

Greece 'turning a page' as eurozone declares crisis over



Agence France Presse

ATHENS: Greek Prime Minister Alexis Tsipras said Friday his country was "turning a page" after eurozone ministers declared its crisis over as they granted Athens debt relief under a bailout exit strategy.

The eurozone ministers' agreement comes nearly a decade after Athens finances spun out of control, sparking three bailouts and threatening the country's euro membership.

"Yesterday we reached a historic agreement on Greece's debt with the Eurogroup," Tsipras told the country's president, Prokopis Pavlopoulos.

"We are turning a page," he said, adding that Greece had to remain on the path of reform.

Tsipras, who hates ties and hasn't worn one since becoming prime minister in 2015, had pledged at the time he would wear

one “only when (Greece’s) debt is cut.”

He honoured his pledge late Friday, arriving at a celebratory meeting of his coalition lawmakers sporting a maroon-coloured tie with a white shirt and blue jacket.

He removed it however at the end of a speech to the gathering, observing that “the Greek people had won a battle but not the war” and promising to continue to lead the fight” to victory.

Following the eurozone ministers’ hard-fought agreement declared earlier Friday, Greece is slated to leave its third financial rescue since 2010 on Aug. 20.

“The Greek crisis ends here tonight,” said EU Economic Affairs Commissioner Pierre Moscovici, after the marathon talks in Luxembourg.

The deal was expected to be an easy one, but last-minute resistance by Germany – Greece’s long bailout nemesis and biggest creditor – dragged the talks on for six hours.

The ministers agreed to extend maturities by 10 years on major parts of its total debt obligations, a mountain that has reached close to double the country’s annual economic output.

They also agreed to disburse 15 billion euros (\$17.5 billion) to ease Greece’s exit from the rescue programme.

This would leave Greece with a hefty 24 billion euro safety cushion, officials said.

“The agreed debt relief is bigger than we had expected,” Citi European Economics said in a note.

“In particular, the 10-year extension of the EFSF loans’ maturity and most importantly the grace period on interest payments is a significant development,” they added.

“The Greek government is happy with the agreement,” Greek

Finance Minister Euclid Tsakalotos said after the talks.

But “to make this worthwhile we have to make sure that the Greek people must quickly see concrete results... they need to feel the change in their own pockets,” he added.

Tsakalotos’ predecessor in the government, maverick economist Yanis Varoufakis, was more scathing in his assessment.

“Congratulations, comrades. [Eurozone creditors] extend the Greek state’s bankruptcy into 2060 and they call it debt ... relief,” he tweeted.

The eight-year crisis toppled four governments and shrank the economy by 25 percent. Unemployment soared and still hovers over 20 percent, sending thousands of young educated Greeks abroad.

Optimism is tempered by Greece’s remaining fiscal obligations, which will demand serious discipline, observers say.

“This is a very tight programme. A surplus of 3.5 percent to 2022 and 2.2 percent (on average) to 2060 is not easy at all,” Kostas Boukas, asset management director at Beta Securities, told Athens 9,84 radio.

“We’ll have to see if the pledges will be kept, especially as they depend on international developments as well,” he said.

Under pressure from its creditors, Greece has already agreed to slash pensions again in 2019, and reduce the tax-free income threshold for millions of people in 2020.

Further cuts will be made to maintain the 3.5-percent surplus, if necessary.

“It would be a terrible mistake to cultivate illusions that the end of the bailout means a return to normality,” said pro-opposition daily Ta Nea.

“What follows is tough oversight which no other country has experienced in a post-bailout period,” the daily said.

The European Commission has already specified that Greece will remain under fiscal supervision until it repays 75 percent of its loans.

Athens has received 273.7 billion euros in assistance since 2010, enabling it to avoid punishing borrowing rates on debt markets.

The International Monetary Fund, led by the tough-talking Christine Lagarde, welcomed the debt relief, but cited reservations about Greece’s obligations over the long term.

“In the medium term analysis there is no doubt in our minds that Greece will be able to reaccess the markets,” Lagarde said after the talks.

“As far as the longer term is concerned we have concerns,” she added.

The reform-pushing IMF played an active role in the two first Greek bailouts, but took only an observer role in the third in the belief that Greece’s debt pile was unsustainable in the long term.

French President Emmanuel Macron also hailed the “very positive” agreement, saying it showed that “Europe is moving forward” despite recent difficulties.

Copyrights 2018, The Daily Star – All Rights Reserved