

European Ministers Agree to Loan Greece Another \$172 Billion



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Greek Prime Minister Lucas Papademos, right, and Finance Minister Evangelos Venizelos after a meeting of euro-area finance ministers in Brussels

This is the VOA Special English Economics Report.

European finance ministers agreed to loan Greece about one hundred seventy-two billion dollars this week at a meeting in Brussels. Luxembourg's Prime Minister, Jean-Claude Juncker, announced the agreement on Tuesday.

JEAN-CLAUDE JUNCKER: "After a meeting of at least, I think, thirteen or fourteen hours, we have reached a far-reaching agreement on Greece's new program and private sector involvement that will lead to a very significant debt reduction for Greece."

Under the plan, Greece's private creditors will lose more than half of the face value of their investments. The agreement also means the country will receive its second financial rescue in less than two years.

The new loans will likely let the Greek government make a nineteen billion dollar payment on its debt by March twentieth.

Now, Greece must negotiate the terms of its loans with individual banks and other investors. But these creditors will have to hurry. Greece can dictate its own terms once it reaches agreement with two thirds of its creditors.

Not everyone believes Greece will be able to repay its loans. The Fitch financial services company cut the credit rating of Greece on Wednesday. Fitch said, it remains "highly likely" the country will fail to meet its financial responsibilities.

The Greek parliament has agreed to the idea of spending and job cuts demanded by the European Union and the International Monetary Fund. Parliament must now pass all seventy-nine measures included in a reform plan before getting the rescue loans. Prime Minister Lucas Papademos has said his country has a lot of work to do before it can receive new aid.

At the same time, protests continue in Greece over budget-cutting measures. Many Greeks say they have sacrificed enough.

But Greece's EU neighbors are unlikely to release new loans until the budget cuts are in place. The head of the EU delegation to the United States, Ambassador Joao Vale de Almeida, told VOA that the EU has learned a lot from the crisis.

JOAO VALE DE ALMEIDA: "I think we learned a lot about the means that we need to have to deal with emergency situations. We didn't have them before. We created, we developed them to deal with the cases like Greece and a few other countries. Secondly, we learned that our governance system was not yet at the right level of sophistication, and we are in fact changing a lot; if not, there is a small revolution going on inside the euro area in the way we deal with what we call the economic governance. There is a lot being changed."

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