

Remarks by M. Centeno following the Eurogroup meeting of 12 March 2018

Today we welcomed a new Spanish finance minister, Ramon Escolano, whom I know well from his previous position as EIB Vice-president, where he ran the Portugal and Spain office. We wished him all the best.

The Eurogroup commended Greece today for completing the third review of the ESM programme. Work on the fourth and last review is already under way with the institutions. This progress shows Greece's strong commitment to the programme and to continued reforms. The ESM Board of Directors is now expected to approve the first disbursement of the fourth tranche, a total of €5.7 bn, in the second half of March, after national procedures have been completed.

We have now entered the final stages of this ESM programme and I'm confident that Greece will implement all remaining deliverables to conclude the programme successfully.

That is a condition for any additional debt relief. On this end, things are moving as well. We were informed that technical work on the so-called growth-adjustment mechanism is going well. The aim here would be to recalibrate the profile of Greece's EFSF loans to adjust future debt repayments to the growth performance to ensure debt sustainability. We will have a more elaborate discussion on this and on other debt measures in our April meeting.

We are also expecting Greece to deliver in April a long-term growth strategy which will be a crucial element of the post-programme framework to be determined closer to the end of the programme.

Today, we also prepared the euro summit of March. In December, leaders asked us to work on ESM reform, Banking Union and also other longer-term issues, including fiscal issues. Since then we have had rich exchanges of views, bringing together these various strands that we see as a package on which I will inform the Leaders. In some areas there are converging views, while in others more work is still needed.

On ESM reform, we are making good progress. There is broad support to reinforce the role of the ESM in crisis management in the current institutional framework, while avoiding any duplication with the Commission. Our exchange of views today also confirmed broad support for making the ESM the backstop provider for the Single Resolution Fund. It is of course understood that work needs to continue on all elements of the ESM reform in order to be ready by June for a decision on a broader package.

On Banking Union, constructive discussions are ongoing, at political and technical levels. There is broad understanding that this is about providing clarity on the content and timing of the different elements of the June 2016 roadmap, rather than adding new measures. At the same time, we are making progress on risk reduction, particularly on bad loans. Since the crisis, we have been working to make our banks safe – that is actually the ultimate objective of all this process.

On fiscal issues, discussions are at an earlier stage. Today we focused on a possible central fiscal capacity which is a long-term issue. We focused on a possible stabilisation function, but also on other valid objectives such as supporting investment.

We will notably need to discuss further what objectives should be addressed by a central fiscal capacity and what different forms it could take. Some of us also emphasised that discussions on a fiscal capacity should also take into account fiscal rules. I expect us to return to the topic after the euro summit.

Decision time is the June summit and we are going to work hard to meet that goal post. We agreed that, after the March summit, discussions on the various work-strands of EMU reform will also include non-euro area member states, whenever possible.

Finally, we took stock of inflation and exchange rate developments. We do this regularly ahead of international meetings. The Commission and the ECB's assessments are broadly on the same line. In the end, we all agreed that verbal discipline is important in exchange rate matters. That is clear guidance we take to the upcoming G7, G20 and IMF meetings.

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