

Yannis Stournaras: On the contribution of the Economic and Financial Committee to the development of the euro area and future challenges

Address by Mr Yannis Stournaras, Governor of the Bank of Greece, at the gala dinner of the EU Informal Economic and Financial Committee (EFC) meeting, Athens, 27 April 2026.

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I am glad to welcome you tonight to the gala dinner hosted by the Bank of Greece in this beautiful location, very close to the island of Salamis, where in 480 BC the ancient Greeks won one of the most conclusive naval battles in history against the Persians, which, according to historians, allowed, and determined, to a large extent the development of western civilisation as we know it. Sitting here today, with this view, we can perhaps appreciate even more clearly, the strain that the current conflict has placed on what we in Greece have long perceived as an indisputable truth: the right to sail the open seas.

It is a particular pleasure for me to be addressing the members of the Economic and Financial Committee. I myself was a member of the first incarnation of the EFC, the so-called Monetary Committee of the European Union, representing the Ministry of Economy and Finance. That was back in 1994 and continued until 2000. While the issues we dealt with at the time were perhaps somewhat different, the underlying objective was very similar to what you pursue today: to promote policy coordination among member-states in order to facilitate the functioning of the internal market, in service of the European ideal and for the benefit of European citizens.

I am proud of the work we carried out in that committee to lay the groundwork for the single currency and the formation of the euro area in 1999. Since then, participation in the euro area has almost doubled, proving that the endeavour has been a success. I was also glad to see this committee contributing to Greece's accession to the euro, which the country joined in 2001. The benefits of euro accession were substantial: the elimination of exchange-rate risk facilitated trade, tourism and investment; monetary credibility was strengthened and inflation expectations became better anchored; moreover, the country gained access to a large and liquid financial market. Overall, Greece's economic and political integration with the rest of the EU created the right conditions for achieving long-term growth and stability.

Nevertheless, almost a decade after its accession, Greece experienced a severe sovereign debt crisis, which also put pressure on the banking system. Greece had failed to use the favourable economic conditions -strong growth, low inflation- which coincided with euro area entry to address long-standing structural weaknesses. Instead, overly expansionary fiscal policies and real wage growth far exceeding labour productivity growth alongside lax financial conditions led to twin deficits in the fiscal balance and the current account. To address the crisis and tackle the structural vulnerabilities of the economy, Greece implemented three consecutive economic adjustment programmes from 2010 to 2018.

This is without a doubt a story well documented in the tenets of this Committee, because its members played an instrumental role in the long period that followed – some of these same people are here with us tonight, such as Christina Papakonstantinou and Panos Tsakoglou. It fell to this Committee (and its formation as EWG) to assess, propose and prepare the decisions ultimately taken by Ministers of Finance, with everything at stake: the potential exit of a country from the euro area, an outcome that would have had catastrophic consequences for inflation, living standards and political stability, and which would have dealt a severe blow to the credibility of the euro area.

As Finance Minister between 2012 and 2014, I witnessed firsthand the work of the Committee, both with regard to the Greek programmes themselves and to broader efforts to buttress the EU against the recurrence of similar crises in the future. Notable outcomes of this work were the Greek Loan Facility; the creation of the EFSF, followed by the ESM; the establishment of the Single Supervisory Mechanism, the Single Resolution Mechanism and the European Systemic Risk Board; and the strengthening of the Stability and Growth Pact. Thanks to these initiatives, the European Union and its members were able to weather the crisis, restore growth, address many of the vulnerabilities which were revealed at the time, and subsequently withstand further major shocks, most notably the COVID-19 pandemic and the repercussions of the war in Ukraine.

When Greece assumed the EU Presidency in 2014, the country had already paid a high price in austerity measures. Nevertheless, Greece managed to lay the speculation about a "Grexit" to rest -at least, for the time being. At the April 2014 Informal ECOFIN meeting in Athens, the Eurogroup convened to decide on the successful conclusion of the fourth review of the second macroeconomic adjustment programme for a disbursement of 8.3 billion euro. Later, at the Informal ECOFIN meeting, Finance Ministers took stock of the progress on the Single Resolution Mechanism Regulation, in order to proceed with the intergovernmental agreement for the transfer of contributions to the Single Resolution Fund. This marked the culmination of the commitment Greece had made at the start of the Presidency to advance the deepening of the monetary union and complete the banking union -work to which the members of this Committee had also made a significant contribution.

