

# Illustrative Comments on Correctly Measuring Greece Debt: EU-Related

1. **European Stability Mechanism Managing Director Klaus Regling:** “the actual cost to Greece of servicing its debt is among the **lowest in Europe** and will remain so for a long time. Its gross financing needs will drop in the coming years and fall **well below those of most other eurozone countries** by 2020” (FT, 9 Feb 2017). Greece debt ratio is meaningless (WSJ, 26 Sep 2013) given very generous concessional terms on the debt, and the debt relief should be measured using net **present value**. (ESM Annual Report, 18 Jun 2015)
2. **Germany Deputy Minister of Finance Jens Spahn:** Debt burden should be assessed based on “net **present value** of debt” and “how much in fact does Greece have to pay per year”. (Bloomberg, 2 Sep 2015)
3. **Germany Chancellor Angela Merkel:** “It is rightful **that we do not ask about the 120% debt [to GDP] ratio**, but ask, what is the actual burden on Greece from its debt service.” (Axia, 1 Sep 2015)
4. **IMF:** Given the extraordinarily concessional terms that now apply to the bulk of Greece’s debt, the debt/GDP ratio is **not a very meaningful proxy** (Greece Preliminary DSA 26 Jun 2015). **Present value** of debt is the appropriate measure for non-market access countries (DSA LIC Framework, 5 Nov 2013)
5. **CDU Economic Council:** It is the **present value** of a loan that is decisive, **not the nominal value**. Greece debt is significantly lower than thought. This 'competitive edge' is kept quiet. (Letter to Members of the CDU/CSU Parliamentary Group, 24 Feb 2015)
6. **Former Member of German Council of Economic Experts Beatrice Weder di Mauro:** The **present value** of outstanding Greek debt is now about 100% of GDP. (Brookings, Sept 2015)