



HELLENIC REPUBLIC
THE PRIME MINISTER

Athens, June 30th, 2015

**To the President of the European Commission
Mr. Jean Claude Juncker**

**To the President of the European Central Bank
Mr. Mario Draghi**

**To the Managing Director of the IMF
Ms Christine Lagarde**

Dear Managing Director, dear Presidents,

I am writing to inform you on the position of the Hellenic Republic towards the list of Prior Actions of the Staff Level Agreement as published on the European Commission website on June 28th 2015. The Hellenic Republic is prepared to accept this Staff Level Agreement subject to the following amendments, additions or clarifications, as part of an extension of the expiring EFSF program and the new ESM Loan Agreement for which a request was submitted today, Tuesday June 30th 2015. As you will note, our amendments are concrete and they fully respect the robustness and credibility of the design of the overall program.

1. VAT reform:

Maintain the 30% discount on islands, to be applied to the new rates.

2. Fiscal structural measures:

Gradually increase the advance payment of individual business income tax to 100 percent and phase out the preferential tax treatment for farmers (including the subsidies for excise on diesel oil) by end-2017.

Reduce the expenditure ceiling for military spending by €200 million in 2016 and €400 million in 2017 through a targeted set of actions, including a reduction in headcount and procurement.

3. Pensions:

The 2010 reform will be fully implemented but the 2012 reform (sustainability factor) will be postponed until the new legislative reform is implemented in October 2015.

EKAS will be phased-out by end-2019 but without any immediate action on the top 20% of beneficiaries.

All nuisance charges will be phased out by end-2017, starting from October 31, 2015.

4. Labour markets:

The new framework will be legislated in autumn 2015.

5. Product markets:

Immediately implement specific recommendations from OECD's toolkit 1 (tourist rentals, tourist buses, truck licenses, code of conduct for traditional foodstuff and eurocodes on building materials), toolkit 2 (beverages and petroleum products), and open the restricted professions of notaries, actuaries, and court bailiffs, liberalize the market for gyms and eliminate significant portion of nuisance charges.

Moreover, in cooperation with the OECD, implement an ambitious reform package including:

- Create One-Stop-Shop (OSS) services for businesses (best practice analysis, as well as a comprehensive roadmap already prepared and completed in cooperation with the OECD);
- Conduct immediately a comprehensive competition assessment on specific sectors characterized by oligopolistic practices (e.g. construction, wholesale trade, agricultural products, media, etc.) and adopting recommendations accordingly (roadmap and timelines already prepared by the OECD);
- Implement immediately a comprehensive strategy against corrupt business practices, for example in the area of public procurement procedures (roadmap and timeline already prepared by the OECD).

ADMIE will be split from the PPC into a separate legal entity under state majority ownership.

Thank you in advance for your support. I look forward to hearing from you.

Yours faithfully,



Alexis Tsipras

Cc : - Mr. Jeroen Dijsselbloem, Chairperson of the Board of Governors of ESM and President of the Eurogroup

- Mr. Klaus P. Regling, Managing Director of the ESM