

Deputy Prime Minister and Foreign Minister Evangelos Venizelos' Briefing of correspondents accredited to the European institutions in Brussels

E. VENIZELOS: Good morning. I welcome you to Greece, to Athens, on the day of the official opening of the Hellenic Presidency of the Council of the European Union.

This Presidency is the fifth Hellenic Presidency of the Council since Greece joined the then European Communities in 1981.

The attainments of the previous Presidencies reside mainly in two major issues. The first is the enlargement of the European Union. Because major enlargement waves were associated with our two previous Presidencies. In 1994, when the Hellenic Presidency culminated in the Corfu Summit Meeting, we went from the Europe of 12 to the Europe of 15 member states. We would have had the Europe of 16 if the referendum held at that time in Norway had been positive. And in 2003, during the Presidency that culminated in the Thessaloniki/Halkidiki Summit Meeting, we had the biggest enlargement wave, with the ceremony held here in Athens, and we went to the Europe of 27 and the enlargement policy for the European – Euroatlantic, to be precise – perspective of all the states of the Western Balkans.

The second major attainment is the steps taken in the direction of the institutional integration of the European Union, with our most recent Presidency, in 2003, coinciding with the effort towards the European Constitution, which was not carried through, in the end, but led to the reforms of the Lisbon Treaty; that is, the current institutional architecture of the European Union.

The exercising of the Hellenic Presidency is Greece's fulfilment of an institutional obligation that it has as a member state of the European Union.

The holding of the Presidency is not a choice. It is an obligation. This provides a response to those who pose the well-intentioned question of how it is possible for the Greece of the crisis – the Greece of the Memorandum, the Greece that is asking its European partners for assistance – to exercise the Presidency of the Council of the European Union.

The foundation of the institutional existence and functioning of the European Union is the principle of the institutional equality of member states, and the strongest symbolic manifestation of the institutional equality of member states, and thus of their sovereignty, their dignity, is the institution of the rotating Presidency of the Council.

Thus, Greece is fulfilling this obligation and projecting the face of an ordinary European country, institutionally equal, that has historically played what I believe is an important role in the process of European integration.

The Hellenic Presidency of the Council of the European Union is precisely European. We have a full sense of the European nature of this mission, and thus we do not see this mission of ours as being of a national nature.

We do not identify our national priorities – which are obvious, because they have to do with overcoming the crisis – with the European priorities that we must serve as the Presidency.

As the Presidency, we will serve the agenda of the Council of the European Union, in cooperation with the permanent Presidencies, which now play a very important role: the permanent Presidency of the European Council; the High Representative, and thus the permanent Presidency of the Foreign Affairs Council; the permanent Presidency of the Eurogroup, for the countries participating in the Eurozone.

We will move in collaboration with the Secretariat General of the Council, in close cooperation with the European Commission, and, of course, in very close cooperation with the European Parliament, the competencies and role of which we fully respect.

This cooperation on our part has already been organized – I think in a very good manner. Moreover, we know that holding the Presidency in the first half of 2014 is a great responsibility for Greece, given that it is a pre-election period.

It is the semester that leads up to the European elections in May for a new European Parliament and the major debate on the choice of the persons who will take up the major political and institutional positions in the European structure.

We will see the opening of the debate on the President of the European Council, the President of the European Commission, the High Representative. So it is very important that the Presidency be exercised during this pre-election semester, which will be short, contracted in parliamentary terms, because the European Parliament will complete its work and its term ahead of the elections.

So we have about four months to use in the legislative and parliamentary procedures with the European Parliament, but this semester will be very intensive and dense in political terms, because the great debate is opening on the future of Europe, on the response to Euroscepticism, on the response we must give to young Europeans who want jobs, opportunities for growth; who want a Europe that means something in their lives.

Naturally, it is obvious that these six months are very critical to us, as Greece, on the national level, because these are the six months of our turnaround out of the crisis, after everything that we have achieved, but this is a matter that concerns the Greek government as one of any of the member-state governments, and not as the Presidency of the Council.

From the materials you have studied and from the briefings you have attended so far, you are aware of the Presidency's four major priorities.

