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Vice-President Rehn's remarks at the Eurogroup Press Conference

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**Olli REHN**

Vice-President of the European Commission and member of the Commission responsible for Economic and Monetary Affairs and the Euro

Vice-President Rehn's remarks at the Eurogroup Press Conference

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Eurogroup Press Conference/Brussels

13 November 2012

Thank you Jean-Claude.

Ladies and gentlemen, Jean-Claude Juncker rightly drew your attention to the reform programmes of the Netherlands and France, which we discussed today in the meeting. They are indeed very substantial programmes of both fiscal consolidation and restoring competitiveness and we broadly welcome these and will come back to these programmes later on in the course of this year.

As regards Greece, as Christine Lagarde said, the EU-IMF troika provided its report on compliance by Greece with its fiscal policy and structural reform commitments. The progress that has been made towards agreeing a disbursement of the next tranche – and it is substantial progress – has been made possible by the Greek government and Greek parliament, the Greek people, by their commitment to deliver on Greece's obligations under the programme and to revamp the reform effort. Words have been backed by deeds. Especially the adoption by the Greek parliament of the package of structural reforms last Wednesday and the 2013 budget on Sunday night are essential.

In fact, if you look at the Greek programme, I would like to make one point on fiscal and another one on structural issues.

On fiscal consolidation, the improvement in Greece's structural budget balance has already exceeded the 10 percentage points required at the start of the first programme in May 2010 for the period from 2009 to 2014. In fact, Greece has already improved its structural balance by no less than 13 percentage points of GDP since 2010. And this margin will increase further with the implementation of the additional measures foreseen for 2013 and 2014. I hope that all those who openly dismiss the potential of this programme to restore fiscal sustainability in Greece will dwell on these figures.

Moreover as regards structural reforms, it is time to debunk the perception that no progress has been made. This perception is damaging, it is unfair, and it is simply wrong. I will cite just three areas in which important progress has been made.

First, in the healthcare sector, measures to control over-prescriptions and fraud mean that public expenditure will have fallen by €1 billion (or around 25%) this year, and should fall by a further €800 million over the next two years. Greece now has in place one of the most advanced electronic prescriptions systems in Europe, which has delivered monthly savings of around €30 million since the start of this year.

Second, a series of reforms to the pension system have now increased the statutory retirement age to 67 years, introduced a link to life expectancy. In two years, Greece has moved from having a pension system that was clearly unsustainable, to one whose medium-to-long-term sustainability is guaranteed.

Third, extensive reforms to the labour market have already led to a substantial improvement in cost competitiveness. Greece is on track to meet the target set out in the Memorandum of Understanding of a 15% reduction in unit labour costs between 2012 and 2014. By the end of this year, all of the competitiveness loss experienced by Greece between 2001 and 2009, relative to the rest of the euro area, will have been recouped.

All of this is not to deny that there have been difficulties and delays. Nor is it to minimise the challenges that lie ahead. But it is right and necessary to recognise how far Greece has come in terms of fiscal reforms, and in the most of trying of circumstances for the Greek people.

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