

## PRESS RELEASE

### **STATEMENT BY THE EUROPEAN COMMISSION, ECB AND IMF ON THE REVIEW MISSION TO GREECE**

Staff teams from the European Commission (EC), European Central Bank (ECB), and International Monetary Fund (IMF) have concluded their review mission to Greece. The mission has reached staff-level agreement, ad referendum, with the authorities on the economic and financial policies needed to ensure the programme is on track to achieve its objectives.

The mission and the authorities agreed that the macroeconomic outlook remains broadly in line with programme projections, with prospects for a gradual return to growth in 2014. The outlook remains uncertain, however.

While important progress continues to be made, policy implementation is behind in some areas. The authorities have committed to take corrective actions to ensure delivery of the fiscal targets for 2013-14 and achieve primary balance this year. These actions include concrete steps to gain control over health sector overspending. The income tax, property tax, and tax procedure codes are being reformed, and the autonomy and efficiency of revenue administration is being strengthened. The authorities have also committed to take steps to bring public administration reforms back on track, such as by completing staffing plans by end-year, placing staff in the mobility and reallocation scheme, and meeting the agreed targets for mandatory exits. With the recapitalisation of the banking sector nearly complete, the authorities have committed to further steps to safeguard financial stability, including through the sale of two bridge banks and completion of their strategy for a four-pillar banking system. These reforms are a further important step towards facilitating adjustment and enabling growth. The mission also discussed with the authorities progress in strengthening the social safety net, including through targeted employment and training programmes supported by the EU and a programme to provide access to primary health care for the uninsured.

The government is preparing the necessary legislation in support of its programme and will table an omnibus bill shortly before Parliament. The authorities are also preparing ministerial decisions and other legal steps to implement their commitments in the coming days. The staff-level agreement does not assume a temporary reduction in the VAT rate on restaurants and catering, but this issue of importance to the authorities will continue to be discussed with staff of the EC, ECB and IMF.

The Eurogroup and the IMF's Executive Board are expected to consider the request for approval of the review in July.

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