Naturally, there are more specific priorities in each of the Council configurations; priorities that have been determined in cooperation with the Commission and the corresponding European Parliament Committees.

The Presidency's main priorities – in brief outline form – are the priorities of all European citizens and all European societies.

The first is growth, the creation of jobs – particularly jobs for the young – and the safeguarding of the European Union's social cohesion and social dimension. In reality, this is discussed at every meeting of the European Council.

The second major priority – and this is compulsory as well – is the integration of economic governance institutions in the European Union and in the Eurozone, with the critical issue being the banking union, the supervisory mechanism, the resolution mechanism, and the European deposit guarantee mechanism, so that there can really be an open European banking market.

The third priority is the protection of Europe's borders, mobility, confronting of migration flows. This is something that concerns first and foremost the countries on Europe's external borders, like Greece; the countries in the South, the Mediterranean; countries with extensive coastlines, like Greece and Italy, or island countries like Malta and Cyprus. You are aware that many important initiatives are being taken currently on the level of the Council and the European Council.

The fourth, horizontal priority is the sea: integrated maritime policy. A policy for blue growth, for the environment, energy, renewable energy sources; for fisheries, for maritime spatial planning, as well as for maritime zones, in accordance with the International Law of the Sea.

Technically, as Mr. Kourkoulas will have the opportunity to explain, we are prepared. You will have the opportunity to visit Zappeion Hall, at which nearly all the events hosted in Athens are to take place. Our Presidency is frugal, it has a limited budget – the smallest in comparison to all the previous Presidencies.

We want to be practical, specific, to fulfil this institutional obligation effectively, so that we can hand it on to the Italian Presidency, which follows ours, and with which we are in very close cooperation, because the Hellenic and Italian Presidencies, together, comprise a Mediterranean year in the European Union.

With these words, I welcome you again. And I am at your disposal to answer any questions.

JOURNALIST: Is it true that there are demonstrations in Athens today? Have you banned demonstrations?

E. VENIZELOS: In Brussels, too, there are often citizens protesting when we have councils. And in Athens, yes, today security measures have been taken, of course, due to the arrival of the College of Commissioners and other foreign guests.

The right to congregate is enshrined constitutionally. Citizens can express themselves dynamically, but of course the state and the police are obliged to take all the necessary security measures.

In the minds of European citizens, Europe is often associated with austerity policies, with measures of restraint, with sacrifices.

So there are social groups, political parties, that disagree, that protest and want to organize demonstrations and marches to express their political view. This is fully respected.

JOURNALIST: (Guardian) Since 2010, do you believe that Berlin has had essentially correct policies regarding the crisis? Can you share some of your experiences with us? Regarding the first rescue package generally?

The second subject. You referred to the elections, to the May 2014 European elections. We expect to see extremist views expressed in this country. So we believe that the most extreme political groups will get high numbers. What do you think?

E. VENIZELOS: I'll start with the second question. In fact, in almost all the member states of the European Union, a new wave of Euroscepticism is appearing, and in many countries, including Greece, this is fuelling the extreme right.

We have parties that are openly pro-Nazi. We have political forces that express positions that are racist, xenophobic. This is a problem that has to be confronted by the European Council, by the governments of the member states and by the European political parties as a top political priority.

In my opinion, the European Union, European integration, needs a new, revitalized, attractive narrative. Many, many European societies identify Europe with policies that drive large population groups into unemployment or lead to reduced incomes.

The European model for growth, the European productive model, is being tested. European competitiveness is being tested.

In any case, Europe, as a continent, is shrinking demographically. Its place in the global economy is being downgraded. So we need to talk again about all the major issues. We need to talk again about the Europe of democracy, of culture, of history, of pluralism, of tolerance, of innovation.

We have to look again, in a new way, at the so-called European social model. We have to see how it can overcome this fiscal and demographic crisis.

This is also a problem for Greece, which is an extreme example of a country in crisis, in recession for the past seven years. But it is also a big problem for the strong European economies, like the German economy.

The European elections, in Greece as well as in many other countries, are essentially a gauge of trends in the electorate.

The European elections have a domestic dimension in every country. Here in Greece, in particular, we will be holding local and regional elections together with the European elections.

