

19 June 2014

Eurogroup statement on Cyprus

The Eurogroup welcomes the Troika's conclusion following its fourth review mission that Cyprus's adjustment programme remains on track. We are pleased with the continuation of the good fiscal performance recorded so far under the programme. We call on the authorities to lend further momentum to the implementation of the fiscal-structural and structural reform agenda, in order to improve economic growth prospects, while rendering the protection of vulnerable groups more equitable.

We also welcome the further advances made in stabilising the financial sector, including the progress in restructuring the co-operative credit institutions and the finalisation of their recapitalisation. Effectively reducing the stock of non-performing loans remains a key challenge. This is essential to allow for a resumption of credit to the private sector to support growth and job creation.

The Eurogroup considers that Cyprus's positive track record in the execution of the macro-financial programme has played an important role in enhancing confidence and permitting the successful return to the financial markets as well as the abolition of capital controls on transactions within the Republic. The pace at which the remaining restrictions on external transactions are relaxed in accordance with the government's roadmap will continue to depend on solid programme performance.

In view of the above, the Eurogroup endorsed in principle the disbursement of the next tranche of financial assistance to Cyprus. Subject to national procedures and formal approval by the ESM governing bodies, the ESM is scheduled to disburse EUR 600 million in the first half of July. The IMF Executive Board is expected to consider the disbursement of EUR 86 million around the same time.