
WORK HAS BEGUN ON WHETHER GREECE NEEDS DEBT RELIEF: EU RESCUE FUND HEAD

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TOKYO (Reuters) - Technical work has begun to determine if Greece requires debt relief after its expected exit from a bailout program later this year, the head of Europe's rescue fund said on Friday.

Requiring investors to take a haircut, or accept losses on the value of government debt, would not be part of any restructuring once Greece exits its bailout program, said Klaus Regling, head of the European Stability Mechanism, the euro zone rescue fund.

The technical work has started so that we are ready by the summer when the program ends, Regling told reporters after giving a speech in Tokyo.

If debt sustainability requires additional debt relief, we are prepared to grant that provided Greece continues with its reforms.

The technical work, to be done by junior finance ministers and treasury officials from euro zone countries, would link the size of potential debt relief to Greece's economic performance over time.

Regling expressed optimism about Greece, especially because it has been able to successfully sell government debt to investors before exiting its bailout program.

Greece has received three international bailouts since 2010, and its debt currently stands at 177 percent of economic output.

Its third bailout ends in August 2018 and the issue of debt relief has emerged as an important final sticking point.

The International Monetary Fund, which participated financially in Greece's first and second bailout programs, says that debt relief is necessary for the country to emerge from crisis. Germany has long insisted that Greece needs to focus on reforms instead.

To accommodate the IMF and convince it to participate in the third bailout, euro zone governments said last year that in 2018 they would consider extending the maturities and grace periods of their loans to Greece by a range from zero to 15 years. The average maturity now is 30 years.

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Kaynak/Source: