



HELLENIC REPUBLIC
MINISTRY OF FINANCE

Athens, 3/8/2022
Ref. No: 254

To: Mr. Valdis Dombrovskis, Executive Vice-President of the European Commission
for an Economy that works for People

Mr. Paolo Gentiloni, Member of the European Commission for Economy

Dear Vice-President, *Dear Valdis,*
Dear Commissioner, *Dear Paolo,*

Thank you for your letter dated 2 August 2022 confirming that the Commission does not intend to prolong enhanced surveillance after its expiration on 20 August 2022.

I share your assessment that as a result of effective reform implementation by the current Government, even under the challenging circumstances created by the Covid-19 pandemic and, more recently, by Russia's military aggression against Ukraine, the resilience of the Greek economy has substantially improved and the risks of spill-over effects on other euro area Member States have reduced significantly. Given the above, I agree with your assessment that maintaining Greece under enhanced surveillance is no longer justified. Returning now to normality, the monitoring of Greece's economic, fiscal, and financial situation will continue in the context of the post-programme surveillance (PPS) and the European Semester.

Over the last three years, Greece has successfully completed important reforms in six key areas, namely fiscal and fiscal-structural policies, social welfare, financial stability, labour and product markets, privatizations, and public administration. Furthermore, Greece completed important reforms in areas not covered by the Enhanced Surveillance framework including, among others, digitalization and education.

These reforms have put in place a solid platform for Greece to achieve sustainable and inclusive long-term growth. Indeed, they already deliver visible results, reflected in Greece's strong recovery from the pandemic and continued solid growth under the present conditions of surging global energy prices and global uncertainty: Greece's recent high growth rates are accompanied by a gradual GDP reorientation towards investment and exports; employment rates are increasing, particularly among women and the youth; banking conditions continue to improve and credit growth to the real economy has resumed; and public finances have returned to a favourable trajectory, leaving behind

the shock caused by the pandemic. These developments prove the value of reforms, as well as the effectiveness and credibility of Greek economic policy.

The Greek economy, as all our Union's national economies, currently faces significant uncertainty and downside risks caused by Russia's military aggression against Ukraine. A key component of our response to this new, exogenous shock is the continuation of our reform effort beyond the end of enhanced surveillance. The Greek national Recovery and Resilience Plan, currently under implementation and fully on track, includes major reforms and investments. These will further upgrade Greece's productive capacity, increase long-term output and strengthen economic resilience and social cohesion.

Overall, despite challenges caused by global shocks of extraordinary nature, over the last three years, Greece has made significant progress, as a result of which it has returned to a normal financial situation, thereby turning a page in its modern history. We are determined to continue along this path for the benefit of all our citizens and future generations, as well as the stability and prosperity of our union.

I would like to thank you for your support and co-operation over the last three years and I look forward to continuing our excellent cooperation.

Yours sincerely,



Christos Staikouras
Minister of Finance of the Hellenic Republic