So the Greek people will express themselves on a number of levels, and this means that the parties in the coalition government and the other Greek political parties are addressing the Greek people not just on European issues, but also on the major national issues that are the subject of this major public debate.

It is of very great importance that we show results, that we convince citizens that there is security, that there are prospects. And the fiscal data – the fact that we have achieved an impressive fiscal adjustment, that Greece can now show the best primary surplus, nominally and structurally – help us to talk about the future.

Regarding your first question, Germany, by virtue of its objective position in the European economy, as the strongest European economy, plays a very important role in shaping the major political choices, and thus the choices concerning the management of the crisis.

In 2009 and 2010, which were two critical years in Greece's case, the European Union and, more specifically, the Eurozone had not yet shaped special mechanisms for managing the crisis.

When the financial and then the fiscal crisis broke out on an international level, after 2007, the European Union did not react with the appropriate speed and effectiveness. It did not formulate the necessary mechanisms.

In any case, the historical endeavor of the Eurozone and the euro was from the outset organized on a basis of normalcy – it was designed for normal conditions of temperature and pressure. It wasn't made to withstand major crises and challenges.

These mechanisms were put together from late 2009, early 2010 on. And this explains the fact that the Eurozone asked for the assistance of the International Monetary Fund to formulate the mechanisms for managing the crisis. And all this, as you can see, had a cost. The right choices were not always made, the effective choices were not always made, the fair choices were not always made.

And choices were not always made quickly and also implemented quickly, and this has a cost that is being paid by Greek society and the Greek economy.

JOURNALIST: Regarding the migration issue. What are your specific goals and what would you like to have achieved by the end of the Presidency? Will you emphasize mainly humanitarian issues, or will the emphasis be on strengthening the protection of borders?

What are you endeavoring to achieve as the ultimate goals following the meetings of the Council? And especially with regard to Greece's perspective on burden-sharing.

E. VENIZELOS: Thank you very much for this question on managing migration flows, because this is a very big problem that, as you said correctly, is a humanitarian crisis, on the one hand, as was made very clear in all its magnitude by the tragic incident in Lampedusa. But on the other hand, it is also a European security problem.

Because there are refugees who come mainly from the countries of the Middle East and North Africa; there are people, women, children, people with health problems who have the right to humanitarian treatment. But at the same time we can have the movement of persons who present a security issue for European citizens, for the peoples of Europe.

This is a problem for countries like Greece, Italy, Malta, Cyprus – like Bulgaria, on its land borders – because we are the countries on the European Union's external borders; countries with long coastlines, as I said, or island countries.

There is a very serious problem of community solidarity and equitable burden-sharing, because Greece, for example, with a population of 10 million right now, is hosting over 1.5 million immigrants, so we are talking about a large number in terms of percentage of our population.

There are the classic mechanisms that you are aware of. There is the huge effort being made by the European Commission, Ms. Malmstrom, who is cooperating very closely with the Greek government. There is Frontex, which has made a very good showing in Greece, monitoring the European Union's external borders. There are institutions like Eurosur, which we want to function effectively. In the European Council recently, nine states undertook the initiative to propose a bundle of additional measures for confronting these problems. We brought together the Med Group again on the margins of the Foreign Affairs Committee, on the initiative of Cyprus, of Spain, with the participation of France, Italy, Portugal, Greece and Malta.

But of course this issue of equitable burden-sharing is always open, because pressure is very high, and it will continue to be high if our whole southern neighbourhood has such big problems, and if the European Union, as a political entity on the level of foreign policy, cannot intervene decisively, in cooperation with the U.S., in cooperation with Russia, in crisis hotspots: in Syria, in Lebanon, in Libya – where there is major unrest.

So this is a *de facto* fundamental priority for the European Union, the Council. And it is linked not only with the issue of migration flows itself, but also with the Union's foreign policy and with the Union's development aid and with the Union's global role as a political entity.

JOURNALIST: From the Daily Telegraph. Two questions for the Deputy Prime Minister.

You said earlier that Greece is facing a problem due to the European Union's low response levels. And Greece is facing a number of challenges, including political challenges.

So what can the European Union do to help Greece more and, in this way, contribute to the effort to reduce the debt? That is, what would you like to see happen to make your lives in Greece easier?

