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Greek bondholders say time running out

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Private holders of Greek bonds warned that time was running out to conclude a deal on banks and other investors voluntarily accepting losses as they tried to put pressure on eurozone governments.

After a meeting between the Greek government and leading representatives of the world's top financial institutions in Athens, the co-heads of the investor committee negotiating with Greece said "some key areas remain unresolved".

They called for support from "all official parties" to be given to the deal in the coming days, reflecting frustration from some bondholders at what they see as a hardline stance taken by the International Monetary Fund and others. "Discussions will continue in Athens [on Friday] but time for reaching an agreement is running short," the investor group said.

Tensions have started to grow among creditors, who include most of the leading European financial institutions such as Allianz, Axa, BNP Paribas, Deutsche Bank and HSBC.

One person close to bondholders said the committee statement was "close to a cry for help" as investors push policymakers to back the outline of a deal, which would lead to net present value losses for owners of Greek bonds of about 60 per cent. "Policymakers need to cut the Gordian knot. But the IMF is like a rock in this," he added.

But others dismissed the statement. "The sabre-rattling is risible. They think they can play brinkmanship over this but Greece has got the upper hand," said a person close to one large bondholder.

Evangelos Venizelos, Greek finance minister, said he was "cautious but confident" after a meeting with Charles Dallara, managing director of the International Institute of Finance, which represents bondholders. A finance ministry official said a deal could be announced on Friday after Mr Dallara holds more meetings in Athens.

But Philippos Sachinides, deputy finance minister, warned that Greece may have to seek more funding from European partners if it fails to achieve a 95-100 per cent participation by private bondholders in losses.

"We may need further support . . . to cover the gap," he said.

The mixed messages from Athens underlined increasing anxiety over securing a new €130bn aid package in time to meet debt redemptions due in March.

In Washington, the IMF refused to enter into the dispute. "It's an issue between Greece and its creditors," Gerry Rice, an IMF spokesman, said at a briefing. "Once they come to a formal agreement, the fund will evaluate whether it's consistent with debt sustainability targets."

The European Central Bank, the biggest single owner of Greek government bonds with holdings estimated at about €40bn, signalled on Thursday that it might have room for flexibility. At his monthly press conference in Frankfurt, Mario Draghi, president, refused to comment on the ECB's position beyond saying it was watching the so-called private sector involvement (PSI) negotiations "very closely".

That hinted at a possible softening of the ECB's previous blunt refusal to take part in any initiative to help ease Greece's debt problems. But such a move would prove controversial within the ECB's governing council and Vítor Constâncio, the ECB's vice-president, insisted: "The stance is the same as what it was before. PSI is by definition private sector and we are not involved in those negotiations."

Mr Draghi also refused to comment on whether the ECB might accept the retroactive insertion of "collective action clauses" into its Greek bond holdings – a move which could expose it to future losses.

He argued, however, that PSI could not be a substitute for fiscal and structural reforms in Greece. The ECB president also stressed that eurozone leaders had agreed that the Greek deal would be "unique". The ECB opposed the initiative because it feared contagion effects elsewhere in the eurozone – but more recently has argued that politicians should stick to agreed plans.

Additional reporting by Alan Beattie in Washington