
PRESSURE MOUNTS FOR A DEAL WITH CREDITORS BY SUNDAY

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The Greek governments financial team met with the mission chiefs of the countrys creditor institutions on Wednesday evening.

Finance Minister Eucild Tsakalotos, Economy Minister Giorgos Stathakis and Alternate Finance Minister Giorgos Chouliarakis took part in the meeting which examined the procedure through which negotiations could result in an initial statement of agreement in the next few days.

Euclid Tsakalotos said after the meeting that the two sides agreed where more technical talks are necessary, which areas require political decision and how the two sides could be ready on Sunday to produce a document which could take the form of an announcement to take to Washington for the International Monetary Fund Spring Summit for further discussion which could extend to dealing with Greek debt too.

It is now likely that there will be two documents at the end of the week, one between the government and European institutions and a seperate one with agreed with the IMF. The Greek Finance Minister pointed out that the 5.7 billion euros tranche from the countrys bailout loan will not be disbursed after these documents have been agreed as the Eurogroup approval is required first.

The Greek government submitted a list of proposals to the institutions earlier this week towards achieving the bailout programs goals. It includes tax hikes and cost-cutting measures such as a reduction in the tax-free threshold, increase in tax rate on farmers income, a tax hike in rental income, hikes in special fuel consumption fees and mobile phone fees, an excise tax hike on cigarettes, a reduction in military spending by 400 million euros, imposing tax on bank checks and more.

It is not clear if the Greek proposals will be deemed sufficient to see the first program review wrapped up. The Euro Working Group is expected to convene via teleconference on Thursday to discuss the new measures proposed by Athens, worth 1.8 billion euros, along with a way forward on the issue of Greeces debt.

The ultimate goal – in the best case scenario – is for an initial agreement to be struck by 12-13 April which could be further discussed during the IMF Spring Summit in Washington in which all sides will participate. The final approval of a deal to wrap up the program review could be given at the Eurgroup meeting on April 22.

If the final green light is given on April 22, a decision for the disbursement of funds (possibly a sub-tranche) to Greece could be made via an extraordinary conference call even during the Orthodox Easter Holiday.

By Zacharias Petrou

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