

ON THE ELECTION OF NICOS ANASTASIADES: THE CHALLENGES OF THE FIRST WEEKS

Giorgos Kentas

Assistant Professor of International Politics, Research Fellow at the Center for European and International Affairs

On February 27, 2013 the rightwinger leader of DISY (Democratic Rally) Nicos Anastasiades was elected as the seventh president of the Republic of Cyprus. Nicos Anastasiades secured 57.48% of the valid votes, the largest victory since Makarios' landslide victory of 1968. Anastasiades will hold office for five years, but the economic and political contingency on the island gives him no breathing space.

In the first couple of weeks after his inauguration, the new president has to deal with a mixture of challenges.

At the domestic front, he will first need to form a coalition government and fulfill a promise for introducing some seven new posts for Deputy Ministers. Such an arrangement will not be easy, for he would need to accommodate the intra-political agenda of the political parties that supported him during the election campaign and choose persons from the lists that he will be given by the leaders of these parties. On top of that, the introduction of Deputy Ministries is not provided by the constitution and he would thus need to make a petition to the House of Representatives for approval. That process may take months to yield a result.

Anastasiades faces a skeptic public opinion. In order to consolidate his victory and appease the skeptics, he has to deliver on a large list of promises he made during the election campaign. To be sure he does not have the luxury of his predecessors who enjoyed a sort of a grace period. With regard to the domestic front, the greatest challenge is to restore the confidence of the people and give them some hope for the future. To reach that, however, Anastasiades will need to take some concrete steps and show some tangible results.

At the external front, the challenges of the first weeks are even more acute. The country's solvency is hanging by a thread. The government would hardly be able to fulfill its casual financial obligations after March. Anastasiades promised to seek a bridge-loan from Russia and from an EU member-state, which was not named, in order to buy time and re-negotiate some terms of the bailout with troika. If his bid for a short-term loan is rejected, the country will come closer to a financial meltdown with unknown repercussions.

Shortly after he will assume office on March 1, he will need to negotiate the finalization of a rescue package worth of €17 billion, an amount which is equivalent to the country's GDP. Europeans expect Anastasiades to enact privatizations and implement some unpopular austerity measures. Still, the key to reach a comprehensive agreement on a rescue package is the amount required to recapitalize banks. That amount fluctuates between €10 and €8 billions. On top of that, some €7.5 billions are required for government's expenditures. The estimated amount for Cyprus' rescue package does not look good. The country's overall debt may reach 120%, or even 150%, of its GDP. This amount is well in excess of the 120% top limit which is regarded by the IMF as a sustainable ceiling.

Is Anastasiades on a mission impossible? The first couple of weeks in power will definitely mark the future of his presidency and determine the fortune of Cyprus. Anastasiades' effort to form a government with a positive appeal to the people of Cyprus, as well as the outcome of the negotiations with troika, will show whether the new president will have a better fortune than his predecessor who left office with some disgrace.