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COUNCIL IMPLEMENTING DECISION (EU) 2016/544
of 19 August 2015
approving the macroeconomic adjustment programme of Greece (2015/1411) ⁽¹⁾
(OJ L 91, 7.4.2016, p. 27)

Amended by:

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⁽¹⁾ This act has originally been adopted in English only and published in OJ L 219, 20.8.2015, p. 12.



COUNCIL IMPLEMENTING DECISION (EU) 2016/544

of 19 August 2015

**approving the macroeconomic adjustment programme of Greece
(2015/1411) ⁽¹⁾**

Article 1

1. In order to facilitate the return of the Greek economy to a path of sustainable growth and to fiscal and financial stability, Greece shall rigorously implement the Programme, the main elements of which are laid down in Article 2 of this Decision. The Programme shall address the specific risks emanating from Greece for the financial stability of the euro area and shall aim to rapidly re-establish a sound and sustainable economic and financial situation in Greece and restore its capacity to finance itself fully on the international financial markets. The Programme shall take due account of the Council recommendations addressed to Greece under Articles 121, 126, 136 and 148 TFEU as well as Greece's actions to comply with them, while aiming to broaden, strengthen and deepen the policy measures required.

2. The Commission, in liaison with the ECB and, where appropriate, the IMF, shall monitor Greece's progress in implementing its Programme. Greece shall give the Commission and the ECB its full cooperation. It shall, in particular, provide them with all the information that they deem necessary for the monitoring of the Programme.

3. The Commission, in liaison with the ECB and, where appropriate, the IMF, shall examine with the Greek authorities any changes and updates to the Programme that may be needed in order to take proper account of, inter alia, any significant gap between macroeconomic and fiscal forecasts and realised figures, negative spillover effects, as well as macroeconomic and financial shocks.

In order to ensure the smooth implementation of the Programme and to help the correction of imbalances in a sustainable way, the Commission shall provide continued advice and guidance on fiscal, financial market and structural reforms.

The Commission shall at regular intervals assess the economic impact of the Programme and shall recommend necessary corrections with a view to enhancing growth and job creation, securing the necessary fiscal consolidation, and minimising harmful social impacts.

⁽¹⁾ This act has originally been adopted in English only and published in OJ L 219, 20.8.2015, p. 12.

▼ **M1***Article 2*

1. Greece shall pursue fiscal consolidation by means of high-quality permanent measures while minimising the impact of those measures on disadvantaged people. The Greek authorities commit to ensuring sustainable public finances and achieving sizeable and sustainable primary surpluses over the medium-term that will reduce the debt-to-GDP ratio steadily. Greece shall accordingly pursue a fiscal path premised on primary surplus targets of 1,75 % of GDP in 2017 and 3,5 % of GDP as of 2018 and over the medium-term. The Greek authorities commit to take further structural measures yielding 0,3 % of GDP by 2018 in order to secure the targeted primary surplus path. The measures to achieve those primary surplus targets, and as agreed as part of the second review, shall include: the streamlining of welfare benefits and abolition of tax expenditures based on the recommendations of the World Bank's Social Welfare Review; the rationalisation of healthcare spending through widening the scope of the closed budget framework and reducing claw-back ceilings; the introduction of a tax on short-term tourist accommodation rentals; and the rationalisation of certain performance incentives and allowances in the public sector.

