

Remarks by Vice-President Dombrovskis at the College readout: Commission supports normalisation in Greece through activation of post-programme framework

Good afternoon, ladies and gentlemen.

The College has just concluded its weekly meeting. The main focus of our meeting today was Greece. So Commissioner Moscovici and I will go into the details in a moment.

On other subjects: First Vice-President Timmermans introduced the discussion on the 2019 Commission Work Programme. As we stand now, the Juncker Commission has delivered 100% of what we committed to do under our 10 policy priorities of 2014. And we even went beyond this with 49 new sectoral proposals under the next EU long-term budget, which we rolled-out in June and presented to EU Leaders at the European Council two weeks ago. The focus now is on delivery. There are 290 legislative files pending in the European Parliament and the Council. So we must focus on the implementation of legislation that has been agreed and adopted. Our number one goal here is for the Parliament and the Council to adopt as many pending legislative files as possible before the European elections in May next year. In his State of the Union speech on 12 September, President Juncker will provide an update on where we are on the outstanding legislative files.

We also discussed trade. Commissioner Malmström presented the state of play of the EU-US trade relations and relations with China in light of the upcoming Summit. And as already announced, next week President Juncker will sign an ambitious EU-Japan trade agreement.

I would also like to mention that as part of the External Investment Plan, yesterday the EU gave its green light to a package of financial guarantee programmes worth around €800 million. This will help to leverage an estimated €8-9 billion in public and private investment in Africa and the Neighbourhood. To recall, the Plan is expected to leverage €44 billion of investments through an EU contribution worth €4.1 billion.

And the College also decided the appointment of the new Director-General for DG Budget, Gert-Jan Koopman following Nadia Calviño's departure to the Spanish Government. And we also decided to appoint the third female Deputy Secretary-General, Céline Gauer. This brings the Juncker Commission's share of female senior managers from 11% to 37%, so we are approaching our 40% target.

And now on Greece. As you know, following the agreement in the Eurogroup last

month, the Greek programme will be brought to its successful conclusion on 20 August. This is a significant date for Greece and for Europe. And today the European Commission has taken an important step in securing a post-programme cooperation with Greece.

We have decided to launch – in agreement with the Greek government – enhanced surveillance for Greece as of the 21st of August. So, one could say that we are entering a “normalisation” period for Greece. Let me explain briefly what enhanced surveillance entails.

After exiting the programme, Greece will become subject to the European fiscal and macroeconomic policy coordination cycle – the European Semester – as all other EU members. And, as you know, all euro area Member States have to submit their draft budget plans to the Commission by 15 October. All EU countries are also screened for possible macroeconomic imbalances. Each spring, in May, they receive country specific recommendations on the fiscal and reform path to follow.

So becoming part of “normality”, is in itself a positive and healthy development for Greece.

At the same time, as stated by the Eurogroup, we should help Greece to ensure policy continuation. In other words, to deliver the reforms that have been agreed and to continue prudent fiscal and macroeconomic policies. After eight years under programmes, Greece needs to capitalise on the progress it has made, and so that the efforts of the Greek people are not in vain.

The “normalisation”, amongst other things, means that Greece will need to finance itself from markets. The substantial disbursement and debt measures agreed by the Eurogroup ensure that Greece can return to markets gradually. But it is important to use this time to build confidence with markets, investors and companies. For this, policy stability and predictability are needed.

At the same time, this is the way to attract more investment and ensure sustainable growth in Greece, which will bring new jobs and lead to better living and social conditions for the Greek people. This approach is important because Greece still faces many significant challenges: decreasing but still high unemployment, very high public debt, very high level of non-performing loans, still relatively weak competitiveness, and a business environment that leaves much room for improvement.

These challenges have been systematically addressed during the programme. Yet, as anywhere else, reforms take time to be fully implemented and bear fruit. Several of the agreed reforms are still work in progress. This includes implementing specific actions in the areas of fiscal policy, financial stability, social welfare, labour and product markets, and public administration.

So given these significant challenges, and the need to ensure the continuity and completion of the reforms agreed under the ESM programme the College has taken today’s decision.

The enhanced surveillance adopted today will allow for closer dialogue with Greece and more frequent reporting on economic, financial and policy developments in the country. Of course, we will align this enhanced surveillance with the European Semester process. And when time comes, the enhanced surveillance will shift into regular post-programme surveillance. As for all former programme countries, it will remain in place until the majority – or 75% – of loans have been repaid.

Finally, we will also continue to provide technical support to Greece in its reform efforts. To give an example, last month, the Commission signed a new support plan for 32 reform projects in Greece. The plan includes: supporting reforms of the judiciary system, further improving tax collection, establishing a Hellenic Development bank to promote investment, and strengthening the capacity of the Greek administration to provide social services.

To conclude, the “enhanced surveillance” does not imply any new conditionality or obligations. Only those reforms that have been agreed under the ESM programme must be implemented.

Thank you. And now I pass the floor to Pierre.