Greek officials will use Tuesday to revive their bid to access financial aid with their finance minister, Yanis Varoufakis, blaming creditors’ insistence on more austerity for the impasse.

While Greek Prime Minister Alexis Tsipras’s spokesman Gabriel Sakellaridis said Monday that a deal can be reached by the end of May, he admitted that disagreements remain in areas such as budget targets, sales-tax rates, pension and labor market rules.

“Our creditors’ insistence on greater austerity is subtle yet steadfast,” Varoufakis wrote in a Project Syndicate op-ed, published May 25. “Our government cannot — and will not — accept a cure that has proven itself over five long years to be worse than the disease.”
Can Greece Reach a Deal by the End of May?

The standoff with lenders has seen liquidity evaporate in Greece, pushing the economy back into recession. Record deposit withdrawals and the state’s increasing difficulty in meeting debt payments have renewed doubts about the country’s ability to stay in the euro.

Greek shares fell the most in almost three weeks on Monday, with the benchmark Athens Stock Exchange losing 3.1 percent. The gauge has fallen over 32 percent in the past 12 months, making it one of the worst performing major equity indexes tracked by Bloomberg. Greek bonds have delivered the worst returns of all sovereign securities tracked by Bloomberg’s World Bond Indexes in the last year.

Bailout Expiring

Yet with just over five weeks before the euro area’s offer of financial aid expires, Tsipras remains defiant. Greece won’t take measures that deepen the country’s recession further, the prime minister said in a speech on Saturday.

Even though no aid disbursements have been made since last summer, Greece has managed to meet external payments by slowing down spending, building up arrears to suppliers and vendors, encouraging citizens to pay overdue taxes, and seizing the cash reserves of regional governments, hospitals, universities, and other public entities.

Those buffers are being depleted though, and Sakellaridis declined to say Monday whether Greece can meet payments to the International Monetary Fund in June totaling almost 1.6 billion euros.

“We don’t impose deadlines, blackmalls or ultimatums,” he told reporters in Athens. “There is, however, an absolute need to reach an agreement due to liquidity problems.”

IMF Chief Economist Olivier Blanchard said in an interview with Les Echos newspaper on Monday that Greece’s pension system is “often too generous” and there are “still too many civil servants.”

Greece is still “quite a long way” from the credible measures required to transform its “substantial budget deficit” into a surplus, Blanchard said.