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## Greece Imposes Capital Controls after ECB Decision Not to Increase Liquidity

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Tsipras also said that the Bank of Greece had recommended that the country's banks be closed temporarily and a limit placed on withdrawal of deposits.

According to banking reports, which the government has not yet confirmed, the banks will remain closed for a week and cash withdrawals from automatic tellers will be limited to between 100 and 300 euros (about \$110 to \$330).

Only a last-minute deal with its Eurozone partners will prevent Greece from slipping into a situation similar to what Cyprus experienced two years ago, when its banks were closed for 12 days and capital flow restrictions were kept in place for almost two years, albeit with possibly favorable economic results. However, the Greek economy and banking sector is larger than that of Cyprus and its economic crisis is much more profound.

In a televised message, Tsipras accused the Eurogroup of precipitating this situation by denying Greece an extension to allow it to hold a referendum so that "a sovereign people may exercise its sovereign right to democratically vote" on what the Greek government should do, a situation that he called "blackmail."

Tsipras had asked for the deadline for the end of rescue measures, which expires on Tuesday, to be extended after announcing the referendum in which the Greek public would decide on whether to accept the proposal offered by the ECB, the European Commission and the International Monetary Fund, an accord that had been rejected by his leftist Greek government.

The premier had asked for “several days” to give Greeks the chance to vote “without pressure,” although he said that the citizenry’s bank accounts were not at risk and the payment of both salaries and pensions were guaranteed.

Tsipras said that the refusal of Eurozone ministers to agree to the extension was what led the ECB not to raise the 90 billion euro (about \$103 billion) limit on loans that could be requested by Greek banks to remain solvent, a threshold that media reports say has almost been reached.

Meanwhile, U.S. President Barack Obama spoke by telephone with German Chancellor Angela Merkel to emphasize the importance of Greece’s remaining in the Eurozone after the breakdown of negotiations between Athens and its international creditors over the weekend.

The White House said that the two leaders had agreed on the importance of doing everything possible to return to the path whereby Greece could make reforms and growth within the Eurozone could resume.

The talks broke down on the weekend, when Tsipras announced that he would hold a referendum next Sunday in which Greeks could express their opinions on the Greek bailout and its conditions.

Meanwhile, U.S. Treasury Secretary Jack Lew emphasized the need for Greece to take the politically difficult steps required to reach a pragmatic agreement with its creditors.

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