

Eurogroup statement on Greece of 4 December 2019

The Eurogroup discussed the implementation of the reform commitments by Greece based on the fourth enhanced surveillance report as published on 20 November.

We welcome the confirmation by the institutions that Greece is projected to comfortably meet the primary surplus target of 3,5% of GDP for 2019. We also welcome the adoption of a budget for 2020, which is projected to ensure the achievement of the primary surplus target and which includes a package of growth-friendly measures aimed at reducing the tax burden on capital and labour. Greece has also made significant progress with broader structural reforms, notably in the area of the labour market, digital governance, investment licensing and the business environment.

Furthermore, we take note of the medium-term risks and challenges identified in the enhanced surveillance report. It will be crucial for Greece to maintain, and where necessary accelerate, reform momentum going forward, including through determined implementation of reforms on all levels. Against this background, we welcome that the Greek authorities reiterated their general commitment to continue the implementation of all key reforms adopted under the ESM programme, especially as regards the reduction of arrears to zero, recruitments in the public sector and privatisations.

We also welcome the firm commitment of the Greek authorities not to extend beyond April 2020 the current scheme for the protection of primary residences and welcome the intention to proceed with a broad reform of the insolvency framework by end-April 2020. The new framework should aim at ensuring an appropriate enforcement of all collateral, which would help normalise the banking sector's credit provision to the economy. It will also be crucial to continue and strengthen the implementation of other financial sector reforms, especially with regard to the clearance of state loan guarantees on an expedited basis, clearing of the household insolvency backlog at the courts and further improvements to the framework for e-auctions. These will continue to be monitored in the context of enhanced surveillance.

Against this background, the Eurogroup welcomes the assessment by the European institutions that Greece has taken the necessary actions to achieve its specific reform commitments for mid-2019, in the context of advancing a broader reform agenda, and that the necessary conditions are in place to confirm the release of the second tranche of policy-contingent debt measures. Subject to the completion of national procedures, the EWG and the EFSF Board of Directors are expected to approve the transfer of SMP-ANFA income equivalent amounts and the reduction to zero of the step-up interest margin on certain EFSF loans worth EUR 767 million in total.

The Eurogroup gives a mandate to the European institutions to initiate technical work on the possible use of ANFA and SMP income equivalents to

reduce gross financing needs or to finance mutually agreed investments, in line with the agreed fiscal targets and the June 2018 Eurogroup statement.

Our next discussion on Greece will be based on the fifth enhanced surveillance report expected to be issued in February 2020.

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