Beat: Politics

Eurogroup approves next disbursement to Greece

Eurogroup

Brussels/Vienna, 28.11.2012, 11:49 Time

USPA NEWS - The Greek programme got back on track, when the Eurogroup on 26 November 2012 gave political approval to the next disbursement of financial aid to Greece. Ministers commended Greek policy actions and agreed on a package of measures to ensure Greek debt will be sustainable.

The decision reflects a positive assessment of Greece's implementation of agreed measures and agreement on future programme conditions. The programme had been on hold since the Spring, when political uncertainties led to delays in the implementation of reform measures.

The Eurogroup commended Greece's efforts since elections in June. In particular, the Greek Parliament has adopted:

Legislation (the "Omnibus Law") to enact a large number of economic reforms designed to strengthen the Greek economy, to improve the efficiency of the Greek public administration and to boost growth and employment.

A budget for 2013 and a medium-term fiscal strategy (MTFS) for the years 2013 to 2016. These enact €13.5 billion of fiscal consolidation in 2013-2014 and aim to reach a primary fiscal surplus (not including interest payments) of 4.5% of GDP in 2016, bringing the headline deficit below 3% in the same year.

The Eurogroup approved this new target date, which represents an extension of two years of the timetable previously agreed for the achievement of this level of primary surplus.

In light of this revised target date, the Eurogroup felt that the programme warranted a broader analysis of long-term debt sustainability.

New targets for the debt level were therefore established, with a figure for the debt-to-GDP ratio of 124% in 2020, declining to substantially below 110% in 2022 and continuing to fall significantly thereafter.

The Eurogroup agreed on the following measures to support debt sustainability:

Greece will consider conducting a debt buy-back operation to achieve a significant reduction in outstanding debt held by the private sector.
The interest rate charged to Greece on loans under the Greek Loan Facility (bilateral loans from other member states) will be reduced.
The guarantee commitment fee payable by Greece on European Financial Stability Facility (EFSF) loans will be cancelled.

Maturities on both bilateral and EFSF loans will be extended by 15 years, with all interest payments deferred by 10 years.
Member states will pass on to Greece amounts equivalent to the profits arising from the Securities Market Programme of Eurosystem central bank holdings of Greek bonds.
Member states will consider further measures if necessary to achieve key debt sustainability targets, once Greece has achieved a primary surplus.

Member states reiterated their commitment to provide adequate financial support throughout and beyond the programme, until Greece regains access to financial markets, so long as it complies with its obligations.

This includes considering further measures if necessary to achieve debt sustainability.

The Eurogroup also welcomed the Greek authorities' measures to ensure correction of any budgetary slippages and safeguard the achievement of targets for privatisation. Greece also confirmed a significant strengthening of the operation of the segregated account established for debt servicing.

In light of the positive assessment, the Eurogroup gave political approval to the next disbursement by the EFSF, subject to the completion of the necessary national procedures. The Eurogroup expects to be in a position to take a formal decision to confirm this on 13 December.

The disbursement would be for a total amount of €43.7 billion, €34.4 billion of which will be disbursed in December. The remainder will be disbursed in three sub-tranches in the first quarter of 2013 and will be linked to the implementation of agreed "milestone" actions in the Greek programme.

Article online:
https://www.uspa24.com/bericht-280/eurogroup-approves-next-disbursement-to-greece.html

Editorial office and responsibility:
V.i.S.d.P. & Sect. 6 MDStV (German Interstate Media Services Agreement): Simone Mayer - europarl

Editorial program service of General News Agency:
United Press Association, Inc.
3651 Lindell Road, Suite D168
Las Vegas, NV 89103, USA
(702) 943.0321 Local
(702) 943.0233 Facsimile
info@unitedpressassociation.org
info@gna24.com
www.gna24.com