

**Address by the President of the Republic Mr. Nicos Anastasiades regarding the measures taken to support the employees and the economy**

When in the previous months one address came after the other, regarding harsh measures for combating the pandemic, only one thing was on my mind during the hours of solitary reflection: when would I be able to give back the joy and hope to my fellow citizens.

I want to confess that, like you, I have been through difficult hours and tests, not only because I missed my loved ones but also and foremost, because of the sense of responsibility towards you all.

I knew that however correct or strict and necessary were the measures we announced, they would not suffice to face effectively the threat without your volition, assistance and sacrifices.

Today I feel proud for you all because you have shown yet again that you have a strong sense of humanism, solidarity and patriotism.

Thanks to these qualities, thanks to the heroes of the first line, our excellent scientific associates, it has been possible to bring under control the spread of the disease, reduce the austere measures and gradually allow our lives to enter a new normality.

For this reason I feel the need to say a big thank you.

I personally and the State are grateful to you.

**Dear Friends,**

As in all my addresses so today I want to be very clear about what I am saying.

I said that it has been possible to control the spread of the disease but not to eradicate it.

And I say this because while the virus continues to be present in our midst and lies in wait a minority is still behaving in a way that does not abide either with social responsibility or the collective effort to rid ourselves of the consequences of the disease, forcing us to take harsh measures again.

Unfortunately, certain people, fortunately very few, for profit-making reasons, take advantage of the impetuosity of youth to breach the health protocols of the Ministry of Health.

Any reckless behaviour will not only expose the lives of our beloved persons to risks but also render the state incapable of responding to the new needs for support that will emerge.

I regret that I do not have any other choice but to be strict and plain by saying that the State, will not tolerate and it will not allow those who disregard the rules of hygiene and social responsibility to continue behaving in ways that turn against the population as a whole.

**Dear Friends,**

The consequences of the pandemic have not only threatened the health and the lives of the citizens but are also posing a danger to people's occupation and the survival of small and big enterprises while they have overturned the so far ongoing development.

As a result of proper financial management, the economic performance being recorded these last years and the easy access to international markets, the Government achieved timely strengthening of liquid assets.

This has allowed us to realise a first package of measures, amounting to a total of 1.2 billion euros aiming at:

A. The support of salaried employees or the self-employed, as well as of the small or other enterprises by covering the greater part of the payroll cost, in order to secure the employment posts.

It is a support plan, the cost of which will rise until 12 June 2020 to roughly 330 million euros.

May I note here that the support will continue to be provided for target sectors, under specific conditions, until 12 October, taking into account both the reopening of the overwhelming number of enterprises and the capabilities of the State.

B. In order to strengthen liquidity, we proceeded to take, among other, the following measures:

(i) The suspension of the repayment of loan instalments and interest as well as credit facilities for a period of 9 months

(ii) The suspension of VAT payment until the 10<sup>th</sup> November 2020.

(iii) The suspension of increased contributions to GESY.

(iv) The extension of the repayment period of outstanding social contributions.

(v) The provision of tax incentives for rent reductions.

(vi) The procedures for eviction and foreclosures have been suspended,

(vii) The price of electricity has been reduced.

C. Besides all the above, we proceeded to provide an allowance for each Cypriot student abroad amounting to 750 euros while the State has borne the costs for residence and food for the period of the compulsory isolation of all repatriated persons.

In addition, the State has undertaken the cost of conducting molecular examinations, which today exceed 100 thousand.

I would like to note that the total cost of the above measures amounts to approximately 26 million euros.

At the same time I wish to point out that in relation to the size of the Cypriot economy, the fiscal intervention in Cyprus is one of the most timely and significant among the countries of the European Union.

**Dear Friends,**

As I stated in previous addresses, the effort of the Government to support the society and the economy would be constant.

In this context, the Council of Ministers at its Meeting today, by utilizing fully all the tools provided by the European Union and European institutions, has approved a new package of measures for the support of the actual economy.

Details and a full explanation of the measures adopted by the Government will be given by the Minister of Finance at a press conference that will take place tomorrow.

As for myself, I will provide a summary of the new decisions, which provide for the following:

1. A liquidity grant amounting to 800 million euros for the financing of Small and Medium Enterprises, through the Cyprus Entrepreneurship Fund.

The beneficiaries will be small and medium enterprises with maximum personnel of 250 per enterprise.

2. For the purpose of providing loans to Cypriot small and medium enterprises and companies of medium capitalization, the Government has decided, in conjunction with the European Investment Bank, to increase the lending scheme by 500 million euros.

The beneficiaries will be enterprises which have been registered and are operating in Cyprus employing up to 3000 workers per enterprise.

