Greek Talks Break Up as Earlier Optimism Evaporates

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1:05 AM CEST May 22, 2015

Alexis Tsipras, Greek prime minister. Photographer: Alain Jocard/AFP/Getty Images

(Bloomberg) -- Late-night negotiations between the Greek, French and German government leaders ended without any sign of a breakthrough that will unlock bailout funds and ensure Greece’s future in the euro region.

With time running out for a deal to free up the remaining 7.2 billion-euro ($8 billion) tranche of aid, talks between Prime Minister Alexis Tsipras, President Francois Hollande and Chancellor Angela Merkel broke up shortly before 1 a.m. on Friday in the Latvian capital Riga with the three agreeing only to stay in close contact.

The negotiations took place in a “friendly and constructive atmosphere” and focused on “the successful fulfillment of the current program,” according to a common statement issued by the French and German governments separately. “It was agreed that the talks between the Greek government and the institutions will be continued,” they said.

The statement was devoid of Hollande’s earlier optimism at paving the way for an accord as soon as the end of the month, as he pledged to find “solutions to restore confidence and release the funds that have been planned.”

The Greek government too noted the constructive climate of the talks without alluding to any imminent end to the impasse. An official, in a debriefing, signaled Greek frustration by saying that a main obstacle
is that the International Monetary Fund needs to be on board.

‘Open Issues’

While the three leaders agreed “significant progress” had been achieved, “open issues” remain, the Greek government said. These include pensions, sales-tax rates and targets for a primary budget surplus, the official told reporters.

The statements lacked Hollande’s upbeat tone as he arrived in Riga for a summit of European Union leaders. Then he had opened the prospect of striking a political deal that could help lead to an accord by finance ministers at the end of May or early June. “It will be a friendly talk, but a talk in which we have to be able to draft solutions,” he said.

Greece’s benchmark ASE Index rose 0.6 percent on Thursday as the Greek government referred to momentum building for a deal with creditors by the end of May. Without an agreement, Greece risks a default that would put in question its future in the 19-nation euro region.

Anti-Austerity

Hollande’s comments reflected signs of determination to end the stalemate that has buffeted Greek markets since Tsipras’s election in January at the head of a coalition committed to ending austerity. The French and German leaders called this week for the pace of talks to pick up, and Merkel is already considering making a keynote speech to sell any deal to the German public and members of her Christian Democratic-led bloc.

Absent too from the final statements was any reference to an extraordinary finance ministers’ meeting on Greece. Hollande had said that the discussion with Tsipras would “help prepare for the expected deadline, especially the eurogroup” meeting of euro-area finance ministers “at the end of May or in early June.” That suggested a special meeting since the next regular gathering isn’t due until June 18.

Merkel didn’t comment on Greece when she arrived for the EU leaders’ meeting, instead focusing on the summit agenda of the bloc’s relations with six eastern nations including Ukraine.

Neither did the chancellor offer her view on Greece as she left the Riga hotel room where the talks had taken place, fueled by bowls of berries and bottles of water.

“Goodnight,” she told waiting reporters.

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