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# Pressure mounts on Greece over bail-out

By Hugh Carnegie in Paris and Kerin Hope in Athens



The leaders of France and Germany stepped up the pressure on Greece on Monday to accept the terms of a new €130bn bail-out, saying there would be no further rescue unless all Greek political parties signed up to the deal.

Leaders of the three political parties in Greece's national unity government have postponed a planned meeting to agree reforms until Tuesday, the prime minister's office said.

A government official said more last-minute work needed to be done on the text of the 50-page medium-term fiscal programme that the three political leaders have to approve before the eurogroup meeting.

"It's not a matter of disagreements but there's some fine-tuning that still has to be done" the official said, adding that the delay would give the political leaders more time to study details of the document.

Nicolas Sarkozy, French president, and Angela Merkel, German chancellor, also proposed that a special closed account be created for the interest due on Greek debt to reassure creditors that they would be paid.

"The situation of Greece has to be fixed once and for all," Mr Sarkozy said after the two leaders met in Paris. He said the terms of a bail-out deal were "on the table" and called on all the main political leaders urgently to back them, adding "time is running out".

"Our Greek friends must take responsibility and vote for the reforms to which they are committed. This concerns everybody – the prime minister, the leader of the socialist party and the leader of the [centre-right] New Democracy party."

Ms Merkel added: "We want Greece to stay in the euro ... but I also say there can be no new Greek programme if agreement is not reached with the troika [European Commission, European Central Bank and International Monetary Fund]. All those who bear responsibility in Greece must know we will not deviate from this position."

She added: "Time is running short. A lot is at stake for the entire eurozone."

The Greek official said much of the bail-out package had been agreed, including reductions of €3bn in healthcare, defence and local government spending over the next two years and closures of several hundred outdated public sector organisations.

But additional cuts of €1.2bn have still to be approved by the "troika" before Mr Papademos's meeting with political leaders.

Government officials were due to meet the troika later on Monday, while the political party leaders met their respective parties to secure a consensus on a deal that would also open the way for a €200bn voluntary debt restructuring to go ahead.

Greece's socialist, conservative, and rightwing party leaders agreed on Sunday to drop their opposition to a 20 per cent cut in the minimum wage and 15,000 public sector job losses, the two main obstacles to an agreement.

The troika has refused efforts by the Greek national unity government to ease the €4.4bn austerity package proposed in exchange for a new bail-out, which includes cuts in wages and pensions and the closure of about 100 state-controlled organisations, with the loss of thousands of jobs.

If a deal is not reached, Greece could default on its debts.

Mr Sarkozy said that, in addition to insisting on the austerity package he would propose that the interest on Greek debt be deposited in a closed account which would guarantee that Greek debts would be repaid.

Ms Merkel signalled her support for the proposal, saying it would ensure that "this money will be reliably accessible", although no further details were given.

Opposition to a deal is widespread in Greece. Leftwing trade unions denounced a €150 monthly pay cut to the minimum salary, saying they would protest outside parliament later in the day, while public sector and private sector unions called a snap 24-hour general strike for Tuesday.

Greece's international lenders are growing increasingly impatient after two missed deadlines for a deal, which is now due to be approved at a meeting of eurozone finance ministers on Thursday or Friday.

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