And following on from the first question, with reference to your party, Pasok has perhaps paid the heaviest price of all. And right now it looks like it has been almost completely destroyed. Thus the whole Greek political order has changed.

So what can the European Union do to help you stand up to these pressures.

E. VENIZELOS: Thank you for those questions.

First of all, allow me very briefly to explain our relationship with our partners the European Union and the Eurozone with regard to confronting the crisis, which is a fiscal crisis, a financial crisis, but also a crisis of the growth and competitiveness model itself.

In 2009, Greece and other countries found themselves with an outsized fiscal deficit. The Greek fiscal deficit was at 15.7% of GDP – a very large public debt with problems in terms of financing from the markets due to high interest rates and, of course, a lack of competitiveness. Our current account balance deficit was at 15%.

I repeat that other countries were in this situation or in similar or comparable situations.

We are grateful to our partners in the European Union and the EU institutions, because they came to Greece's aid. The Greek adjustment programme has been financed by the European Union, supplemented by the International Monetary Fund, with a loan on the order of €250 billion.

Moreover, the aid granted by the European Union's European Central Bank to the Greek banks – within the framework of its initiatives – is very significant.

What's more, with the assistance of the European Union and the International Monetary Fund, on a voluntary basis we managed to come to an agreement with the international private sector – the banks and funds, that is, that had Greek state bonds – on a drastic haircut of the Greek public debt, which, together with the buyback of a portion of Greek public sector bonds, comes to about €125 billion; that is, about 65% of Greece's GDP.

Of course, subsequently, a portion of the loan was used to recapitalize the Greek systemic banks.

We have provided €50 billion for this purpose, because the decision taken at some point by the European Council on the direct recapitalization of the banks by the ESM didn't function.

But even if we take into account the sums we have provided for the recapitalization of the banks, a portion of which we will get back with the recovery of the Greek economy, the haircut carried out by the international private sector is about 50% of GDP. This is impressive, and we owe it to our good cooperation with our European partners.

But I want to clarify that these loans are being serviced by Greece. The member states of the Eurozone have guaranteed these loans, which are being serviced on schedule.

Consequently, no Eurozone member state has been burdened by Greece; no Eurozone state has lost anything with regard to its budget, with regard to its deficit, or with regard to its own public debt, and no European taxpayer has paid anything.

There is a report on Greece and Greece is progressing well. It has made an impressive fiscal adjustment. The programme is being carried out in full. Greece is fulfilling its obligations, and a very important chapter of this fiscal success, which led us to the impressive primary surplus we can now show, is that our debt has not only been reduced, it has been restructured and is totally different from what it was in 2010.

The Greek public debt is large as a percentage of GDP, but it is a long-term debt. A debt we owe to the European and international institutions and member states, so we don't owe it to private parties, except for a small percentage.

We have very good loan installment due dates and very, very low interest rates. As ESM Managing Director Klaus Regling has said many times in recent interviews, when we analyze the Greek public debt and its sustainability, we have to bear in mind all the data. Not just the debt as a percentage of GDP, but also the structuring of the debt.

So this is an important framework for the sustainability of the debt, which we believe will be reaffirmed very easily in the coming six months, because the numbers confirm it.

The Greek debt as a net present value, as Mr. Regling has stressed, is extremely manageable and sustainable – much more sustainable than the public debt of other European countries – countries that have not been through the experience of the crisis.

So we are not asking for something having to do with the debt – something that would create a problem or disagreement with the other member states, with their parliaments, their governments or their peoples.

We are not asking for the European citizen in Germany, in Finland or anywhere else to be burdened. We are not asking for political favors. We are not asking for a “political” discussion, which means a discussion not based on numbers.

What we are asking for is a serious discussion, with institutional partners who understand and correctly interpret the numbers, the hard data the Greek economy is showing today.

On the other hand, the truth is that, because the first support programme – not the comprehensive second programme – of May 2010 was very, very short, because it was inadequate, because the loan was less than what was needed and did not provide for intervention in the debt, it didn’t help the Greek economy.

