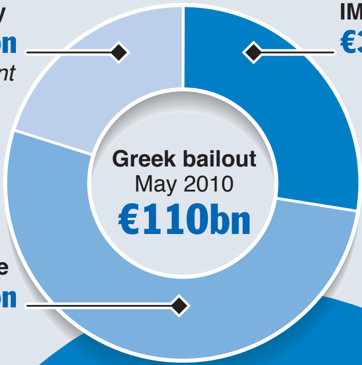
Options to resolve Greek debt crisis

German Chancellor Angela Merkel will have the key say in any Greek sovereign debt restructuring. Last year's €110 billion EU-IMF bailout is not enough for Athens to pay its debts or raise loans on the markets



Angela Merkel

Greek external debt *(Dec 2010)*

$548.26bn *Equivalent to **152.3%** of GDP*

Biggest overseas lenders to Greece *($ billions)*
*Greek borrowers owed **$160.9bn** to overseas banks as of Dec 2010*

EU rescue fund: EU's €440bn ***European Financial Stability Facility*** buys more Greek government bonds, taking place of private investors. **Opposed by Germany and new Finnish government, whose guarantees are needed for EFSF to borrow cheaply from international markets**

Enforced restructuring: Athens decides it will no longer repay debt at face value – so-called ***haircut*** for bondholders. Athens cuts interest rate paid – ***coupon cut*** – or extends repayment period. **EU private investors, pensions, and life insurance policy-holders would lose out – opposed by Chancellor Merkel**

Soft restructuring: Bondholders voluntarily exchange their existing Greek debt for new bonds with longer repayment terms but higher interest rates – ***reprofiling***. **Merkel says this is possible – if Athens implements deeply contentious €50bn privatisation programme and reform of pensions system**

Sources: IMF, Bank for International Settlements   Picture: Getty Images   © GRAPHIC NEWS