

18 March 2013

Statement by the Eurogroup President on Cyprus

The Eurogroup held a teleconference this evening to take stock of the situation in Cyprus

I recall that the political agreement reached on 16 March on the cornerstones of the adjustment programme and the financing envelope for Cyprus reflects the consensus reached by the Cypriot government with the Eurogroup. The implementation of the reform measures included in the draft programme is the best guarantee for a more prosperous future for Cyprus and its citizens, through a viable financial sector, sound public finances and sustainable economic growth.

I reiterate that the stability levy on deposits is a one-off measure. This measure will - together with the international financial support - be used to restore the viability of the Cypriot banking system and hence, safeguard financial stability in Cyprus. In the absence of this measure, Cyprus would have faced scenarios that would have left deposit holders significantly worse off.

The Eurogroup continues to be of the view that small depositors should be treated differently from large depositors and reaffirms the importance of fully guaranteeing deposits below EUR 100.000. The Cypriot authorities will introduce more progressivity in the one-off levy compared to what was agreed on 16 March, provided that it continues yielding the targeted reduction of the financing envelope and, hence, not impact the overall amount of financial assistance up to EUR 10bn.

The Eurogroup takes note of the authorities' decision to declare a temporary bank holiday in Cyprus on 19-20 March 2013 to safeguard the stability of the financial sector, and urges a swift decision by the Cypriot authorities and parliament to rapidly implement the agreed measures.

The euro area Member States stand ready to assist Cyprus in its reform efforts on the basis of the agreed adjustment programme.