

Greek Economy Contracts 0.2 Percent, Slipping Back into Recession



Athens, May 15 (RHC)-- A new report shows that the economy of Greece has slipped back into recession after having contracted by 0.2 percent during the first quarter of the current year.

The report was released by the national statistics agency, ELSTAT, showing the second consecutive quarterly fall in Greece's national output, after it had grown for most of 2014. The downturn, the report added, coincided with a return to political uncertainty in the country and doubt over its 240-billion-euro (USD 270 billion) international bailout. Greece's economy contracted by 0.4 percent in the final quarter of 2014.

According to ELSTAT, four months of deadlock between Greece's new government and the so-called troika of international lenders, namely the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF), over the reforms needed to release a final 7.2 billion euros in bailout funds has led to concerns that Athens may run short of cash and soon end up defaulting.

The new revelation came after Greek Finance Minister Yanis Varoufakis warned earlier this week of an imminent cash crunch for his debt-ridden country. Speaking after a meeting with his peers in the 19-

country eurozone, Varoufakis added that cash-strapped Athens was being strangled by a liquidity problem and urgently needs the final tranche of rescue funds from its 240-billion-euro bailout.

Athens has been under pressure by the international lenders to make reforms in its labor market as well as in pensions and taxation policies in exchange for a new bailout loan.

The country has already received two bailout packages in 2010 and 2012 worth a total of 240 billion euros (USD 272 billion) following its 2009 economic crisis. However, it has been unable to borrow on the international markets over the past few years due to high borrowing rates.

The government of Prime Minister Alexis Tsipras, whose leftist Syriza party swept to victory in the January 25 elections, has tried to renegotiate the terms of the bailout Greece received in return for imposing harsh austerity measures.

During his electoral campaign, Tsipras had vowed to reconsider the austerity measures, which have caused mounting dissatisfaction in the country.

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