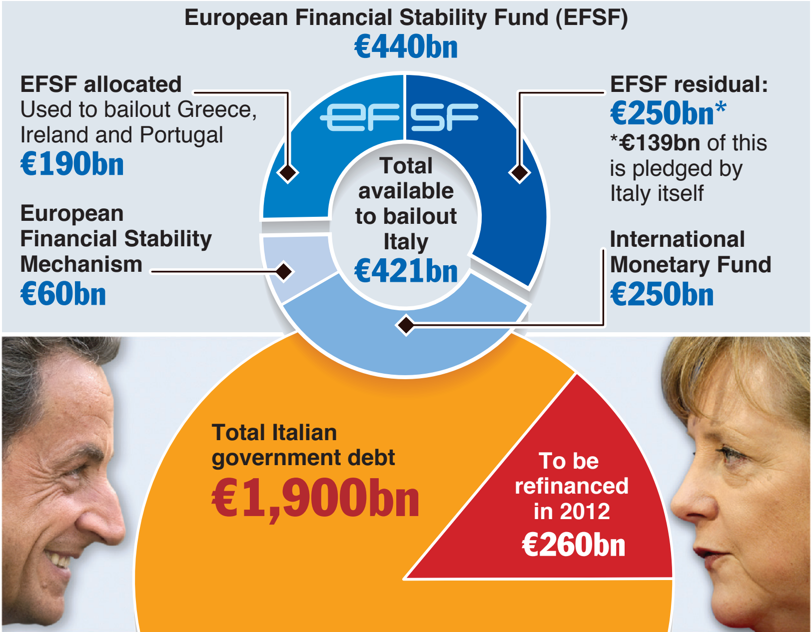
Scenarios for saving Italy

Italy has €260 billion of debt to refinance next year, with 45% maturing between February and April. With government debt of around €1.9 trillion, its funding needs are too great to be met by the eurozone's rescue fund



1. Current plan: Cut debt and spur growth. EU and IMF officials in Rome want sale of state-owned assets and increase in retirement age. ***Votes due in Italian Senate and Chamber of Deputies by weekend***

2. Temporary credit line: EFSF and/or IMF gives Italy up to **€80bn** to enable Rome to borrow money at rates lower than current **7%**. ***Prime Minister Silvio Berlusconi turned down this offer at recent G20 summit in Cannes***

3. Full-scale bail-out: Protect Italy from bond markets by covering its debt repayments for next three years. ***This will cost at least €518bn, more than total available bailout fund, unless EFSF can borrow more***

4. Nuclear option: European Central Bank prints money to guarantee all **€1,900bn** of Italian debt. ***Backed by French President Nicolas Sarkozy, fiercely opposed by German Chancellor Angela Merkel***

Sources: Bank of Italy, Bloomberg

Pictures: Getty Images