

Statement on the support to Greece by Euro area Members States

Following the statement by the Heads of State and Government of the Euro area on 25 March, Euro area Members States have agreed upon the terms of the financial support that will be given to Greece, when needed, to safeguard financial stability in the Euro area as a whole.

Euro area Members States are ready to provide financing via bilateral loans centrally pooled by the European Commission as part of a package including International Monetary Fund financing.

The Commission, in liaison with the ECB, will start working on Monday April 12th, with the International Monetary Fund and the Greek authorities on a joint programme (including amounts and conditionality, building on the recommendations adopted by the Ecofin Council in February). In parallel, Euro area Members States will engage the necessary steps, at national level, in order to be able to deliver a swift assistance to Greece.

Euro area Member States will decide the activation of the support when needed and disbursements will be decided by participating Member States.

The programme will cover a three-year period. The euro area Member States are ready to contribute for their part up to €30 billion in the first year to cover financing needs in a joint programme to be designed with and cofinanced by the IMF. Financial support for the following years will be decided upon the agreement of the joint programme

In order to set incentives for Greece to return to market financing, Euro area Members States loans will be granted on non-concessional interest rates. The pricing formula used by the IMF is an appropriate benchmark for setting Euro area Members States bilateral loan conditions, albeit with some adjustments. Variable-rate loans will be based on 3-month Euribor. Fixed-rate loans will be based upon the rates corresponding to 3-month Euribor swap rates for the relevant maturities. A charge of 300 basis points will be applied. A further 100 basis points are charged for amounts outstanding for more than 3 years. In conformity with IMF charges, a one-off service fee of maximum 50 basis points will be charged to cover operational costs.

For instance, as of April 9th, for a three year fixed-rate loan granted to Greece, the rate would be around 5%.

The Eurogroup is confident that the determined efforts of the Greek authorities and of its European Partners will allow to overcome the fiscal and structural challenges of the Greek economy. In this context, the Eurogroup welcomes the budget execution in the first months of the year, which shows that the measures taken so far are bearing fruit.