

FOCUS ON INTERNATIONAL TRADE

CYPRUS

THE FEDERAL REPUBLIC OF CYPRUS TODAY

Location	The Republic of Cyprus is an island in the eastern Mediterranean Sea, about 60 km off the south coast of Turkey and 90 km off the coast of Syria.
Size	9,251 sq. km. (3,572 sq. miles).
Population	1,295,102 (2022 est.).
Population Growth Rate	1.06% (2022 est.).
Birth Rate	10.57 births/1000(2022 est.).
Death Rate	6.94 deaths/1000 (2022 est.).
Life Expectancy at Birth	79.74 years, Male 76.93 years, Female 82.68years. (Est.2022).
Net migration rate	6.96 migrant(s)/1,000 population (2022 est.)
Literacy Rate	Total 99.1%. Male 99.5%, Female 98.7%. (Est. 2015).
Capital City	Nicosia
Other Large Cities	Limassol, Larnaca, Famagsta, Paphos etc.
Language	About 75% of the populations speak Greek and almost all of the remainder Turkish.
Religion	The Greek-speaking community is overwhelmingly Christian, and nearly all Greek Cypriots adhere to the Orthodox Church of Cyprus, while most of the Turkish Cypriots are Muslims.
Climate	The climate is mild, although snow falls in the mountainous southwest between December and March. Temperatures in Nicosia are generally between 5°C (41°F) and 36°C (97°F).
International relations	Cyprus is a member of the UN, WTO, the Commonwealth, Council of Europe, OSCE and IOM. Cyprus became a member of the EU on 1 May 2004.
Internet domain	Cy
International dialing code	+357
Currency	The unit of currency is Cyprus pound (CYP).

NATIONAL ECONOMY

Cyprus staged a strong recovery last year on the back of its successful management of the pandemic and sizeable policy support. Output returned to its pre-pandemic level and unemployment declined. The current account deficit has remained elevated but narrowed to 7¼ percent of GDP with a recovery in exports. Inflation edged up, driven mainly by higher energy prices. The fiscal deficit dropped to around 2 percent of GDP on the back of a cyclical revenue recovery. The public debt ratio has stayed high but declined to 104 percent. The liquidity in the banking sector has remained high and capital ratios broadly stable. Banks have made progress in offloading legacy non-performing loans and the effects of the pandemic on credit quality have been limited.

Growth this year will be set back by the fallout from the war in Ukraine and, with a partial recovery in exports and private consumption, is forecast at around 2 percent. It will also be supported by investment spending under the Cyprus's Recovery and Resilience Plan, which, combined with structural reforms, improves medium-term growth prospects. The current account is projected to temporarily worsen with a deterioration in the terms-of-trade and higher imports. Inflation will increase further before declining in the medium term. The slower recovery will stymie fiscal consolidation this year, but the fiscal deficit is still expected to narrow after the phase-out of Covid-related support, and the public debt ratio is set to remain on a firmly declining path.

The outlook remains highly uncertain with risks from an escalation and prolonged duration of the war and sanctions, de-anchoring of inflation expectations in advanced economies, and uncontrolled and more severe Covid outbreaks.

Executive Board Assessment

In the course of Article IV consultation between IMF and Cyprus, Executive Directors of the IMF commended the authorities for their policy response to the pandemic, which supported the recovery of output and employment. Directors noted that the pace of the recovery is expected to slow down in the near-term—mainly due to the war in Ukraine—but should regain momentum over the medium-term. However, the outlook is subject to risks, stemming from a prolonged war in Ukraine, uncontrolled COVID outbreaks, and abrupt monetary tightening in advanced economies. Directors stressed the need to calibrate a policy response to manage the pandemic and war-related shocks in the near-term, while pressing ahead with financial sector and structural reforms to reduce vulnerabilities and improve growth prospects and resilience over the medium-term.

Directors concurred that fiscal policy should continue providing support but aim to gradually rebuild buffers. They supported a gradual fiscal adjustment and emphasized that additional discretionary measures, if needed, should be temporary and well-targeted, and not hinder labor reallocation. Directors underscored the importance of fiscal discipline over the medium-term to place the public debt on a firmly declining path. They encouraged further efforts to control public sector wage growth, address risks from the National Health System, and monitor the financial sector's contingent liabilities.

