

Greek aid talks to be separate from bailout discussion

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By Arthur Beesley | Irish Times

EUROPEAN NEGOTIATORS have resolved to hold separate talks on the next â‚¬12 billion tranche of rescue aid for Greece from discussions on a second bailout pact for the country.

The development brings forward the likelihood of a deal this week to overcome a looming funding crunch next month while prolonging uncertainty over the countryâ€™s longer-term fiscal situation.

The prospect of a big funding gap emerging next year is now seen as inevitable in view of the countryâ€™s continued exclusion from private debt markets.

The manoeuvre to separate this issue from the countryâ€™s immediate needs means contentious questions around an expected initiative to seek a voluntary extension from creditors on the maturity on the countryâ€™s debt will not be resolved in the immediate term.

Such moves have stoked tension between euro zone countries and the European Central Bank (ECB), which says there is no distinction between the mooted â€œsoft restructuringâ€• of Greek debt and full-blown default.

While a senior European source said the ECB might have to â€œaccommodateâ€• itself to a push by EU leaders to follow through with such an initiative, credit rating agency Fitch warned yesterday that that would be akin to a Greek default.

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