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Speeches and Statements of the President 

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It is not my intention, instead of focusing attention on how to deal with the crisis, at this moment to get into an unnecessary controversy over who and to what extent they are responsible for the current situation.  With a sense of absolute responsibility I consider it my duty to inform you about the last meeting of the Eurogroup and honestly to set before you the real options that were put before us in the European Council.  The first option was one that would lead to disorderly bankruptcy as a result of the decision of the European Central Bank to immediately discontinue the provision of emergency assistance to preserve the liquidity of the two large banks.  The second option is a very difficult but controllable and manageable condition that will eventually lead to the stabilization of the economy and to recovery.  I have to remind you here that in December, in his announcement regarding the acceptance of the memorandum, the former President Mr Christofias said that "it would be irresponsible and criminal for the place and people" to let the banks fail, because 'that would drag the entire economy into destruction and bring untold misery to thousands of families of ordinary people. "  It is not my intention to gloss over the decisions taken because I do not underestimate the difficulties and risks we will face.  But it is with a sense of historical responsibility that I took a decision. Even if I fully disagree with specific provisions. I had to decide which of the two would have the least painful consequences and ensure the prospect of saving the island's economy.  The choice of disorderly bankruptcy would have the following consequences:  1. One bank would instantly cease operation. Following that the other major bank would suspend operations and we would finally be led to the collapse of the banking sector.  2. As a result, depositors would lose direct access to their deposits, while a large number of depositors would be subject to significant losses.  3. Thousands of SMEs and other businesses would risk bankruptcy.  4. Equally important, however, would be the direct loss of thousands of jobs in the banking sector. I cannot also ignore the consequent loss of thousands of other jobs related to banking activities.  5. The culmination of disorderly bankruptcy would be our potential coercion to exit the eurozone. A similar development would doubtless lead to a significant devaluation of our currency and our national wealth, with all that that would entail.  My fellow Cypriots,  Faced with the above I had to choose between persistence in a clear commitment that I will not accept in any way the cut of deposits or a course that would lead to consequences that would be painful for depositors but also for the local economy.  I want to assure you that my faith in what I declared was absolutely sincere and what was what I fought for to the end. I have undertaken my responsibilities. The solution that we have reached is certainly not the one we wanted, but it is the least painful under the circumstances because, above all, it leaves the management of our economy in our own hands.  In taking my decision I took note, apart from the negative effects that I have already identified, a number of other reasons too, including:  1) The proposed contribution of depositors is limited to interest income of not more than two years.  2) More important is the fact that any contribution will be a one time only contribution, since through this proposal the sustainability of public debt is definitively and irrevocably secured. Furthermore future generations are not saddled with our mistakes.  3) Any contribution made will not constitute a final loss to depositors, since in return they will be immediately allocated shares of the relevant banks for all their losses.  4) The state, recognizing its obligations will offer to those who keep their deposits for a period of two years half the value of their contribution in bonds, associated with future state revenues from natural gas.  5) Through the same decision pension and welfare funds are safeguarded and the taking of other tough measures such as wage and pension cuts and tax on financial transactions that were on the table is avoided.  6) The most important thing is that we are avoiding the vicious circle of a second Memorandum.  My Fellow Cypriots,  I fully share the unpleasant feelings caused by a difficult and painful decision. That's why I continue to struggle so that the decisions of the Eurogroup may be differentiated in the next few hours so as to limit the impact on savers.  It is obvious that the most painless option for me would be the most painful for the country and the people. I chose the more painful for myself taking the political cost, in order to restrict as much as possible the impact on the economy and the citizens.  Of course, my own decision, if it is to have the expected results, requires the approval of the House of Representatives. Therefore I appeal to the parliamentary parties whose decision I will respect fully, to decide in the light of the best interests of the citizens and our homeland.  I hope that all of us together, with things as they stand, will take the wisest decisions.  Our way is not easy. But I have absolute confidence in the persistence, diligence and determination of Cypriot Hellenism. With collective and responsible decisions I am sure that we will succeed. | | | | |