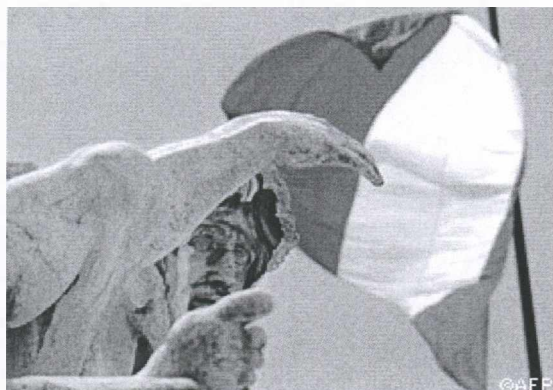


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# Brussels keeps tight grip on Greece and Italy

By Peter Spiegel in Brussels



European officials said they would keep up the pressure on Rome and Athens to implement long-demanded economic reforms, despite the ascension of new technocratic governments headed by leaders close to European Union authorities.

Brussels is still demanding leaders of both major Greek political parties sign letters committing to austerity measures agreed last

month as part of its new €130bn bail-out programme, while inspectors will remain in Rome to monitor the Italian government's progress towards enacting promised reforms. "The pressure will be maintained because it doesn't really matter who is in leadership – they still have to deliver," said an EU official.

At the weekend, all members of the so-called Frankfurt Group – the French and German leaders as well as the heads of the International Monetary Fund and four major EU institutions – phoned Greece's Lucas Papademos, the former vice-president of the European Central Bank who became prime minister on Friday, to press the case for reform.

Nicolas Sarkozy, French president, and Angela Merkel, the German chancellor, held a conference call together with Mr Papademos on Saturday, according to a statement released by Mr Sarkozy's office.

Both leaders urged him to implement in full the reforms agreed to by George Papandreou, the recently deposed Greek prime minister, and warned that an €8bn aid payment would not be forthcoming until Greece "fully implemented all commitments" made at last month's eurozone summit. "The payment of the next tranche of aid cannot be made unless a decision is made in this regard," the statement said.

Greece has warned it risks running out of cash to pay salaries and pensions if it does not receive the money soon but European officials believe they can maintain the pressure until mid-December, when Athens must make a €1.7bn bond payment. A decision on the aid tranche could be made as soon as Thursday, when Jean-Claude Juncker, the Luxembourg prime minister who heads the "Eurogroup" of eurozone finance ministers, has said he may convene a meeting to discuss Greece.

The Eurogroup demanded the commitment letters from Greek leaders during a meeting in Brussels last week but Antonis Samaras, head of Greece's main centre-right party, which was in opposition to Mr Papandreou, has resisted – a potential stumbling block to releasing the cash.

Mr Papademos will open a parliamentary debate on Monday that will culminate in a Wednesday confidence vote in his cabinet. He will then attend the Eurogroup meeting, Greek media reported, where he will outline the country's draft budget for next year.

Despite the probable appointment of former EU antitrust chief Mario Monti as technocratic prime minister of Italy, a European Commission official said EU monitors were continuing to evaluate answers to a 39-point questionnaire on economic reforms that was sent to Rome last week. The EU inspectors, who arrived in Rome at about the same time, were dispatched to ensure Mr Berlusconi lived up to reform commitments he made in a 14-page letter at last month's summit.

“We have to analyse the answers received to the 39 questions and also listen to our mission in Rome on their contacts,” said the Commission official. “The monitoring does not end with this mission and will take place at regular intervals.”

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