



## **Re-Define Press Release at the IMF meetings 14:00 Washington DC 24<sup>th</sup> September**

All quotes are attributable to **Sony Kapoor** Managing Director Re-Define, an Economic Think Tank

### ***On urgent messages for the Eurozone at the Annual Meetings from the IMF and other partners***

“One can only hope that with the markets, the IMF, World Bank, the US and BRIC economies all piling unprecedented pressure on the EU to act, common sense will finally prevail.” “Without firm and urgent action from the Eurozone, an economic disaster looms.”

“On many issues such as the need to urgently address Italian and Greek problems, the need to relax excessively harsh austerity measures and the need for bank recapitalization in the EU, the IMF has got it broadly right.”

“The fact that ‘shooting the messenger’ is about the only strategy that the EU is uniting behind, an ever bigger rift is opening up between Eurozone leaders and everyone else including the G-20, the multilateral institutions and markets. “

### ***On plans to address the excessive borrowing costs for Italy and Spain***

"In order to help Italy and Spain, a whole range of options need to be considered - from using the EFSF to provide partial guarantees to Italian and Spanish bonds issuance on the one hand to stepping up bond purchases by the ECB on the other, with number of ways of combining the fire power of the EFSF and the ECB in the middle."

### ***On Greece***

“Greece is not going to default tomorrow, or next week or even next month. Any restructuring of its debt will be orderly and can only happen once preparations such as additional bank capital buffers and liquidity backstops have been put in place first.”

“It has been very clear to many, but not all policy makers that Greek debt is not sustainable. Evidence has forced those opposed to a write-down of Greek debt stock to change their minds.”

“There is no reason for the markets to panic about haircuts to privately held Greek debt – this is likely to happen in an orderly way and most exposed banks have sufficient capital to absorb associated losses.”

### ***On European bank recapitalization***

“Once the Italian and Spanish borrowing costs are brought down, the immediate additional capital needs for European banks are closer to the Euro 50 billion number than to the much higher numbers that have been discussed. “”Without addressing the problems facing Spain and Italy, no amount of capital would be enough.”

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***On behalf of Michelle Henery, Media Adviser, Re-Define***