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Hellenic News, Culture & Lifestyle



## Cyprus scrambles for new funds as clock runs down

The Cypriot government was frantically trying on Wednesday to come up with a plan that would secure enough financing to secure new terms for a bailout from the eurozone and International Monetary Fund that would prevent its banking system and economy from collapsing, with dangerous consequences for Greece.

Talks between President Nicos Anastasiades and the troika of lenders in Nicosia proved inconclusive on Wednesday as Cyprus's overtures to Russia for financing also failed to yield results.

Having rejected a proposal put forward by the eurozone to tax bank deposits, Anastasiades and the leaders of opposition parties met on Wednesday morning to discuss an alternative plan that would have to raise as much as 5.8 billion euros so the EU and IMF could approve the release of another 10 billion for Cyprus.

The leaders agreed to form technical teams to work on a new proposal to raise money. It is thought this will involve some kind of solidarity tax to be paid by Cypriots but not via a levy on deposits. This money may be placed in a fund that will also include social security fund reserves, state assets and the property of the Church of Cyprus, which said on Wednesday that it was willing to contribute to any rescue package.

However, it is thought troika representatives rejected the initial plan put to them. A revised scheme was being drawn up on Wednesday night and was due to be presented to party leaders on Thursday.

Cypriot Finance Minister Michalis Sarris spent the day in Moscow discussing the possibility of funding with Russian officials. He met with Finance Minister Anton Siluanov and First Deputy Prime Minister Igor Shuvalov but there was no agreement. Sarris said he would remain in Moscow until he reaches a deal.

However, the mood in Moscow seemed less than favorable for the Cypriot government. Russian lenders VTB and Gazprombank denied they were set to take over the troubled Cyprus Popular Bank (Laiki).

Apparently the Russian side is unwilling to buy the bank for a symbolic sum while taking over its capitalization needs.

Russian Prime Minister Dmitry Medvedev accused the European Union and Cyprus of acting "like an elephant in a china shop" by agreeing the deposit tax, over which Moscow was not consulted. "All possible mistakes that could be made have been made by them," he told the Financial Times. "The measure that was proposed is of a confiscation nature, and unprecedented in its character."

Medvedev added that Russia might cancel its double taxation agreement with Cyprus as he expressed concern that capital flight might bring down the island's banking system.

Sarris was expected to continue discussion on Thursday with Russian officials in the hope of securing a deal for investors to take over either Laiki or Bank of Cyprus. The possibility of Moscow demanding involvement in the extraction of Cypriot natural gas or a naval or air force base on the island remains.

There is immense pressure on Cyprus to find alternative funding as failure to do so could result in the European Central Bank cutting off lending to Cypriot banks. "We can provide emergency liquidity only to solvent banks and... the solvency of Cypriot banks cannot be assumed if an aid program is not agreed on soon, which would allow for a quick recapitalization of the banking sector," said ECB board member Joerg Asmussen.

A collapse of the Cypriot banking system is likely to have damaging consequences for the Greek financial sector and economy. Cypriot banks in Greece have about 20 billion euros of assets and 12 billion of liabilities, with deposits insured up to 100,000 euros. Cyprus is one of Greece's biggest trading partners, absorbing 7 percent of Greek exports. However, the potential of a run on Greek banks could be devastating. Finance Minister Yannis Stournaras insisted that the Greek economy was "fortified" against any shocks from Cyprus.

## Officers sacked over Greek teen's killing to get 1/3 of salary until appeal ruling

The disciplinary council of the Greek Police on Wednesday ordered the dismissal of officers Epaminondas Korkoneas and Vassilis Saraliotis, who were convicted in connection with the murder of 15-year-old Alexis Grigoropoulos in Exarchia, central Athens, in December 2008.

After being postponed five times, a disciplinary hearing was held on Wednesday following media reports that the two officers were receiving 30 percent of their monthly salary.

Korkoneas, who is serving a life sentence for murder, and Saraliotis, who is serving 10 years for complicity, are to continue receiving a third of their salary until a court rules on their appeals.



## End to bogus pension payment to save Greek state 420 mln

The 53,694 pensioners who failed to participate in a census and whose payments will now cease were costing the state some 420 million euros per year, it has emerged, leading to the conclusion that certain individuals had been collecting payments without being entitled to them.

Labor Ministry data released on Wednesday also show that an additional 319,600 people submitted insufficient data in the process of the pensioners' census and are now at risk of having their monthly pension payments stopped.

The amount the state paid to people who were unentitled to pensions is even greater than the additional revenues state coffers collected through the controversial increase in value-added tax on food catering from 13 percent to 23 percent, amounting to 400 million euros in the 12 months of 2012.

The total number of pensioners recorded by the Labor Ministry is 4,390,378.

