

Member of the European Commission - Olli Rehn - Economic and Monetary Affairs



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Let me first make a few comments on the IMF's article 4 report, which Christine Lagarde very clearly outlined to you. The Commission, by in large, agrees with the IMF's concluding remarks. Especially we share the view that the negative feedback loop between sovereigns and banks constitutes a main source of macro-economic instability for the euro area, and therefore we are of the view that we need both to strengthen the European banking sector and put public financing on a stable footing. That is a necessary condition for returning to recovery and sustainable growth and job creation in Europe.

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στην ομιλιαν του 2012 ο εκοφια αποφασισε να ωρισει το αρθρο κρημα
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In particular, the Commission supports the IMF's call for a comprehensive package for financial integration and supervision measures. In fact, important proposals by the Commission are already on the table, such as a bank resolution framework and new prudential rules for banks. Progress in this area should be accompanied by new initiatives that can bring us closer to a new financial union, which is needed in the Euro area and in the Union. Work in this regard is going on to prepare ideas for next week's European Council, led by the four Presidents, including Jean-Claude Juncker and Commission President José Manuel Barroso.

Essentially this is a matter of rebuilding the Economic and Monetary Union, continuing the work of reinforcing economic governance that we have been doing over the past two years. Therefore the European Council is expected to define the main building blocks of both fiscal and financial union, and to subsequently agree, in the coming autumn, on a roadmap

towards the "EMU 2.0" or the "economic and monetary Union mark 2", because we are essentially rebuilding our economic and monetary union at this critical juncture.

As regards the countries that were discussed today in the Eurogroup, decisions were taken first concerning Greece. We welcome the rapid formation of the new coalition government which enjoys a broad Parliamentary support. Its first task now is to bring the reform process back on track in order to ensure recovery towards growth and jobs.

As Christine Lagarde said, the review mission by the Commission, IMF and ECB will start in Athens on Monday, and their task will be to assess the implementation of the EU/IMF programme for fiscal adjustment and reform, what has been done, what has not been done, and thus what needs to be done in order to bring the reform process back on track in Greece.

Then on Spain; I welcome the clear roadmap that the Spanish government has presented and the Eurogroup has endorsed today in its meeting. The review mission of the Commission will start next week, once we have received - I trust very soon - the formal request. We will then negotiate a memorandum of understanding on the restructuring and recapitalisation of the Spanish banking sector. Our objective is to conclude the work so that the Eurogroup could take decisions on this sector programme of bank restructuring and recapitalisation of Spain in the meeting of the Eurogroup on the 9th of July.

It is also very important the Eurogroup today defined the financial instrument to be used in the credit line for Spain for bank recapitalisation. In other words, today's decision is that the EFSF will provide the credit line until the ESM will be available.

It's important to restore the viability of the banking sector in Spain under, of course, policy conditionality that will be defined. It is essential that the banks in Spain