And because, as you know, there was a mistaken projection regarding the macroeconomic and growth-related repercussions the programme would have, a misjudgment – about which the IMF, the ECB and the European Commission have talked a lot – with regard to the notorious fiscal multipliers, the truth is that the crisis brought the Memorandum and the troika to Greece. And it is not the Memorandum and the troika that created the crisis.

But the manner in which the crisis was confronted in the initial stage made this crisis bigger. It caused an even bigger recession, it caused even higher unemployment. And this is a vicious cycle. And our basic goal was to break this vicious cycle.

And, if you will, my main duty, when I took over the duties of finance minister in the second phase and negotiated for the second programme, for the PSI, for the restructuring of the debt, was to remedy these flaws so that we could reach a comprehensive solution.

This has a political cost, as you put it correctly in your question. The political cost is huge, it was paid mainly by my party, the party of which I am the leader, the Pan-Hellenic Socialist Party, the Greek Socialist Party. A party that got 44% of the vote in 2009, mustering only 12.4% in May 2012, because a large portion of the electorate expressed its displeasure at reduced wages, reduced pensions, reduced services, increased unemployment.

It is difficult for the people here in Greece, the citizens, to understand that, if we hadn’t made that choice, the other option would have been totally catastrophic: Disorderly default. But every citizens knows their own problem, their family’s problem, their child’s problem. They know their own income, their own priorities.

And of course our priorities are national priorities, not party priorities. We have to fulfil a national duty. And the national duty runs through a stable European perspective. Our choice is a pro-European choice: for Greece to remain in Europe and in the Eurozone.

So you can see that we are paying for this, but this is an historical cost, and we believe history will vindicate us. The end result will vindicate us. And we are pleased

because later on, from November 2011 on, New Democracy came to share this outlook; the New Democracy party we are collaborating with today – the party headed by Prime Minister Samaras, who was against the adjustment programme in the initial phase, but with whom we are now in agreement on this national strategy.

JOURNALIST (Handelsblatt): Mr. Venizelos, you mentioned a possible second haircut. The Greek debt is no longer in private hands – it now belongs to the state. Another haircut would mean the citizens would be called upon in the future to pay for Greece, and they will lose a lot of money.

So how will we be able to sell this to the taxpayers of the other European countries, of the Eurozone, that is?

E. VENIZELOS: Allow me to repeat what I just said. To date, no other member state of the European Union or, more specifically, of the Eurozone, and no European taxpayer has paid anything for Greece.

The German taxpayer, for whom I have absolute respect, has not paid anything for Greece. The first loan was a loan that was concluded between the other 16 countries of the Eurozone and Greece. In particular in the case of Germany, the loan was concluded between the Greek government and the KfW, the German Investment Bank, and guaranteed by the state.

Subsequently, we went from the first loan to the second. The second loan was concluded between the EFSF and the Greek government. The EFSF is an institution in which the member states participate as shareholders and guarantors.

These loans, which in the end have been unified as loans of the EFSM, of the ESM now, to Greece, are being serviced on schedule. Absolutely nothing has been lost. Germany has not paid for the loan to Greece from its budget. It has simply guaranteed the KfW loan, which is being serviced, so no German taxpayer has lost anything.

If Greece falls apart, if Greece theoretically leaves the Eurozone, if the situation gets out of control, then of course the member states and the German taxpayers will lose. But Greece is on its way out of the crisis. It is showing fiscal success. It will return to the markets, as soon as possible, with the help of the European Central bank and the ESM.

The Greek programme can and will be a success for the Eurozone. And in that case, everyone wins. And, as your colleague said earlier, Greece is not asking for a haircut on the loans. Greece is asking that we carry out a serious discussion to confirm, as the Eurogroup and the European Council have said, the sustainability of the Greek debt.

What is the Eurogroup and European Council decision in force? The decision is, as soon as Greece manages to show a primary surplus, the other European countries

will discuss things with Greece and confirm the long-term sustainability of the Greek public debt. And here we are.

Greece has shown the best primary surplus in Europe, one of the best structural primary surpluses in the world – better than Singapore's. And now that Eurostat is confirming this data, the Eurogroup will confirm the sustainability of the Greek public debt.

