

Germany has supported the financial aid for Greece and other eurozone member states

On 7 May, the Bundestag passed a law on the granting of financial support to Greece. Germany had been trying to delay financial aid to Greece for many months and ruled out extending the aid package to other countries. However, the situation on the financial markets and the need to stabilise the common currency forced Germany to change its previous approach.

German guarantees constitute the largest part of the aid package for Greece launched by eurozone member states and the IMF, which is worth 110 billion euros. The act 'on maintaining the financial stability of the currency union' was passed by votes of the government coalition and the Green Party against the Left (Die Linke) and the SPD, the latter of which abstained from voting. Germany will take over guarantees for loans to Greece worth 22.4 billion euros to be granted by the German state-controlled bank KfW. The government wanted to take this decision, which is unpopular in Germany, after the important local elections in North Rhine-Westphalia (on 9 May). However, considering the official request from the prime minister of Greece for the launch of an aid package (on 26 April) and being under pressure from the financial markets, Germany had to pass the decision earlier. Moreover, at a session of the Council of the EU on 9 May, contrary to previous assurances, it supported the imposition of much more extensive obligations on the eurozone member states for the stabilisation of the common currency and agreed to offer additional guarantees worth 123 billion euros as part of the European Stabilisation Mechanism, the total value of which reaches 750 billion euros. The bill regarding further German guarantees will be submitted to the Bundestag next week. The opposition has announced that it will support the bill on the condition that the financial markets are regulated more strictly; a view increasingly popular also among government coalition MPs.

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