2. To support the rebalancing of the budget toward more growth-friendly and distributionally fair policies, while ensuring that medium-term fiscal targets are met, the Greek authorities shall take the following legislative actions:

- i. adopt a medium-term fiscal strategy for 2018-2021 in line with agreed medium-term targets, which are to be reached without growth-detrimental measures;
- ii. implement pension reform to deliver net savings of 1 % of GDP in 2019-2022 and personal income tax reform that is to deliver net savings of 1 % of GDP in 2020, 2021 and 2022;
- iii. adopt a growth-enhancing tax package matching, in net terms, the yield from the personal income tax reform; the package is to encompass: (i) a reduction in personal income tax rates and the solidarity surcharge, with a medium-term fiscal impact of 0,8 % of GDP; (ii) a reduction in corporate income tax rates with a medium-term fiscal impact of 0,1 % of GDP; and (iii) a reduction in property tax (ENFIA) with an impact of 0,1 % of GDP;
- iv. adopt a targeted spending package that matches, in net terms, the yield from the pension reform composed of: (i) an increase in spending on targeted welfare benefits (housing allowance, child benefits, school meals, early childhood education and care/pre-school education, means-tested reduction in health co-payments) of 0,7 % of GDP; (ii) high-quality public infrastructure investment of 0,15 % of GDP; and (iii) active labour market policies of 0,15 % of GDP;

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v. to implement the personal income tax measures in 2019 if, based on a forward-looking assessment in the context of the final programme review, a frontloaded implementation is needed in order to reach the agreed 3,5 % of GDP primary surplus fiscal target in 2019, which is to be reached without growth-detrimental measures;

vi. the expansionary package is to be implemented starting in 2019, contingent on an assessment and an agreement in the final programme review, following a transparent process, with the amount to be implemented in line with the amount by which the institutions project that Greece will exceed the agreed medium-term targets, in order to ensure that these targets are achieved.

3. The Greek authorities shall complete the framework needed for the full implementation of the Independent Authority of Public Revenue and for its effective operation. They shall take further measures to improve tax compliance, including legislation for the promotion and facilitation of the use of electronic payments. Measures to strengthen the fight against tax evasion shall, inter alia, aim to improve the model of cooperation between the justice and tax administrations.

4. The Greek authorities shall take measures to further strengthen the budget process and public financial management. They shall ensure that national legislation is fully in line with the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (Fiscal Compact). The Greek authorities shall also present a medium-term action plan to ensure that payments are made in compliance with Directive 2011/7/EU of the European Parliament and of the Council ⁽¹⁾. They shall strengthen the public procurement framework, including by fostering central procurement.

5. The Greek authorities shall fully implement the new legislative provisions of the comprehensive pension reform of 2016. To rationalise public health expenditure, the Greek authorities shall take structural measures focusing on improving efficiency, including a closed budget (clawback ceiling) to cover items previously not under clawback. They shall publish an updated price bulletin to reduce pharmaceutical prices, update and publish on a regular basis the positive and the negative lists, and adopt further measures to improve generics penetration.

6. The Greek authorities shall ensure the smooth roll-out and implementation of the new Social Solidarity Income scheme. They shall undertake a major reform of the welfare system, based on the relevant recommendations of the Social Welfare Review provided by the World Bank. That reform shall aim to streamlining the system and better targeting the needs of the most vulnerable, including the re-direction of resources to the financing of the national roll-out of the new Social Solidarity Income scheme.

⁽¹⁾ Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (OJ L 48, 23.2.2011, p. 1).

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7. To safeguard financial stability, the Greek authorities shall publish a roadmap for the relaxation of capital controls, avoiding undue delays without compromising financial stability. They shall assess and address impediments to the secondary market for non-performing loans identified in the report on the review of implementation of Law 4354/2015, in order to streamline the licencing process for servicers of non-performing loans. The Greek authorities shall establish an out-of-court workout scheme for non-performing loans and shall ensure the smooth implementation thereof. The scheme shall allow for both large and smaller debtors with a debt above a minimum threshold to have recourse to the debt-restructuring mechanism, and shall subject all elements of debt to that mechanism, including private and public debt but excluding social security contributions and withheld taxes. The Greek authorities shall also modernise the corporate insolvency framework and ensure the effective implementation thereof, with a key focus on the role of insolvency administrators. The Greek authorities shall review the Code of Civil Procedure, with a view to bringing it in line with Union best practices.

