

Negócios online

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## Greece triggers international aid request

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The Greek government took the first step this afternoon to put the request for aid from the international community into motion. The IMF and the European Commission are going to send missions to Athens next Monday. Investors applaud: the markets are alleviating the pressure on Greek debt and Athens bourse closed in the black.

In a letter signed by the Greek finance minister, George Papaconstantinou, Athens formally asked this afternoon for a meeting with the president of the European Central Bank, with the general secretary of the International Monetary Fund (IMF) and with the European commissioner in charge of economic and monetary affairs.

In the letter addressed to Jean-Claude Trichet, Dominique Strauss-Kahn and Olli Rehn, Papaconstantinou “requested conversations” with the three leaders, stating that it was doing so following the political agreement reached that Sunday on eventual euro zone aid to Greece.

The Greek finance minister recalled that agreement and said he wanted to talk about the “multiannual political programme” that could be “supported by financial assistance from the euro zone and the IMF, if the Greek authorities asked for it”.

The formal request for a meeting at the highest level with the European authorities and the fund suggests that Greece could be ready to ask for the aid promised by its euro partners.

In reply, the IMF and the European Commission have both announced they are sending missions to Athens on Monday to begin talks with the Greek government about the terms and conditions of a loan to the country.

The euro zone countries announced on Sunday they are willing to lend Greece up to €30 billion this year at a 5% rate of return. The deal opens the door to a loan that could go on for three years and which would always be associated with the IMF which will enter with a third of the amount asked for by Athens as well as supplying “technical assistance”. In all, everything is ready to lend Greece up to €45 billion this year.

### **IMF writes first cheque and may ask for more austerity**

The first cheque to be written is expected to be from the IMF, since many European countries, particularly Germany – which will be responsible for ensuring the lion’s share (more than €8 billion) - still have to consult their parliaments.

Portugal may be asked to lend the Greeks €774 million, if all the European countries are forced to participate in an effort to help the Greeks.

By sending an SOS to the international community, the Greek government may, however, be forced to bolster the austerity measures. The IMF has already given such indications, implicitly saying that what may be considered to be “sufficient” for Brussels, may not be enough for

Washington, which is well-known for imposing particularly harsh conditions on countries it offers liquidity to.

Greece ended 2009 with the highest deficit and public debt in the euro zone. The amount that was initially reported for the deficit, 12.7% of GDP, may however be undervalued and indications have arisen recently from Athens that it could have hit 14%.

“Following the request from the Greek authorities, I agreed to send an IMF team to Athens to begin talks on Monday about the policies that could be used as a basis for financial assistance from the Fund, if the Greek authorities request it” Dominique Strauss-Kahn, the IMF general secretary, wrote this afternoon (in the photo).

In the letter, Strauss-Kahn also said that “Greece’s decision to initiate a programme with the Fund is consistent with the agreement among the European leaders last week that financial support by euro zone members must be accompanied by involvement and financial assistance from the Fund”.

### **First euro country to be bailed out**

The European Commission has also just announced that it is also going to send a mission to Athens on Monday. In a communiqué issued this afternoon, the commissioner responsible for economic and monetary affairs, Olli Rehn, said that the Commission is going “to continue to work in close collaboration with the ECB and the IMF in this process”.

Several European Union countries have been rescued with joint packages from Brussels and the IMF in the wake of the crisis. Hungary was one case and it was given a loan of €20 billion just last year. Greece is, however, the first euro zone country to ask for help.

The markets received the start of the talks with the international community, requested by Athens, well. The Greek bourse closed almost 3% up and the indicators that measure the pressure on the country’s public debt alleviated considerably.