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Cypriot Finance Minister in Moscow to Propose Assets-for-Bailout Deal

By Irina Filatova

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Cypriot Finance Minister Michalis Sarris plans to offer a wide range of benefits to Russia in exchange for its help to rescue the island's financial sector during a meeting with his counterpart Anton Siluanov Wednesday, a report said.

Cyprus would charge a tax of 20 percent to 30 percent on Russia's deposits in local banks and offer Russia stakes in its energy projects in exchange, according to the plan that Sarris intends to negotiate, The Wall Street Journal reported, citing an unidentified official in the Cypriot government.

As part of the deal Russia will also get control of the boards of directors at Cypriot banks, the official said.

On Tuesday President Vladimir Putin held telephone negotiations with his Cypriot colleague Nicos Anastasiades, having voiced concerns about "any possible measures, which could

damage the interests of Russian entities and individuals," Kremlin spokesman Dmitry Peskov told Interfax.

The two leaders agreed to continue bilateral consultations, as well as those with the European Commission, on the possible bailout for Cyprus, Peskov said.

"Putin confirmed Russia's fundamental position on settling Cypriot problems," he said.

The Cypriot parliament defeated a controversial bill Tuesday that would impose up to 9.9 percent in levy on deposits in local banks, with 36 of the 56 lawmakers having voted against. The measure had been earlier agreed with the euro zone finance ministers as a condition of providing the country a 10 billion euro bailout.

Imposing the levy that would incur multi-billion dollar losses to Russian banks and companies having deposits in Cyprus could have a negative effect on Russia's decision to help bail out the county's economy, Siluanov warned earlier this week. Cyprus is asking that Russia ease the terms of the 2.5 billion euro loan it had provided in 2011 for 4.5 years.

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