Agreement reached - Alexis Tsipras Caves to Unreasonable Demands

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Eurozone reaches deal on Greece

> *How any self-respecting national leader could agree to the terms imposed on Greece by Eurozone leaders is simply beyond comprehension -- especially considering a far more viable alternative existed. Greeks have just become the shit-eaters of Europe. National assets handed over as surety will no doubt be appropriated by Eurozone financial apparatuses leaving Greeks slaves in their own nation*

Eurozone leaders said on Monday morning that they would give Greece up to €86 billion ($US96 billion) in fresh bailout loans as long as the government of Prime Minister Alexis Tsipras manages to implement a round of punishing austerity measures in the coming days.

The rescue deal -- hammered out after 22 hours of, at times acrimonious, negotiations between the currency union's leaders and finance ministers -- requires the Greek left-wing government's near-total surrender to its creditors' demands.

But it gives the country at least a fighting chance to hold on to the euro as its currency.

"The deal is hard," Mr Tsipras said after the summit, warning that the agreed measures were recessionary although would send the message a 'Grexit' was off the table, Mr Tsipras said.

It would send the "necessary message" to investors and markets, he said.

Meanwhile, Mr Tsipras had made a "courageous choice", French President Francois Hollande said.

European stocks rallied early Monday on the news. By mid-morning, the Stoxx Europe 600 was up 1.5 per cent, building on Friday's hefty gains. Germany's DAX rose 1.4 per cent, France's CAC-40 added 1.9 per cent and London's FTSE 100 rose 0.6 per cent. In southern Europe, Italy's FTSE MIB climbed 1.2 per cent and Spain's IBEX gained 1.5 per cent.

By Wednesday, the Athens' Parliament has to pass pension overhauls and sales tax increases that voters overwhelmingly rejected in a referendum just one week ago. Greece now has to implement European Union rules that make it easier to wind down broken banks, including by sharing the cost with investors and creditors.

"Trust needs to be restored," German Chancellor Angela Merkel said at a news conference.

"The agreement was laborious. It took time but it was done," said Jean-Claude Juncker, the president of the European Commission.

But Mr Juncker rejected suggestions Greece had been pressured into a deal.

"In this compromise, and it is a compromise, there are no winners or losers. I don’t think the Greek people have been humiliated," Mr Juncker said.

"There won't be a Grexit," Mr Juncker added, referring to a Greek exit from the eurozone.

In a concession to Greece, eurozone governments will consider measures to make the country's debt more manageable, for instance by giving it more time to repay rescue loans.

A detailed rescue program that will have to be negotiated after the first overhauls and cuts have been implemented will contain measures that go far beyond the kind of oversight and external control other governments under eurozone bailouts have endured.

The most divisive step demanded by Greece's creditors is the creation of a fund that would hold some €50 billion in state-owned assets slated to be privatized or wound down in the coming years. The fund will be under European supervision, Ms Merkel said.

Most of the money raised will go to pay off Greece's debt and help recapitalise its broken banks, while €12.5 billion can be used for investment, said Ms Merkel.

"The advantages outweigh the disadvantages," she said about the deal, while warning that Greece's path back to growth will be long and arduous.

Despite these big concessions by Mr Tsipras, Greece's future in Europe's currency union still hangs in the balance.

Passing the tough new bailout measures through Greece's Parliament could split Syriza and its right-wing coalition partner, the Independent Greeks, which in turn could trigger fresh elections. And there wasn't an answer on when the country's banks -- closed for most business for the past two weeks--will reopen or how Greece will make a €4.2 billion payment to the European Central Bank on July 20.

The eurozone's finance ministers will discuss how to come up with a mechanism to meet Greece's short-term financial needs "as a matter of urgency," Donald Tusk, the president of the European Council who led the talks, said after the summit.

A statement issued after the summit says Greece will need between €82 billion and €86 billion in fresh funding over the next three years. Between €10 billion and €25 billion will be required to recapitalise Greek banks, damaged by months of deposit outflows and two weeks of capital controls.

French President François Hollande, whose government lobbied hard for Greece in recent weeks, said he expects the ECB to step in with additional liquidity for Greek lenders, as long as Athens follows through on a deal. That could allow banks to gradually reopen.

"That was the indispensable condition, but it will take a few days," Mr Hollande said.

In a concession to Greece, eurozone governments will discuss ways to make the country's debt load more manageable later this year.

"There will be a reprofiling of the debt by extending maturities and doubtless a negotiation on the interest rates," said Mr Hollande. "That is part of the agreement." Ms Merkel stressed that there won't be a cut to the nominal value of rescue loans.

European officials said negotiations came close to collapse at some points during the night, when Mr Tsipras argued that some of the creditors' demands would be impossible to meet. Germany in particular has been driving a hard line, which for much of the evening included the possibility of a "timeout" for Greece from the currency union.

"In Germany there was strong opinion for Grexit," Mr Hollande said, "and not just in Germany."

"I refused this solution," he added.

As part of the deal, Greece's administration will be modernized and depoliticised, Ms Merkel said, adding that the Athens government will be expected to make first proposals by July 20.

The measures laid out in Monday's statement reach deep into the workings of Greece's economy. They include changes to labour laws that would make it easier to fire workers, as well as the further liberalisation of markets for products such as pharmaceuticals, milk and baked goods, the statement said. Greece also would have to privatise state assets, including the electricity network operator.

Contrary to Greece's wishes, the International Monetary Fund will remain involved in bailing it out even after the fund's existing rescue program expires in March. Athens defaulted on a €1.56 payment to the IMF on June 30 and is unlikely to make a €456 million payment due Monday. The summit statement said it was important for the government to cover the failed payments.

"It has been a laborious night, but I think it is a good step to rebuild confidence," IMF Managing Director Christine Lagarde said.

http://www.theaustralian.com.au/business/latest/eurozone-reaches-deal-on-greece/story-e6frg90f-1227440400493
