

Eurozone agrees Greek bail-out

Author: Hope, Kerin; Peel, Quentin; Tait, Nikki

[ProQuest document link](#)

Abstract (Abstract): The loans to Greece from the eurozone countries and the International Monetary Fund were described by Dominique Strauss-Kahn, IMF managing director, as "exceptional", but necessary given "the significant risks of spillover to other countries"....

Full text: Ministers approve EUR110bn loans package ; Athens faces enhanced austerity measures
Eurozone finance ministers yesterday approved a EUR110bn (pound(s)96bn) package of emergency loans aimed at averting a sovereign default by Greece and preventing a confidence crisis spreading to countries such as Spain and Portugal.

The loans to Greece from the eurozone countries and the International Monetary Fund were described by Dominique Strauss-Kahn, IMF managing director, as "exceptional", but necessary given "the significant risks of spillover to other countries". Eurozone countries are to contribute EUR80bn of the total.

Angela Merkel, the German chancellor, expressed confidence yesterday that the Greek package was both credible and sustainable. "I believe it is the only possibility we have to ensure the stability of the euro," she said in Bonn.

The European finance ministers' meeting followed Greece's agreement yesterday to enhanced austerity conditions in return for the loans. Under these, the country is expected to reduce its budget deficit from 13.6 per cent of gross domestic product to below 3 per cent of GDP by 2014, and to stabilise the public debt at about 140 per cent of GDP. The package includes tough measures to reduce the size of Greece's bloated public sector, cuts in public sector salaries and pensions, a rise in value-added tax and an increase in fuel, alcohol and tobacco taxes.

The austerity measures would hit the economy hard, the Greek finance ministry accepted yesterday, as it revised down its economic forecasts and projected that the economy would contract by 4 per cent this year and 2.6 per cent next year.

"It is an unprecedented support package for an unprecedented effort by the Greek people," George Papandreou, Greek prime minister, said yesterday.

In Brussels, Jose Manuel Barroso, European Commission president, described the agreed set of measures as a "solid and credible package".

The European Central Bank's governing council welcomed the adjustment programme. But it added that "the Greek public authorities [must] stand ready to take any further measures that may become appropriate".

In a bid to stop the slide in government bond markets, Christine Lagarde, French finance minister, said: "Greece and Portugal and Spain and Italy and whoever are different cases. Greece is very peculiar, in the sense that the numbers, the statistics that were given over the years were wrong."

Ms Merkel's government is likely to face critical questioning, and a challenge in the constitutional court, before it can finally sign off on the package by the end of the week.

Greek bail-out, Page 6 Editorial Comment, Page 10 Wolfgang Munchau, Page 11 Lex, Page 16

www.ft.com/greece

Credit: By Kerin Hope in Athens, Nikki Tait in Brussels, and Quentin Peel in Berlin

Publication title: Financial Times

First page: 1

Publication year: 2010

Publication date: May 3, 2010

Year: 2010

Section: FRONT PAGE - FIRST SECTION

Publisher: The Financial Times Limited

Place of publication: London (UK)

Country of publication: United Kingdom

Publication subject: Business And Economics--Banking And Finance, Political Science

ISSN: 03071766

Source type: Newspapers

Language of publication: English

Document type: News

ProQuest document ID: 231294237

Document URL: <http://search.proquest.com/docview/231294237?accountid=17203>

Copyright: (Copyright Financial Times Ltd. 2010. All rights reserved.)

Last updated: 2010-11-30

Database: ProQuest Central

Contact ProQuest

Copyright © 2014 ProQuest LLC. All rights reserved. - [Terms and Conditions](#)