8. To promote growth, competitiveness and investment, the Greek authorities shall continue to design and implement a wide range of reforms in product markets. These reforms shall aim at achieving Union best practices. The reforms shall include: further implementation of OECD Toolkit recommendations to remove impediments to competition across a wide range of sectors; reforms to liberalise investment licensing and to reduce the administrative burden of starting a business; further steps to liberalise regulated professions; reforms to modernise the framework for land use, including spatial planning and cadastre; and measures to enhance the functioning of the water and transport sectors.

9. Regarding labour markets, Greece shall adopt legislation to clarify that the 2011 collective bargaining reforms will be extended until the end of the Programme. The Greek authorities shall replace the current administrative framework for collective dismissals with a notification procedure of no more than three months, which shall not involve *ex ante* approval, and shall amend legislation on industrial action. The Greek authorities shall also take further steps to combat undeclared work, strengthen vocational education and training, and shall implement the three-year action plan on education.

10. The Greek authorities shall continue the implementation of wide-ranging reforms in the energy markets, to bring them in line with Union legislation and policies, to make them more modern and competitive, to reduce monopolistic rents and inefficiencies, to promote innovation, to favour the wider adoption of renewables and gas, and to ensure the transfer of benefits of all those changes to consumers. In the electricity market, in order to bring the market share of the incumbent to the agreed targets, the Greek authorities shall continue the implementation of electricity auctions, and shall propose unconditional structural measures to divest a share of the generation capacity of the incumbent, in line with the relevant Commission Decisions that were upheld by the

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General Court ⁽¹⁾. The Greek authorities shall also continue the process leading to the full ownership unbundling of the transmission system operator from the incumbent, shall continue the implementation of the reform of incentives for renewable energies, and shall ensure the timely implementation of other market reforms. In the gas market, continued implementation of the existing reforms shall, *inter alia*, lead to full eligibility to switch supplier for all customers by 2018, as scheduled. The Greek authorities shall take further action to remove remaining obstacles to effective competition in the wholesale and retail gas markets, and to promote interconnections, as well as the diversification of the sources of supply.

11. The Greek authorities shall continue to implement an ambitious privatisation programme and to implement policies that support investment. The Greek authorities commit to facilitating the privatisation process and to completing all necessary government actions to allow tenders to be executed successfully. In that respect, the Greek authorities shall complete all necessary actions as agreed on a quarterly basis between the Hellenic Republic Asset Development Fund ('HRADF'), the institutions and the Greek government. The List of Government Pending Actions has been approved by the Board of Directors of the HRADF. Following the establishment of the Hellenic Corporation of Assets and Participations (HCAP), which shall have in its possession valuable Greek assets, the Greek authorities shall ensure that the management and the internal rules of HCAP comply with international standards and best practices, including the OECD Guidelines on Governance of State-Owned Enterprises. The overarching objective of HCAP shall be to manage valuable Greek assets; and to protect, create and ultimately maximise their value, which it shall monetise through privatisations and other means.

12. A modern State and public administration shall continue to be a key priority of the Programme. The Greek authorities shall pay particular attention to the implementation of the measures already taken under the Programme to increase the efficiency of the public sector in the delivery of essential public goods and services, with special attention to the recruitment and de-politicisation of managers, performance evaluations, and mobility. Measures shall be taken to enhance the effectiveness of the judicial system, including by allowing for the implementation of electronic auctions, and to upgrade the fight against corruption. The institutional and operational independence of key institutions, such as the revenue administration and the statistics institute (Elstat), shall be strengthened through the further implementation of reforms that have already been adopted.

▼ B*Article 3*

This Decision is addressed to the Hellenic Republic.

⁽¹⁾ Judgment of 15 December 2016, *DEI v. Commission*, T-169/08 RENV, ECLI:EU:T:2016:733 and judgment of 15 December 2016, *DEI v. Commission*, T-421/09 RENV, ECLI:EU:T:2016:748.