



Cypriot political leaders relieved to avoid 'worst scenario'

Cypriot political leaders, who spent Sunday evening and early Monday morning at the Presidential Palace in Nicosia as government officials negotiated a bailout deal in Brussels, accepted the agreement without argument, according to the deputy leader of President Nicos Anastasiades's DISY party Lefteris Christoforou.

The conservative politicians said Cyprus faced a choice between a "bad

scenario and a much worse one".

"There was a tough battle but we managed to avoid the worst scenario, which would have been a disorderly default," said Christoforou, adding that it was significant that no extra funds would be needed for the island's two main banks, Cyprus Popular Bank (Laiki) and Bank of Cyprus.

Christoforou said that political leaders who had been at the Presidential Palace, where

Anastasiades briefed them about how talks in Brussels were progressing, had shown "responsibility" and avoided clashing despite the "tragic nature" of the circumstances.

The terms of the bailout agreed at the Eurogroup in Brussels, which includes the resolution of Laiki and restructuring of Bank of Cyprus, will not have to be approved by Cypriot Parliament as the relevant legislation was passed last week.

Russia backstops Cyprus bailout despite anger

Russia signalled on Monday it would backstop the European Union's bailout of Cyprus despite anger that the weekend rescue deal would impose heavy losses on uninsured depositors, many of them Russian.

President Vladimir Putin ordered his government to negotiate the restructuring of a bailout loan it granted to Cyprus in 2011 - having rejected Nicosia's request for easier terms during crisis talks last week.

Putin «considers it possible to support efforts ... aimed at overcoming the crisis in the economy and banking system of this island state,» his spokesman Dmitry Peskov said.

Russia has repeatedly expressed its dismay at Europe's handling of the debt crisis in Cyprus, while resisting the entreaties of President Nicos Anastasiades to offer significant financial support of its own.

But, following the agreement of a 10 billion euro (\$13 billion) European bailout deal over the weekend, Moscow's position has softened.

While Russia has complained over discrimination against businesses that rely on Cyprus as an offshore centre, the Kremlin has been careful not to become



embroiled in a potentially open-ended financial and strategic commitment that could become a nexus of friction with Europe.

Nevertheless, Prime Minister Dmitry Medvedev - who ranks below Putin in Russia's ruling hierarchy - earlier criticised the bailout deal that will inflict heavy losses on uninsured deposits of over 100,000 euros at the two main Cypriot banks.

«The stealing of what has already been stolen continues,» Medvedev was quoted by news agencies as telling a meeting of government officials.

Cyprus had requested an extension of the existing 2.5 billion euro Russian

loan, and a reduction in the interest it charges to 2.5 percent from 4.5 percent.

Russia also last week turned down a Cypriot offer of stakes in its banks and offshore energy reserves in return for around 6 billion euros in new financing, a sign that Moscow is reluctant to become over-extended financially and geopolitically despite a strong balance sheet that is underwritten by oil revenues.

Russians are believed to account for most of the 19 billion euros of non-EU, non-bank money held in Cypriot banks at the last count by the central bank in January. Of 38 billion euros in deposits from banks, 13 billion came from outside the EU.

Speaking after the meeting with Medvedev, First Deputy Prime Minister Igor Shuvalov said losses to Russian investors in Cyprus were not yet clear.

He also said that the Cypriot unit of state-controlled VTB, Russian Commercial Bank, would not be affected by measures taken by the government. Russia hopes that further financial support will not be needed.

«What is happening is a good signal to those who plan to move their capital to ... Russian banks,» he was quoted as saying. «We have very stable banks.

Greek politicians wary of Cyprus deal

"Painful," "sheer blackmail," "punishing" and "intolerable" are some of the words Greece's politicians used Monday to describe the deal agreed between Cyprus and the troika for a 10-billion-euro bailout of the country.

Speaking several hours after the deal was reached in Brussels, government spokesman Simos Kedikoglou suggested that Cyprus faced little choice but to accept significant losses for large depositors as part of the deal.

"The agreement stops the slide toward a eurozone exit and the chaos that would come with that," he said.

"Cyprus has produced miracles many times. It will do it again," added Kedikoglou. "It has the ability to make use of its unique position and its wealth-producing resources to return to prosperity and growth soon."

He also warned that other countries should not seek to take advantage of Cyprus's economic weakness. The comment comes after the Turkish Foreign Ministry warned on Saturday of a "new crisis" in the Mediterranean if Cyprus collateralizes gas revenues as part of plans to form a solidarity fund.

PASOK leader Evangelos Venizelos said that eurozone powers, particularly Germany, had chosen to make an example of Cyprus by "punishing and knocking sense into" the country.

SYRIZA said that Cyprus had succumbed to "blackmail" and "threats" in order to agree to the deal.

The leftist party criticized the government for failing to show solidarity for Nicosia and accused Southern Europe of "shooting itself in the foot" by failing to form a united front against the idea of a depositor bail-in.

In his speech to mark Greek Independence Day on Monday, President Karolos Papoulias described the agreement between Cyprus and the troika as "intolerable" and "selective."



Three arrested for metal theft in northeastern Greece

Three people were arrested in Didymoticho, northeastern Greece, on Sunday as they were attempting to steal 250 meters of electricity cable.

The suspects were removing the cable from lighting poles when they were arrested by a police unit that normally deals with illegal immigration issues in Evros.

Police said that one of the three suspects was known to them. There has been a sharp rise in the number of cases of electricity cables being stolen and sold for scrap since the start of the economic crisis in Greece.