, on this contingency mechanism. On that basis, if we have the package which needs to be done and delivered upfront, and if we have the contingency package and the mechanism to support that, we can have a further Eurogroup next Thursday. This is not for sure yet, but we are aiming for a meeting next Thursday which would then come to positive conclusions on those two elements, on the upfront package and the contingency package, and have a serious discussion on debt sustainability. As you know we have a long standing promise which was reaffirmed during the summer agreement, that if necessary and on condition that the Greek government fully delivers on what has been agreed in the programme, if necessary, we stand ready to consider more measures to assure debt sustainability.

Ministers today have given us a mandate to work on that, to make the analysis, and to prepare possibilities within, of course, some limitations. To mention two main ones: there is no support in the Eurogroup for nominal haircuts on the debt, and what we will design and propose needs to stay within the agreement of last summer. So we will look at possibilities of re-profiling and if necessary possible additional measures, looking at maturities and grace periods as outlined in the agreement last summer. And hopefully we will meet again next Thursday to bring those elements all together and come to a political agreement which would be very important for Greece and for the Eurozone.

Insolvency frameworks

Secondly, let me go on in our agenda. Second item was work we are doing on insolvency frameworks. This is very important for strengthening our economies, dealing with our banks, and opening space for new investments throughout the Eurozone. It is of course also an issue for the EU 28, so the follow up that we will give on the issue will also be on the agenda in Ecofin for some months. We have asked the Commission to do further work on that, to improve the quality of the data that we have and to develop an approach aimed at improving the effectiveness of national frameworks, trying to reach convergence at a higher level, in speed, affordability and predictability of insolvency procedures.

So on work that has been done so far, the Commission will do more on improving the quality of data, and developing a method of benchmarking on insolvency frameworks.

SSM

Finally, on the SSM. We welcomed Danièle Nouy, the chair of the Single Supervisory Mechanism to the Eurogroup. She regularly joins the Eurogroup to present to us the state of play in the SSM. Today she presented the annual report. She informed us about the execution of the supervisory tasks of the SSM. She spoke specifically on the many options and national discretions that are still in our banks and in our bank legislation and regulations. She is making a lot of progress from the SSM. Work also needs to be done by legislators. The Commission will work on that and put forward proposals to improve our level playing field for our banking union.

Those were the key issues.

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