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summer. The overall buffer will cater for possible capital shortfalls following the comprehensive assessments after the legal framework is applied.

There are serious concerns regarding the sustainability of Greek debt. This is due to the easing of policies during the last twelve months, which resulted in the recent deterioration in the domestic macroeconomic and financial environment. The Eurogroup recalls that the euro area Member States have, throughout the last few years, adopted a remarkable set of measures supporting Greece's debt sustainability, which have smoothened Greece's debt servicing path and reduced costs significantly.

[Against this background, in the context of a possible future ESM programme, and in line with the spirit of the Eurogroup statement of November 2012, the Eurogroup stands ready to consider possible additional measures to smoothen Greece's debt servicing path even further, if necessary, to assure that gross financing needs remain at a sustainable level. These measures, including possible longer grace and repayment periods will be conditional upon full implementation of the measures to be agreed in a possible new arrangement between the institutions and Greece and will be considered after positive completion of the first review.]

The Eurogroup stresses that [nominal] haircuts on the debt cannot be undertaken.

The Greek authorities reiterate their unequivocal commitment to honour their financial obligations to all their creditors fully and timely.

[Provided that all the necessary conditions contained in this document are fulfilled, the Eurogroup and ESM Board of Governors may, in accordance with Article 13.2 of the ESM Treaty, mandate the institutions to negotiate a new ESM programme, 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 case no agreement could be reached, Greece should be offered swift negotiations on a time-out from the euro area, with possible debt restructuring.]