And as I said earlier, this can't happen in a simple manner, just looking at the ratio of debt to GDP. We also need to look at the structuring. What Mr. Regling said. And so as not to refer you to my own words, allow me to refer you to Mr. Regling's recent interviews, to his 27 September 2013 interview with the Wall Street Journal, where he sets out fully, in a technical manner, the right approach to the Greek public debt. I don't think there is a more competent source, because the ESM is our lender and our main partner.

So all of this – you will allow me to say – mythological discussion regarding the haircut on the debt, the European taxpaying citizen who is at risk because of Greece, is a misguided approach that is also somewhat insulting to Greece, because Greece is not living off of its partners. Greece is fulfilling its obligations to its partners.

JOURNALIST (Jean Jacques Mevel): A French question. I want to come back to the relations, the political relations, between your government and the troika, as the embodiment of the European Union.

Right now we have hearings taking place in the European Parliament and a repeated criticism, which says that the Troika, to date, has not borne in mind your country's special characteristics.

I would like to know what Greece's special characteristics are with regard to the issue of the debt, the problem of the debt. Do you think they are being taken more into account today, and, coming back to the previous question, when we talk about Greece's returning to the markets, is this a return along the lines of that of Ireland, or is it just for a reduction of the debt to your creditors?

E. VENIZELOS: It is up to the member states. Allow me to very briefly review with you what the troika is.

The troika is an institutional hybrid. The troika is not provided for by the primary law of the European Union. It is not provided for by the institutions of the Eurozone.

What is the problem with the troika? The problem with the troika is the participation of the International Monetary Fund. Because the other two partners in the troika are the European Commission and the European Central Bank.

The European Commission is the European Union's central institutional organ. The European Central Bank is also a European institution that is at the heart of the Eurozone.

The European Commission obviously has its own fields of competency and obviously works with the Council of the European Union, with the European Council and the Parliament. And the European Central Bank, in the framework of its independence, also works with the Eurogroup and with the European Parliament in part.

The new element is the International Monetary Fund. The International Monetary Fund, which has been created historically to assist mainly developing countries, and not the developed, strong countries of the Eurozone.

How did it come to find itself within the Eurozone? It came to be there because the Eurozone had not shaped institutions for managing the crisis, and because it had recourse to the technical assistance of the International Monetary Fund, which is useful mainly for its expertise, and less as a lender.

Because the IMF's participation in the loans is very limited. In fact, as you will remember, at some point the European Council had decided that Europe would fund the IMF with €200 billion, so that the IMF could then provide it to Europe according to its own criteria.

So the presence of the IMF in the heart of the European Union and the Eurozone is a problem.

First of all, this showed that the European governments, and especially the strong ones, had a distrust of the European Commission. Because the European Commission did not confront the crisis up until 2010, it did not foresee it, it did not sound the alarm for many countries.

This creates a problem. At first, the troika functioned as the representative of the three institutions: the ECB, the European Commission, and the IMF.

From a certain point on, it started to function as the proxy of the governments through the Eurogroup. Up until now, the governments have said that they want the troika's opinion and that they trust it to tell us what to do, and the troika awaits instructions or signs from the governments as to what has to be done.

This creates a contradiction. It is a problem. And the European Parliament is in reality absent from this configuration. There is an institutional problem with the troika.

And moreover, as you can see, the troika has many capable personnel, including institutional staff, on the level of Director of these three institutions, who come, as institutional personnel, and talk to the President of the Republic of Cyprus, to the Prime Minister of Greece, to the Finance Minister. They participate in a political discussion that impacts societies, peoples, citizens. So they bear a huge political weight, and this creates a very serious institutional problem. A problem of democracy. A political problem. A problem of legitimacy. This is being looked at now by the European Parliament, with the inquiry it has launched regarding the troika. This is a problem.

We have had many, many discussions, and we have worked very well with the troika, and the troika has helped Greece. But it is very difficult for institutional personnel to understand political priorities, social sensitivities, how much the economy can take.

And I want to explain this to you technically, very briefly. The whole conversation on how Greece will exit the programme has its point of departure in what is called the sustainability of the debt, which we talked about earlier. The sustainability of the debt is considered in the Debt Sustainability Analysis (DSA), which has been carried out by the troika, mainly by the IMF.

