

Brussels, 15 March 2010

**ACTION TAKEN BY GREECE IN RESPONSE TO THE
COUNCIL DECISION OF 16 FEBRUARY 2010 AND
TO IMPLEMENT ITS STABILITY PROGRAMME**

Terms of reference of the Eurogroup

The Eurogroup welcomes the report transmitted by Greece on 8 March in response to the Council Decision of 16 February 2010 and the Commission Communication assessing action taken by Greece. The Eurogroup acknowledges that Greece is appropriately implementing the Council Decision and its Stability Programme aimed at reducing the government deficit by 4 percentage points of GDP to 8.7% of GDP in 2010.

The Eurogroup welcomes the additional measures announced by the Greek government on 3 March 2010, amounting to 2% of GDP and consisting of permanent revenue-increasing measures and permanent expenditure cuts in equal shares. The significant expenditure cuts, and in particular the savings in the public wage bill, are essential for achieving permanent fiscal consolidation effects and restore competitiveness.

In line with the Commission assessment, the Eurogroup is of the opinion that the additional fiscal measures announced by the Greek authorities on 3 March 2010 and adopted by Parliament on 5 March 2010 appear sufficient to safeguard the 2010 budgetary targets provided that they are effectively, fully and timely implemented. Besides the fiscal measures taken in compliance with the Council Decision of 16 February 2010, the Eurogroup calls on the Greek authorities to quickly and decisively advance towards the adoption of structural measures according to the Council Recommendation under Article 121(4) TFEU. In particular, the Eurogroup considers that correcting imbalances and restoring competitiveness is essential to keep the Greek economy on a sustainable path and to bring the public deficit below 3% of GDP by 2012.

The Eurogroup is of the opinion that fiscal consolidation and structural reforms to correct imbalances and restore competitiveness are mutually reinforcing. This is in the interest of the Greek people, who will benefit from sounder public finances, better growth prospects and job opportunities. It is also important for the overall financial stability of the euro area. Therefore, the Eurogroup strongly supports the efforts of the Greek government.

The Eurogroup calls on the Greek authorities to provide detailed information on the state of implementation of these measures and on the measures to be taken in order to reach budget targets in 2011 and 2012 in the report to be submitted by 15 May 2010. The Eurogroup welcomes the Commission's intention to closely monitor, in liaison with the ECB, the timely implementation by Greece of the Hellenic Stability Programme and both the Council Decision on the excessive deficit procedure under Article 126(9) and the Council Recommendation under Article 121(4), of 16 February 2010. The Eurogroup will also continue to closely monitor the situation.

The Eurogroup reaffirmed the commitment by euro area Member States to take determined and coordinated action, if needed. It clarified the technical modalities enabling a decision on coordinated action and which could be activated swiftly in the case of need. The objective would not be to provide financing at average euro area interest rates, but to safeguard financial stability in the euro area as a whole. The proposals would be fully consistent with the Treaty framework and national law and would provide strong incentives to return to markets as soon as possible.

The Eurogroup underlines that the Greek authorities have not asked for financial support. The consolidation measures taken by Greece are an important contribution to enhancing fiscal sustainability and market confidence and have been strongly endorsed by the Eurogroup, the European Commission and the European Central Bank.