COUNCIL IMPLEMENTING DECISION (EU) 2016/542

of 17 July 2015

on granting short-term Union financial assistance to Greece (2015/1181) [1]

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism [2], and in particular Article 3(2) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Greece has requested new financial assistance from the European Stability Mechanism ('ESM') and there is an agreement in principle to provide the requested assistance.

(2) However, Greece needs bridge financing until such assistance can be put into place, in order to preserve the integrity of the euro area, preserve financial stability and avoid further default on its repayment obligations. In view of the severe economic and financial disturbance caused by exceptional circumstances beyond the control of the Government, Greece officially requested some urgent financial assistance from the Union on 15 July 2015 with a view to safeguarding financial stability in Greece, the euro area and the Union. The assistance to be granted to Greece by the ESM will be used to repay the loan received by Greece under the European Financial Stability Mechanism ('EFSM').

(3) The draft economic and financial adjustment programme (the 'Programme') submitted by Greece to the Commission and to the Council aims to ensure the adoption of a set of reforms needed to improve the sustainability of public finances and the regulatory environment.

(4) The assessment by the Commission, in liaison with the European Central Bank ('ECB'), is that Greece needs financing of a total amount of EUR 7160 million over the month of July 2015. The detailed financial terms should be laid down in a Loan Facility Agreement.

(5) The Union financial assistance should be managed by the Commission.

(6) Greece submitted to the Commission and to the Council the Programme aiming to ensure the adoption of a set of reforms needed to improve the sustainability of public finances and the regulatory environment. On 15 July 2015, an agreement was reached at services level between the Government and the Commission in respect of the Programme, to be laid down in a Memorandum of Understanding on Specific Economic Policy Conditionality (the 'Memorandum of Understanding').

(7) The Commission should verify at regular intervals that the economic policy conditions attached to the assistance are fulfilled, through missions and regular reporting by the Greek authorities.

(8) The assistance should be provided with a view to supporting the successful implementation of the Programme.

(9) The euro area Member States have communicated their commitment to reimburse jointly and promptly through a dedicated arrangement each non euro area Member State for the amount that that non euro area Member State has paid in own resources corresponding to the use of the general budget of the Union in cases of losses stemming from a Union financial assistance to a euro area Member State under Regulation (EU) No 407/2010. Appropriate arrangements will also be put in place so as to ensure the absence of over-compensation of non euro area Member States, when instruments to protect the general budget of the Union, including the recovery of debt, where necessary by offsetting amounts receivable and payments over time, are activated.

[1] This act has originally been adopted in English only and published in OJ L 192, 18.7.2015, p. 15.
[2] OJ L 118, 12.5.2010, p. 1.

(10) The EFSM loan is guaranteed by the general budget of the Union. In case of default under this loan, the Commission can call additional funds in excess of its assets taking into account any surplus cash balances, to service the Union's debt. Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council ([1]) (the 'Financial Regulation') applicable to the general budget of the Union and its detailed rules foresee instruments to protect the Union budget including the recovery of debt, where necessary by offsetting amounts receivable and payments over time. The Commission will apply these instruments,

HAS ADOPTED THIS DECISION:

Article 1

1. The Union shall make available to Greece a loan amounting to a maximum of EUR 7160 million, with a maximum maturity of three months.

2. Union financial assistance under this Decision shall not be made available unless liquid collateral amounting to their exposure has been provided to those Member States whose currency is not the euro under legally binding arrangements such that it is immediately payable to them to the extent required to cover any liability they may incur as a result of any failure by Greece to repay the financial assistance in accordance with its terms.

3. The financial assistance shall be made available immediately after the entry into force of this Decision.

4. The Union financial assistance shall be made available by the Commission to Greece in up to two instalments.

5. The instalments shall be released subject to the entry into force of the Loan Agreement and the Memorandum of Understanding, and compliance by Greece with the relevant policy conditionality, in accordance with Article 3.

6. Greece shall pay the cost of funding of the Union, with a mark-up of ten basis points.

7. The costs referred to in Article 7 of Regulation (EU) No 407/2010 shall be charged to Greece.

8. If required, in order to finance the loan in time, the Commission shall be allowed to borrow via a private placement of notes or via any other appropriate financial arrangement that allows it to raise funds at very short term.

