

Transcript of interview with Klaus Regling, ESM Managing Director

Mega TV, Cyprus, 1 November 2016

(On the ongoing talks concerning the reunification of Cyprus and the doubts about the size of economic costs)

You're right to talk about the economic costs. It's very hard to be precise because it will very much depend on the details of the agreement. But we know as you mentioned that the banking sector is a particular problem. The economic structures of the two parts [of the island] are very different. We know there are problems with property issues.

(On the challenges of reunification)

From my talks with the government I understand that they are fully aware of these challenges and try to find solutions that are cost-efficient, not too expensive. And I think in general the fact that Cyprus has gone so successfully through this adjustment programme in the last three years means that Cyprus is now better prepared than a few years ago.

(On whether the ESM could provide financial assistance for Cyprus's reunification)

That's very hard to see at the moment because our mandate only allows the ESM to intervene with a programme when the euro area as a whole is at risk. And I don't think we are moving in that direction at all.

(On continuing Cyprus's good progress)

Of course, every economy, every country has some challenges, and this is also true in Cyprus. We can only encourage the government to continue to have a responsible fiscal policy, and the finance minister has assured me that this will be the case.

(On Cyprus being among the top performing economies in the euro area)

That is a success story, yes. And I can only congratulate the people for taking the pain to create a better base for future economic developments, and I can congratulate the government for implementing really difficult reforms