Question for written answer P-000191/2013
to the Commission
Rule 117
Silvana Koch-Mehrin (ALDE)

Subject: Financial assistance to Cyprus

According to the German Federal Intelligence Service, banks in Cyprus hold around EUR 20.33 billion in deposits by Russian investors, which is more than Cyprus's GDP of EUR 17.3 billion. Most of this money seems to have been illegally moved abroad to evade Russian tax authorities.

According to the Central Bank of the Russian Federation, 29 % of foreign direct investment in Russia came from Cyprus in 2011. Cyprus is the biggest foreign direct investor in Russia thanks to its huge holdings of Russian money. Companies registered in Cyprus pay taxes of just 10 %.

In December 2011 Russia's Ministry of Finance agreed to provide Cyprus with a loan of EUR 2.5 billion at an interest rate of 4.5 %. This is why Cyprus has remained solvent until now.

However, in June 2012 Cyprus applied for a bailout on account of the euro crisis. Cyprus is expected to receive about EUR 17.5 billion, a small amount by comparison with other European rescues but a sum roughly equal to the country's GDP.

On 13 December 2012 the Eurogroup considered that progress had been made towards a possible macro-financial assistance programme for Cyprus, providing for a significant financial, fiscal and structural adjustment. The Eurogroup welcomed the fact that the Cypriot authorities were demonstrating their commitment to such reforms.

1. What concrete action does the Commission envisage taking to fight money laundering and close tax loopholes in Cyprus?

2. How will the Commission ensure that the money given to Cyprus is not misused by Russian investors who hold major deposits in Cypriot banks?

3. How does the Commission view the assessment that bailing out Cypriot banks essentially means bailing out Russian 'oligarchs'?