Since the crisis, Greece has made profound progress across all fronts:

- The primary fiscal deficit of 10.1% of GDP in 2009 turned into a primary surplus exceeding 4% of GDP by 2018.
- The current account deficit declined by roughly 12 percentage points over the same period.
- The banking sector underwent deep restructuring, gradually cleaning up balance sheets, while strengthening capital buffers and improving liquidity.
- Important structural reforms were implemented in product and labour markets, public and tax administration and the pension system.

Throughout this highly challenging period, the Bank of Greece played a key role in safeguarding monetary and financial stability.

Today, Greece has a several years' track record of above euro area average growth alongside declining unemployment and a rising investment ratio. This performance has been underpinned by solid fiscal outcomes -reflected in a declining debt-to-GDP ratio and consistent primary surpluses- as well as improved economic fundamentals and the strong performance of Greek banks. Together, these developments have placed Greece back on a path of convergence toward European income levels and restored investor confidence, as evidenced by the recovery of investment-grade status. The outlook remains positive, despite strong external shocks and elevated uncertainty. A testament to this progress, Greece's Finance Minister Kyriakos Pierrakakis has been elected President of the Eurogroup -who could have imagined this ten years ago!

However, we must not forget that all this was achieved at significant cost, in terms of lost output, social cohesion, and long-term human and physical capital. It also required very difficult and painful decisions, some of which were taken around the very table where you meet in Brussels. At the time, we made mistakes from which we can now learn. But we also made wise choices that contributed not only to pulling Greece -as well as other programme countries- out of an exceptionally difficult situation, but also to strengthening the resilience of the EU and of each individual member-state as a result. Thus, I trust that the message that you -as technocrats and custodians of the EU ideal-will carry to your political leaders is that, in today's challenging geopolitical environment, the way forward demands the same approach that ultimately led us out of the crisis then: more Europe.

The fact is, that the case for deepening EU integration across the board is even more compelling today. Europe urgently needs reforms that will further strengthen its resilience and competitiveness: a genuine capital markets union; a European safe asset and a coordinated investment strategy. Also, the elimination of barriers to trade in goods, services and capital and reforms to increase productivity and potential growth.

For this reason, we must not backtrack on the reforms that proved effective during past periods of turbulence. Our supervisory and regulatory framework has significantly enhanced the resilience of our financial system and should not be undermined; rather, it should be applied with sufficient flexibility to increase supervisory efficiency. At the same time, we must accelerate initiatives that we have so far been reluctant to realise in full -most notably, completing the Banking Union and putting in place a European Deposit Insurance Scheme. In parallel, we must move swiftly forward with the Savings and Investments Union, to foster deeper integration in financial services, support cross-border banking, investment and insurance, and ultimately enhance the competitiveness of Europe's financial institutions.

Finally, we should build on the experience of the NGEU which proved that the EU can borrow collectively at scale, while attracting strong global demand. This capacity could be used to finance clearly defined, high-priority common European objectives, such as defense, green energy, and strategic investments. Moreover, it would help absorb excess savings that are currently invested abroad, thereby supporting the functioning of the single market and boosting the international role of the euro. However, this latter objective -strengthening the international role of the euro- requires also fiscal and financial stability in all euro area member-states, the development of the digital euro, and the substantial extension of euro swap lines.

If we are to sail the open seas freely and with confidence -as we should- this is the right direction of travel. There is no viable alternative for Europe today but for its member-states to move closer together in order to deliver yet again, collective responses to common challenges. And I can think of no one better placed to understand this imperative than the women and men gathered in this room.

Thank you, and I look forward to seeing you again at the Informal ECOFIN in Athens next year.

More information:

On 27 and 28 April, the EU Economic and Financial Committee (EFC), which is responsible for the preparation of the Economic and Financial Affairs Council (ECOFIN), met in Athens. The meeting, hosted by the Ministry of Economy and Finance in cooperation with the Bank of Greece and attended by senior officials from the Ministries of Finance and the Central Banks of EU Member States, took place at the Stavros Niarchos Foundation Cultural Center.

Welcome remarks were delivered by the Minister and President of the Eurogroup, **Kyriakos Pierrakakis**. In the context of the meeting, the Bank of Greece hosted an official dinner, with addresses by Deputy Minister **Thanos Petralias** and the President of the EFC **Tuomas Saarenheimo**, and a keynote speech by the Governor of the Bank of Greece, **Yannis Stournaras**.