The assessment of the sustainability of the debt takes into account the two main factors: the primary surplus as a fiscal target, and also a high positive growth rate as a macroeconomic and developmental target.

The Greek debt, like any other debt, is sustainable when we have about a 4.5% primary surplus on a long-term basis, as well as a positive growth rate that is over 2.5%. When we take measures that lead to the achievement of the fiscal goal of the primary surplus, but this causes recession and unemployment rather than growth, we have a reduction in GDP, the Debt Sustainability Analysis is not confirmed. So we enter into a vicious cycle.

The goals are macroeconomic, not just fiscal. We cannot have a primary surplus as our only goal, without growth, because otherwise we don't have a denominator and numerator in harmony bringing about reduction and control of the public debt. It's that simple.

So we want our discussion with our partners to be a conversation about numbers, the primary surplus, and about the denominator, which is a positive growth rate for the Greek economy. That is the whole issue.

We want a conversation about the whole fraction, numerator and denominator, and not just about the numerator. Because we have achieved the numerator. Greece has a primary surplus and our fiscal deficit is at 2.1%, clearly below the 3% limit set down in the Stability Pact.

So when we say "exit the programme," we mean that we confirm the sustainability of the debt and Greece gradually returns to the markets, with the support of the existing institutions, which are the European Central Bank and the ESM.

I answered two times, earlier, on the matter of the haircut, and I think I made that issue clear.

JOURNALIST (Der Spiegel): You were interviewed last week by a German paper, and you insinuated that the Greek government might collapse if the international creditors do not meet your demands for lower interest rates. You mentioned Klaus Regling a number of times, and he stated that that would be highly unlikely. Would you like to go into that in greater depth?

That is, first, could you talk in greater detail about what might happen if the Greek government falls? And what is your comment on Mr. Regling's statements.

E. VENIZELOS: I worked very closely with Mr. Regling when I was Finance Minister, and it was with him that I signed the agreement on the loan Greece has taken out. What he has said is very simple.

He says that the average interest on servicing of the Greek public debt is impressively low. The average interest rate being paid by Greece on the debt is 2.1%. It is in fact a very friendly interest rate. So, Mr. Regling says, don't look at just the size of the debt, look at the cost of servicing the debt, look at the duration. We are lending for 30 years, Mr. Regling says. We are not lending for 10 years.

Look at the expiries. Look at the net present value. So what can be done with the loans parametrical data is, without anyone losing anything, we can look at some further improvements in cooperation with our partners. But this will mean nothing negative for any country or any institution. No one will lose.

You know, when the PSI was carried out – the haircut on the debts held by private banks and funds – the bonds held by the European Central Bank and the European Investment Bank were exempted. Greece's institutional debt has not been reduced, not just because of the loan we took out, but not even the previous one. The pre-crisis Greek debt held by the institutions, like the European Central Bank, was not reduced, precisely so the member states and European taxpayers would not lose.

But now there is another issue of interest rates, if you will allow me. There is the issue of interest rates at commercial banks. Because, naturally, Greek businesses borrow from Greek banks at a much higher interest than a German business borrows at in Germany. This creates an inequality; it creates a problem of access to financing mechanisms.

This is another issue that exists in many EU countries. It concerns the prospects for growth, it concerns the profound development-related inequities in the EU, because naturally the cost of money is a decisive factor in everything. This is something that doesn't concern the Greek crisis – it concerns the functioning of a truly united banking market. And it is linked to what we said about the Banking Union. It is irrelevant to the discussion of the Greek programme and the Greek public debt.

JOURNALIST (La Stampa): Regarding immigration. Looking at what is happening in Syria, Lebanon, Egypt, Eritrea, Somalia, Tunisia, etc., I ask whether you fear that there might be a very intense, large wave of migration this coming spring. And maybe then all the measures we are taking will prove useless.

That is, are you perhaps afraid of the useless measures that might be taken for the management of immigration? And here in the Mediterranean, since you are neighbours with Italy, are you worried about the political instability in Italy, which might create some commotion for you during your Presidency.

