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Euro zone lends Greece €30 billion

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Portugal could lend €774 million and Germany will ensure the largest share.

The euro zone countries have reached an agreement on an aid package for Greece worth €30 billion in bilateral loans at an interest rate of around 5%. Portugal is to offer about €774 million and Germany puts up the largest share.

The €30 billion only corresponds to the tranche made available for this year, out of a total of three, though the amounts for the following years have not been decided as yet.

The European slice is also to be added to the International Monetary Fund (IMF), which could be as high as €15 billion. The economic affairs commissioner, Olli Rehn, preferred to let the international institution announce its part in the loans. However, considering that the formula circulating in the press says that two-thirds of the amount will come from the euro zone and one-third from the IMF, Rehn said that it might not be "the exact result of the negotiations, but in principle it was the right size", he explained at a press conference in Brussels yesterday after a phone conversation among the sixteen members of the single currency.

The calculation of the interest rate will follow the IMF methodology. The financial mechanism will only be triggered by Greek initiative, which hasn't happened yet, the Eurogroup president, Jean-Claude Juncker, said.

Juncker expected that the result of the telephone conversation with the single currency finance ministers is the clarification the market needed. "Today's decision is different (from the ones taken previously), this time we are giving the details of the mechanism if Greece presents a request at the Eurogroup, to the European Central Bank. It is the clarification the markets were waiting for", adding that "it shows there is money behind it".

The loans come from the coffers of all the single currency countries and must correspond to each country's participation in the capital of the European Central Bank, added to the redistribution of the Greek part in the bank's capital, a diplomatic source said. Under this formula, Portugal is responsible for almost €775 million, which is to be repaid with interest and that doesn't count towards the calculation of the budget deficit.