

Statement to press by Klaus Regling following meeting with Cypriot Finance Minister Constantinos Petrides

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It is a real pleasure to be back in Nicosia. Last year it was not possible for me to come because of the pandemic. Now as we are moving out of the health crisis, it is possible again and I always feel welcome when I visit Nicosia and have talks with the Cypriot government.

We had a very good discussion this morning. There is excellent cooperation between the Finance Ministry and the ESM. We discussed the economic outlook and the fiscal situation, the budgetary situation.

Looking more at the European level, of course, the big issue for EU Member States over the next few years will be implementation of the Recovery and Resilience Plans of the NextGenerationEU. Cyprus has submitted a good plan and can receive a

significant amount of money out of the package, €1.2 billion. This is a very good incentive for promoting reforms, accelerating reforms that can lead to the further diversification of the Cypriot economy, and also lead to the green and digital transformation that Cyprus is looking forward to. Like all the other European countries.

It is a common European interest. If all countries succeed in implementing more reforms, transforming the economy, [ensuring] more investment, then Europe has a chance to move to a higher growth path.

We also talked about the topics that will be discussed in the Eurogroup – the group of 19 euro area finance ministers – in the next twelve months. The minister of Finance is at the same time a Governor of the ESM. For my institution, at the moment, we are in the final process of ratifying the new ESM treaty. In Cyprus, the parliament is acting on that. Other Member States are doing the same, so that by early next year, the new ESM Treaty can become effective and that new ESM Treaty will give us a broader mandate, including the backstop to the Single Resolution Fund and a broader monitoring role for all euro area member states, together with the European Commission.

I want to thank the Minister for a very productive discussion and I look forward to continued excellent cooperation.

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