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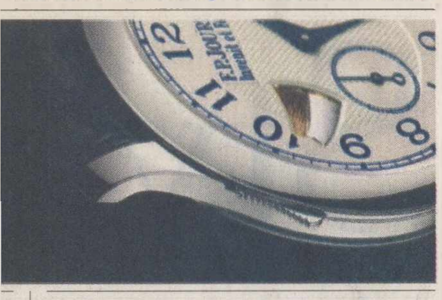

E.U. delays summit on solutions to debt crisis

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BRUSSELS

2nd bailout of Greece also in question as deal is elusive in Slovakia

BY STEPHEN CASTLE AND NIKI KITSANTONIS

A crucial European Union summit meeting intended to address the euro zone debt crisis was delayed for nearly a week on Monday to give government leaders more time to fashion a solution.

The delay, announced by the President of the European Council, Herman Van Rompuy, came a day after largely inconclusive talks between the German chancellor, Angela Merkel, and the French president, Nicolas Sarkozy, who promised to act but provided no details.

A second bailout for Athens, agreed to in July, was in question late Monday.

The plan requires unanimous approval from member states of the euro zone, but in Slovakia, which like Malta has yet to approve it, the ruling coalition failed to reach a compromise deal on an endorsement, The Associated Press reported.

A vote on the matter in the Slovakian Parliament was scheduled for Tuesday.

A failure to reach a deal underlines the extent of political deadlock in Slovakia that could threaten final approval of the euro's expanded €440 billion, or $600 billion, bailout fund. One E.U. official said there was growing concern about the vote in Brussels, but there was hope that once pressure from abroad was placed on Slovakia, the measure would be approved.

In Athens there were signs that international lenders were close to agreeing with the Greek government on the terms on which €8 billion in aid could be released. Without the loans Greece will default within weeks.

But despite that movement, E.U. officials acknowledged that they needed more time than anticipated to put together a coordinated plan.

In a statement, Mr. Van Rompuy said a summit meeting of euro zone and E.U. leaders, originally scheduled for Oct. 17 and 18, had been delayed until Oct. 23 to give the bloc time "to finalize our comprehensive strategy on the euro area sovereign debt crisis covering a number of interrelated issues."

The declaration suggested that the extra time was needed to address some of the key questions that Mrs. Merkel and Mr. Sarkozy discussed in Berlin on Sunday.

Though the two leaders announced that they were in agreement that European banks need recapitalization, they declined to give any details on what they would propose, promising a plan by the end of October.

That was enough to buoy the financial markets. The euro soared against the dollar, and stock markets in the United States and Europe were up sharply.

Hopes for action to bolster banks on the Continent sent the euro soaring against the dollar on Monday.

But it seems to have done less to satisfy officials tasked with drawing up the agenda for the forthcoming summit meeting. "They don't appear to have agreed anything substantial," said an E.U. official speaking on condition of anonymity because of the sensitivity of the issue.

The official added, however, that the additional time might allow for a more substantial agreement, perhaps paving the way for a recapitalization of European banks and an increase in the firepower of the euro zone's bailout fund. "It could point to the fact that they are preparing something big," he added.

Paris and Berlin are believed to remain at odds over how to recapitalize European banks, with France keen to draw on the bailout fund, the European Financial Stability Facility. French banks have worrying levels of exposure to bonds from southern Europe. But, with presidential elections looming next year, Mr. Sarkozy is resisting any recapitalization plan that would risk his country's triple-A credit rating.

Germany favors action by national governments, confident that it can handle its own banks' exposure to sovereign debt.

The European Commission, the bloc's executive arm, was due to produce proposals for a Europe-wide recapitalization plan this week. Since that was designed to set the agenda for the summit meeting, it could be delayed too.

With no obvious consensus on that issue emerging from the Berlin meeting, the commission may find it difficult to produce a blueprint that will be acceptable to both sides.

Another central question facing the European Commission is whether to propose an increase in the scope of the €440 billion bailout fund by allowing it to

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