E. VENIZELOS: We have very close cooperation with the Italian government.

This cooperation is intergovernmental, cooperation between two states, regardless of the political identity of a given government, but, coincidentally, I have a very close personal relationship with Italian Prime Minister Letta, because he was the alternate Secretary of the Democratic Party. Pasok, with the Democratic Party, with Mr. Bersani, to whom I send very warm wishes for his recovery, had a traditional, very good cooperation, so on a personal level we have the capability, both Prime Minister Samaras and I are in contact with the Italian Prime Minister and Emma Bonino and the European Affairs Minister.

So we have seen that our approaches are the same, our priorities are the same. The Hellenic Presidency's priorities are accepted by Italy, because they are clear European priorities, so we are putting together this Mediterranean year.

We also have some practical goals, like the declaration of the Adriatic-Ionian Macroregion. We have many very major joint energy initiatives, due to the Trans Adriatic Pipeline (TAP), which is a new capability that we have now for Azeri natural gas, and we want to build the Adriatic branch of the TAP as well.

These are very important initiatives, and we also have very nice cooperation in the Med Group, but we also have very close bilateral cooperation on maritime zones in the Mediterranean.

We have had in-depth discussions with the Italian government and with the Italian Defence Minister on the issue of migration flows and pressures resulting from the crisis.

Because there is no doubt that the crisis in Syria, which is linked to the crisis in Lebanon, and the ongoing instability in Libya are all creating refugee flows, new flows, new pressures.

We see this every day. We see what is happening in the Mediterranean every day. So this cannot be a problem that Italy confronts on its own, Greece on its own, Malta on its own.

It is a European problem, and we are asking that this always be on the table at the European Council. Because if the situation doesn't change at its source, if there is no serious progress in Syria, which at this point is impacting everything, naturally we won't have a change in the real situation in the Mediterranean with regard to migration flows.

Now, if you ask me what Greek foreign policy's stance is on all these issues, I would simply say that Greece participates in the mainstream, in Europe's central current. We accept the European positions. We support them, we back them. We have very good relations with the Arab world, very good relations with Israel. We are present everywhere.

We are trying to help with the humanitarian crisis in Syria. We have good relations with the Egyptian government. We are trying to maintain creative communication with Libya, where the situation is extremely unstable.

We want a government to be formed in Lebanon, but we realize that all the fronts are open. All of them. And the European Union is being called upon to develop foreign policy initiatives that are more effective, more creative, more practical.

It isn't easy. It isn't even easy in cooperation with the U.S., Russia, the other permanent members of the Security Council, because the problems run very deep. They are historical. We are seeing the recrudescence of major historical problems in the Middle East and North Africa. So there is very serious unrest throughout the European Union's southern neighbourhood, and this impacts migration flows.

JOURNALIST: A foreign affairs question. I would like you to tell us how you see developments in Syria, in Libya. We have the impression that Europe today is just reacting with the means it used in the past.

With regard to humanitarian aid, there is no European initiative. Is such an initiative provided for? Do you think this is something Europe can do?

E. VENIZELOS: My institutional response is that these issues are handled by the High Representative, Mrs. Ashton, with whom we are in very close cooperation within the framework of the Foreign Affairs Council.

We are also collaborating with the European External Action Service, and all of our proposals at the Foreign Affairs Council are for bigger and more effective initiatives to be undertaken by the European Union, not just for the humanitarian crisis, but for the political and military problems these countries have.

Of course, on the international level the competent organ for taking such decisions and shaping the framework within which the international community moves is the UN Security Council, and not the European Union or the EU Foreign Affairs Council.

And the safeguarding of the authority of the UN Security Council is a European priority, and we are very pleased, because after a period of hesitation and inertia, the Security Council was able to react on the matter of Syria. A lot of things depend on that. Because, as we saw, the situation there directly impacts the situation in Lebanon, it impacts the situation in Jordan, it impacts the situation in Egypt, which is a key country for everything.

So it is vital that we move in coordination with the Security Council, that the European Union not fall short with regard to the initiatives taken by the U.S. and Russia, because we see that, naturally, on all the major issues, like that of Syria, as well as that of Iran, the U.S. and Russia have been taking the major initiatives together of late.

So we support this effort of a Europe that is dynamically present with a voice in all of this, but in cooperation with Mrs. Ashton, who has developed excellent capabilities and initiatives, as has been apparent throughout this time.