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Chairman's Office

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21 March, 2013

Dear colleague,

The Eurogroup's decision for the support of the Republic of Cyprus that included a bank levy on secured deposits was ill-advised, a view that it is widely shared in the international community. The rejection of the proposal by the Cypriot Parliament and the suspension of banking operations by decree of the Central Bank of Cyprus have already taken their toll on the local economy. We regret to notice that businesses are halting their activities as they are unable to perform transactions in any other form than cash, whether it is to pay suppliers or salaries.

We are gravely concerned of the possible repercussions of the Eurogroup's decision to the European banking system. Despite the Cypriot economy's small size, the implication that secured deposits in eurozone banks are no longer safe is a serious blow to the faith and trust that underpin the common currency.

The Cyprus Employers & Industrialists Federation (OEB) urges all the actors involved to reach an agreement that will safeguard the Cypriot banking system and economy. We are confident that with European support Cyprus will be able to carry out all necessary reforms and meet its obligations towards the European Union in full. Failure to reach an agreement in the next very few days will have devastating economic and social consequences for Cyprus and may escalate and threaten other European economies.

Yours sincerely,

PHILIOS ZACHARIADES
President

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