



Greece should resume policy dialogue and agree on reforms, Draghi tells MEPs

[23-03-2015 - 18:49]

The European Central Bank's expanded asset purchase programme, better known as "quantitative easing" (QE), is starting to make headway across the EU, ECB President Mario Draghi told Economic and Monetary Committee MEPs on Monday. Mr Draghi also reported on the tough negotiations with Greece and outlined what it would take for the ECB to reinstate the waiver for buying Greek state bonds on the secondary market, so as to enable QE to benefit Greece, too.

The ECB began buying sovereign bonds on 9 March and aims to buy €60 billion worth of state bonds on the secondary market each month until at least September 2016. "There are enough bonds to purchase and the operation is running smoothly", Mr Draghi assured MEPs.

"Growth gaining momentum"

Mr Draghi cited some signals that the ECB's monetary policy measures are having some effect. "Growth is gaining momentum – the outlooks for 2015 and 2016 have been revised upwards by 0.5% and 0.4% - and inflation is expected to gradually increase from 0% in 2015 to 1.8% in 2017", he said, adding that these inflation rates assume full implementation of the newly launched QE programme. Mr Draghi nonetheless reiterated that the ECB's monetary policies must be complemented by structural and fiscal policy reforms to mobilise additional benefits.

"If inflation goes up, interest on savings will follow"

Replying to concerns voiced by Burkhard Balz (EPP, DE) about low interest on savings and the risk that new "cheap money" bubbles could form, Mr Draghi said he was "aware of the risks", observing nonetheless that "if inflation goes up; the interest on savings will follow".

Greece urged to "resume policy dialogue" with former Troika

Many MEPs were keen to hear Mr Draghi's assessment of Greece, which seems set to face insolvency by the end of April without a new financial assistance package. "To have a credible perspective, Greece needs to put in place a process to restore policy dialogue between the Greek government and the three institutions" [formerly known as the ECB, European Commission, and IMF "Troika"], said Mr Draghi, adding that he hoped for a positive outcome at today's discussion in Berlin.

"It's not blackmail"

Mr Draghi rejected criticism by centre-left parties that the ECB is "blackmailing" or "suffocating" Greece by refusing to reinstate the waiver for buying Greek state bonds unless it accepts reforms that were agreed upon before its recent elections. "The ECB's exposure to Greece is €104 billion, equal to 65% of its GDP. This is the highest exposure in the whole of the eurozone! The ECB does not create rules for Greece, we apply them. We lifted the waiver after its bonds fell below the threshold of what we accept as collateral. We agreed on the waiver last year, when we expected a full review of the economic reform programme and a disbursement of loans. Since February those conditions are no longer met. "

Press release

Useful links

- Quantitative easing: what is it and what does the ECB want to achieve with it?: <http://www.europarl.europa.eu/news/en/news-room/content/20150320STO36308/html/Quantitative-easing-what-is-it-and-what-does-the-ECB-want-to-achieve-with-it>
- Catch up via Video On Demand (VOD)
: <http://www.europarl.europa.eu/ep-live/en/committees/search?end-date=&start-date=&legislature=&organ-code=&pageIndex=>
- Committee on Economic and Monetary Affairs: <http://www.europarl.europa.eu/committees/en/econ/home.html>
- EbS coverage for the Draghi's meetings:: <http://ec.europa.eu/avservices/ebs/schedule.cfm?sitelang=en&page=2&institution=Parliament&date=03/23/2015>
- Atmosphere shots of the meeting: <http://audiovisual.europarl.europa.eu/Assetdetail.aspx?ref=I101085>
- Extracts from Draghi's statement: <http://audiovisual.europarl.europa.eu/Assetdetail.aspx?ref=I100752>
- Extracts from debate on hearing of Draghi as Chair of the ESRB: <http://audiovisual.europarl.europa.eu/Assetdetail.aspx?ref=I100756>

Contact

Ron KORVER

BXL: (+32) 2 28 44659

STR: (+33) 3 881 74903

PORT: (+32) 498 98 35 88

EMAIL: econ-press@europarl.europa.eu

TWITTER: EP_Economics