Article 2

1. The assistance shall be managed by the Commission in a manner consistent with Greece's undertakings.

2. The Commission, in consultation with the ECB, shall agree with the Greek authorities the specific economic policy conditions attached to the financial assistance as set out in Article 3. Those conditions shall be laid down in the Memorandum of Understanding, which shall be signed by the Commission and the Greek authorities consistent with the undertakings referred to in paragraph 1 of this Article. The detailed financial terms shall be laid down in a Loan Facility Agreement to be concluded with the Commission.

3. The Commission shall verify at regular intervals that the economic policy conditions attached to the assistance are fulfilled, and report to the Economic and Financial Committee. To this end, the Greek authorities shall cooperate in full with the Commission and the ECB, and shall place all the necessary information at their disposal. The Commission shall keep the Economic and Financial Committee informed of all relevant developments.

([1]) Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

Article 3

1. The economic and financial adjustment programme (the 'Programme') prepared by the Greek authorities is hereby approved.

2. The disbursement of the assistance shall be conditioned on Greece's:

(i) adopting the measures mentioned in the Programme as having 15 July 2015 as the deadline for adoption;

(ii) taking unambiguous steps to prepare the implementation of the other policy conditions listed in the Programme; and

(iii) obtaining the agreement in principle from ESM members under Article 13(2) of the Treaty establishing the European Stability Mechanism to provide financial assistance to Greece.

3. Greece shall adopt in a timely manner the measures indicated below:

VAT system

— adopt, by 15 July 2015, legislation to reform the VAT system. The reform shall target a net revenue gain of 1 % of GDP on an annual basis from parametric changes. The new VAT system shall: (i) unify the rates at a standard 23 % rate, which is to include restaurants and catering, and a reduced 13 % rate for basic food, energy, hotels, and water (excluding sewage), and a super-reduced rate of 6 % for pharmaceuticals, books, and theatre; (ii) streamline exemptions to broaden the base and raise the tax on insurance; and (iii) eliminate discounts on islands, starting with the islands with higher incomes and which are the most popular tourist destinations, except the most remote ones. The reform shall be completed by end-2016, as appropriate and targeted fiscally neutral measures to compensate those inhabitants who are most in need are determined. The new VAT rates on hotels and islands shall be implemented from 1 October 2015.

Pensions

— adopt legislation to freeze monthly guaranteed contributory pension limits in nominal terms until 2021;

— adopt legislation to provide to people retiring after the entry into force of the relevant Greek legislation the basic, guaranteed contributory, and means-tested pensions only at the attainment of the statutory normal retirement age of currently 67 years;

— adopt legislation to increase the health contributions for pensioners from 4 % to 6 % on average and extend it to supplementary pensions;

— adopt the appropriate legal instrument to instruct all pension funds to fully implement law 3863/2010 to new pension requests submitted from 1 January 2015.

Statistical governance

— adopt legislation to strengthen the governance of the Hellenic Statistical Authority (ELSTAT). The legislation shall cover (i) the role and structure of the Advisory bodies of the Hellenic Statistical System, including the recasting of the Council of ELSS (Hellenic Statistical System) to an advisory Committee of the ELSS, and the role of the GPAC (Good Practice Advisory Committee); (ii) the recruitment procedure for the President of ELSTAT, to ensure that a President of the highest professional calibre is recruited, following transparent procedures and selection criteria; (iii) the involvement of ELSTAT as appropriate in any legislative or other legal proposal pertaining to any statistical matter; (iv) other issues that have an impact on the independence of ELSTAT, including financial autonomy, the empowerment of ELSTAT to reallocate existing permanent posts and to hire staff where it is needed and to hire specialised scientific personnel, and the classification of the institution as a fiscal policy body in the recent law 4270/2014; role and powers of Bank of Greece in statistics in line with Union legislation.

Implementation of the Treaty on Stability, Coordination and Governance (TSCG) in the EMU

— Greece shall implement by 15 July 2015 the relevant provisions of the TSCG.

Article 4

Greece shall open a special account with the Bank of Greece for the management of the Union financial assistance.

Article 5

This Decision shall take effect upon notification.

Article 6

This Decision is addressed to the Hellenic Republic.

Article 7

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels, 17 July 2015.

For the Council
The President
J. ASSELBORN