

## Greece takes first steps to EUR50bn sell-off

Hope, Kerin. **FT.com** (Mar 23, 2011).

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### Full Text

Greece has selected international advisers for the first round of an ambitious EUR50bn privatisation programme aimed at averting a forced restructuring of its sovereign debt.

The finance ministry on Wednesday named financial and legal advisers for two big concession projects to operate Athens airport and develop a luxury resort.

It said an "action plan will be presented in the coming weeks" outlining options for raising EUR15bn over the next two years and another EUR35bn by 2015 from sales of state companies and the development of state-owned real estate.

The announcement means that George Papandreou, prime minister, can claim progress on a key reform at Friday's European Union summit on shoring up eurozone finances.

Greece hopes that European leaders will seal a deal agreed earlier this month to allow debt-burdened eurozone member-states to sell their bonds to the European financial stability facility, the Union's current rescue fund.

The government agreed in return to step up its privatisation programme, selling bigger stakes in state-controlled companies and offering state real estate for development, in spite of strong opposition within the cabinet and the governing socialist party.

The scheme aims to restore investor confidence and allow the government to resume borrowing on the international capital markets. If successful, it would slash Greece's public debt by 15-18 percentage points of gross domestic product by 2015.

Greece planned to return to markets in the second half of this year to build a funding cushion before its EUR110bn loan from the European Union and International Monetary Fund runs out next year.

But yields on its bonds are still unsustainably high, indicating markets are not yet convinced the government can meet EU-IMF targets for fiscal and structural reform.

Stefanos Manos, a former finance minister who launched privatisation in Greece in the 1990s, said: "The privatisation target will be hard to achieve ... Sales of equity in state corporations won't yield enough, and real estate development requires a long preparation time."

The finance ministry said BNP Paribas and National Bank of Greece would advise on extending a 20-year concession to operate Athens airport, the capital's only international gateway, currently held by Germany's Hochtief group.

Citigroup and Greece's Piraeus Bank were named as advisers on a concession to develop the 1,500-acre site of the former Athens international airport in a coastal suburb as a luxury tourist resort.

Lazard, a long-term adviser to Greece, will handle the restructuring of the Consignments, Deposits and Loans Fund, a state-owned lender, as part of a project to recapitalise the state-controlled Agricultural Bank of Greece, which failed last year's European bank stress tests.

Credit: By Kerin Hope in Athens

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