

The Eurogroup stresses the crucial need to rebuild trust with the Greek authorities as a pre-requisite for a possible future agreement on a new ESM programme. In this context, the ownership by the Greek authorities is crucial, and successful implementation should follow policy commitments.

The Eurogroup expects continued full involvement of the IMF [and welcomes the intention by Greece to seek full involvement of the IMF in the monitoring and financing of the programme.] This is a precondition for the Eurogroup to agree on a new ESM programme.

Given the need to rebuild trust with Greece, the Eurogroup welcomes the commitments of the Greek authorities to legislate without delay, by 15 July, a first set of measures. These measures, taken in full prior agreement with the institutions, will include:

- the streamlining of the VAT system and the broadening of the tax base to increase revenue;
- upfront measures to improve long-term sustainability of the pension system as part of a comprehensive pension reform programme;
- the adoption of the Code of Civil Procedure, which is a major overhaul of procedures and arrangements for the civil justice system and can significantly accelerate the judicial process and reduce costs;
- the safeguarding of the full legal independence of ELSTAT;
- full implementation of the relevant provisions of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, in particular by making the Fiscal Council operational before finalizing the MoU [and introducing automatic spending cuts in case of deviations from ambitious primary surplus targets after seeking advice from the Fiscal Council and subject to prior approval of the institutions];
- transposition of the BRPD at the latest within a week with support from the European Commission.

Immediately, and only subsequent to legal implementation of the above-mentioned measures as well as endorsement of all the commitments included in this document by the Greek Parliament, may a decision to mandate the institutions to negotiate a Memorandum of Understanding (MoU) be taken. This decision would be taken subject to national procedures having been completed and if the preconditions of Article 13 of the ESM Treaty are met on the basis of the assessment referred to in Article 13.1.

In order to form the basis for a successful conclusion of the MoU, the Greek offer of reform measures needs to be seriously strengthened to take into account the strongly deteriorated economic and fiscal position of the country during the last year. The Greek government needs to formally commit to strengthening their proposals in a number of areas identified by the institutions, with a satisfactory clear timetable for legislation and implementation, including structural benchmarks, milestones and quantitative benchmarks, to have clarity on the direction of policies over the medium-run. They notably need, in agreement with the institutions, to: