

Cyprus Says It Has Russian Assurances on Aid

By [The Moscow Times](#)

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NICOSIA, Cyprus — Debt-hobbled Cyprus limped closer to an international financial bailout Wednesday, saying it had won Russian assurances that Moscow would join in international efforts to salvage the island's finances.

On Tuesday, Finance Minister Vassos Shiarly said Russia is likely to contribute to a rescue package that Cyprus is trying to finalize with eurozone partners.

He said that leaders of the other 16 European Union countries that use the euro were in high-level talks with Moscow about a contribution to the bailout and that a deal was "probable."

"I think it's only a question of time," he said in an interview.

The Mediterranean nation, one of the eurozone's smallest economies, applied for aid from the European Union and the International Monetary Fund in June.

Talks are complicated by the sheer size of the bailout, which could equal 17.5 billion euros, the size of the Cypriot economy, and by German misgivings about the island's commitment to financial transparency because of its close ties with Russia.

Cyprus, shut out of financial markets for almost two years, got a 2.5 billion euro bilateral loan from Moscow in late 2011.

Russian President Vladimir Putin discussed the situation with Cypriot President Demetris Christofias on Tuesday, a statement from Cyprus' presidency said.

"President Putin assured me that the Russian Federation is ready to contribute with the European Union in the financing of Cyprus," the statement quoted Christofias telling Cypriot reporters during a visit to Belgrade.

"I strongly believe that this assistance can save us," Christofias said.

It is not clear what form any Russian assistance might take. Cyprus has already asked for a five-year extension in repaying its 2.5 billion euro loan to Moscow, from 2016 to 2021.

Last week, European Economic and Monetary Affairs Commissioner Olli Rehn told Reuters he believed it was only fair that Russia contribute to the bailout effort because of the significant Russian business presence on the island.

Christofias, the EU's only communist head of state and a fluent Russian speaker, said he spoke to Putin by phone on Tuesday evening. A government source said Putin made the call.

Russian Prime Minister Dmitry Medvedev was quoted as saying Monday that Russia could provide support to Cyprus under certain conditions but that Cyprus and the EU would have to take the biggest share.

Cyprus has been under financial stress since its two largest banks sought state support after losses on an EU-sanctioned writedown on privately held Greek sovereign debt.

Shut out of markets, it has been increasingly relying on high-yield short-term borrowing.

Unless a bailout is settled soon, the island could start causing wider problems, former euro group chairman Jean-Claude Juncker said.

"If we don't definitively solve the problem case of Cyprus, there is a contagion risk even from this very small national economy," Juncker was quoted as telling Austria's *Kleine Zeitung* in an interview published Wednesday.

(Reuters, AP)

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