3. The Council of Ministers has approved the participation of the Republic of Cyprus in the Pan-European Guarantee Fund, which has been set up to combat the consequences from the COVID-19 pandemic in the member-states of the European Union.

Cyprus is expected to draw an amount of 300 to 400 million euros from this fund for the needs of the Cypriot economy.

The beneficiaries will be Small and Medium Size enterprises and companies of Medium Capitalization, which have been hit by the pandemic.

It should be noted that the loans granted will be guaranteed by 80% by the Pan-European Guarantee Fund.

**Dear Friends,**

I wish to point out and stress that all the lending schemes have clauses for the protection of employment positions.

4. An Interest Subsidy Scheme for new business loans to enterprises, including self-employed, who are facing a lack of liquidity as a result of the pandemic. It concerns loans which have been contracted or will be contracted as of 1<sup>st</sup> March 2020 up until 31<sup>st</sup> December 2020.

The beneficiaries will be all of the enterprises and self-employed, under the basic requirement of not being considered problematic, on the basis of the definition by the European Commission.

I would like to note that this measure is in accordance with the guidelines issued by the European Commission.

The interest will be subsidized for 4 years as follows:

In the first two years the interest will be subsidized by up to 3.5 percentage units, while in the third until the fourth year the interest will be subsidized by 2 percentage units for Small and Medium Companies and 1.5 percentage units for large companies.

5. In order to support home ownership, the Council of Ministers has decided to subsidize interest for a specified period of time and for a fixed maximum loan amount.

It concerns loans contracted or to be contracted as of 1<sup>st</sup> March 2020 until 31<sup>st</sup> December 2020 and do not exceed 300 thousand euros.

The duration of the subsidy will be four years and will amount to 1.5 percentage unit of the interest.

6. Subsidy Scheme for Very Small and Small Enterprises and Self-Employed.

The aim of the plan is to cover part of the rent and the running costs. The total amount of the subsidy exceeds 100 million euros.

The grants concern 50,000 very small and small companies as well as self-employed who occupy up to 50 workers.

The amount of the lump sum grant is distributed as follows:

Self-employed and very small companies that had fully or partly suspended their activities and had joined the Special Schemes of the Ministry of Labour for the period 13 April – 12 May 2020, which employed:

- (a) Up to one person: €1250
- (b) From 2 to 5 persons: €3000
- (c) From 6 to 9 persons: €4000
- (d) From 10 to 50 persons: €6000

7. In order to strengthen recovery, the Council of Ministers has decided to instruct all competent authorities to invite immediate tenders for all development works, based on the declarations of the President or and other works, which are ripe regardless of the scheduled period of their declaration according to the state budget.

It follows that the execution of the development works is not only not suspended but also accelerated. Provided that exempt from the decision for the time being is the work concerning the building of the House of Representatives.

8. In order to strengthen the tourism sector and the connectability of Cyprus, a scheme for incentives amounting to 6.3 million euros has been additionally decided, which with the existing scheme rises to a total of 15.7 million euros to be paid until the end of the year.

9. In order to strengthen the sector of tourist accommodation and catering, the reduction of VAT has been decided from 9% to 5% for the period from 1<sup>st</sup> July 2020 until 10 January 2021.

10. In addition to the above and in order to support and strengthen the agricultural sector, an amount of 22 million euros will be made available, as the Minister of Agriculture stated yesterday.

**Dear Friends,**

I consider it important to point out that the total amount of State grants for the safety of jobs, covering part of the running costs and rents for the self-employed and companies, stands or and exceeds 430 million euros approximately.

At the same time, the possibility is afforded for drawing loans totaling to 1.7 billion euros in order to strengthen liquidity, without taking into consideration the subsidization of interest by the State for business and housing loans.

By its decisions today, the Government shows once again its determination to support the dynamic restart of the Cypriot economy.

I want to assure you that we shall with the same resolve take any other measures that may be deemed necessary, always of course, within the financial capabilities of the State.

**Dear Friends,**

I am optimistic that with today's generous support of the Government and the industry and perseverance that characterizes you, we shall overcome this crisis as well.

Certainly, as it is self-evident, the restart of the economy is intertwined with the development of the epidemiological course of the country.

This is why I want to repeat what I had said in my address of 29 April: "I shall not tire of reiterating that any progress or the risk of going backward depends on the behaviour of all of us".

For this reason I once again make an appeal to everybody:

Let us continue to show humanism and solidarity, observe the scientific safety and health instructions in this way respecting the protection of ourselves and of society as a whole.

I have trust in you all and I thank you. We shall make it.