

# BUSINESS

## E.U. presses holders of Greek bonds to take offer

BRUSSELS

Private creditors are told that yields on new debt must be 'sustainable'

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European leaders ratcheted up the pressure Monday on Greek bondholders to take voluntary losses to ease the region's debt crisis as the International Monetary Fund turned the focus on governments, urging them to complete action on a new bailout fund.

Angela Merkel, the German chancellor, said in Berlin it was "high time to move on the new Greece program" after talks between bondholders and authorities in Athens bogged down over the weekend.

Jan Kees de Jager, the Dutch finance minister, told parties charged with working out a deal on Greek debt to speed up negotiations or face the prospect of bruising financial consequences.

"Our goal is a sustainable debt," said Mr. de Jager, arriving at a meeting of finance ministers in Brussels. "It has our preference if it's voluntary, but it's not a precondition for us," he said.

The comments suggest that patience among leaders may be wearing thin as bondholders and Greek officials wrangle over the interest rate for new bonds that would be part of a deal reducing Greek debt by around €100 billion, or \$130 billion.

Private sector bondholders are seeking yields of nearly 4 percent, but Greece, as well as Germany and the I.M.F., argue that a yield closer to 3 percent is necessary to give the restructuring a serious

**As the negotiations continued, the I.M.F. called on leaders to increase the firepower of Europe's rescue funds.**

hope of success. With the talks at an impasse, the pressure is now mounting on finance ministers to push for a solution.

At stake is the need to pare Greek debt to levels where the country can conclude a bailout with the European Union and the I.M.F. that would give it the cash it needs to repay loans coming due in March and, officials hope, allow Athens to finance its needs through 2013. Without such a package, Greece could be faced with a chaotic default that further destabilizes the rest of the euro zone.

Reinforcing the need for a deal, Mrs. Merkel said she wanted agreement "soon enough that no new bridge loan whatsoever will be needed" for Greece.

With pressure building, the euro strengthened to an almost three-week high against the dollar after the French finance minister, François Baroin, said in Paris that negotiations over Greek debt were making "tangible progress." Olli Rehn, the E.U. commissioner for economic and monetary affairs, said he was optimistic that such progress could be transformed into an agreement "in the course of this week."

Evangelos Venizelos, the Greek finance minister, said as he arrived in Brussels that Greece was ready to complete a private-sector debt swap "on time."

Even as ministers prodded financiers to do their part to ease the crisis in the euro zone, the I.M.F. pressed European governments to bolster the bailout funds available for euro zone countries so that the region's problems can be contained.

"We need a larger fire wall," Christine Lagarde, managing director of the International Monetary Fund, said at a conference in Berlin.

Governments should add "substantial real resources to what is currently available," she said. She suggested that the €440 billion European Financial Stability Facility, a temporary bailout fund established in 2010, could be rolled into a €500 billion permanent fund, the European Stability Mechanism, that officials hope to introduce by the middle of this year.

Ms. Lagarde called on European leaders to complement the "fiscal compact" they agreed to last month with some form of financial risk-sharing. She mentioned bonds backed by debt securities issued by the euro zone or a debt-redemption fund as possible options.

E.U. ministers are trying to decide whether to allow majority decisions, instead of unanimity, for using the fund. Ms. Lagarde suggested simply "identifying a clear and credible timetable" for making the new fund operational "would help greatly."

Mrs. Merkel said Germany was willing to speed up payments to the European Stability Mechanism from a schedule envisioned as five years. "We are willing to make capital payments together and would like to speak with others whether they are also willing," she said. "I see this as taking priority."

While the sense of crisis has ebbed and markets have calmed since the E.C.B. last month announced longer-

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