Directors noted that the financial system has stayed resilient. They agreed that the authorities should enhance monitoring and address asset quality given the worsened outlook. Directors emphasized that resolving legacy non-performing loans requires more forceful implementation of existing tools, including by further improving the working environment of credit acquiring companies and credit servicing companies. They underscored the criticality of an effective foreclosure framework for addressing strategic defaulters and providing incentives for borrowers to engage in restructurings and recommended enhancing the implementation of the 2019 amendments to the framework. Directors also stressed that the planned Mortgage-to-Rent scheme should be well-targeted to minimize the fiscal cost and to ensure transparency and accountability.

Directors emphasized that structural reforms are key to raise medium-term growth potential. They welcomed the progress in implementing the Recovery and Resilience Plan, including passing legislation on corruption and on civil service and local government reforms. Directors encouraged the authorities to continue to make progress in strengthening the AML-CFT and governance frameworks, and in tackling the skills, digital, and infrastructure gaps. Reforms of the judicial system are also a priority.

Directors agreed that achieving the national climate goals can help Cyprus transition to a more resilient and sustainable growth model. They recommended continued efforts to address the challenges to implement the green agenda, including the planned green tax reform. Additional measures, including feebates, to enhance the emissions reduction could also be considered.

Cyprus: Selected Economic Indicators, 2019–23					
	2019	2020	2021	Projections	
				2022	2023
Output/Demand					
Real GDP	5.3	-5.0	5.5	2.0	3.5
Domestic demand	6.0	-2.9	2.7	2.6	3.0
Consumption	4.9	-0.7	4.9	2.0	2.6
Private consumption	3.0	-5.0	3.7	2.3	2.5
Public consumption	12.7	15.0	8.4	1.0	2.8
Gross capital formation	10.6	-11.5	-6.6	5.8	5.1
Foreign balance 1/	-0.7	-1.9	2.7	-0.4	0.5
Exports of goods and services	7.5	-5.1	13.4	5.1	4.5
Imports of goods and services	8.3	-2.5	9.5	5.5	3.9
Potential GDP growth	4.6	-1.3	4.3	2.5	3.1
Output gap (percent of potential GDP)	2.5	-1.3	-0.2	-0.6	-0.2
Prices					
HICP (period average, percent)	0.5	-1.1	2.3	5.3	2.3
HICP (end of period, percent)	0.7	-0.8	4.8	3.0	2.5
Employment					
Unemployment rate (EU standard, percent)	7.1	7.6	7.5	7.9	7.5
Employment growth (percent)	3.9	0.2	3.4	0.0	1.5
Public Finance					
General government balance	1.3	-5.7	-2.1	-1.3	-0.1
Revenue	39.7	39.3	42.1	41.0	41.2
Expenditure	38.4	45.0	44.2	42.3	41.3
Primary Fiscal Balance	3.5	-3.6	-0.3	0.5	1.4
General government debt	91.1	115.0	103.9	97.7	94.1
Balance of Payments					
Current account balance	-5.7	-10.1	-7.3	-8.2	-6.8
Trade Balance (goods and services)	0.2	-2.5	1.1	-1.1	0.3
Nominal GDP (billions of euros)	23.0	21.6	23.4	24.7	26.4
Sources: Statistical Service of the Republic of Cyprus, Central Bank of Cyprus, and IMF staff estimates.					
1/ Contribution to growth (percentage points).					

“NATIONAL ECONOMY” is based on IMF Executive Board Concludes 2022 Article IV Consultation with Cyprus June 1, 2022.

FOREIGN TRADE

Cyprus's total exports in 2016 were of the order of US\$ 3,002 million. It increased to US\$ 3,113 million in 2020. Exports during the period from 2016 to 2020, in terms of percentage, grew highest (51.54%) in 2018 and fell maximum (-30.44%) in 2019 in comparison with 2017 and 2018 respectively. The annual average compound rate of decrease worked out at 0.91%.

Imports, on the other hand, were of the order of US\$ 8,617 million in 2020 while in 2016 it was US\$ 7,874 million. Imports during the period from 2016 to 2020, in terms of percentage, grew highest (18.20%) in 2017 and fell maximum (-15.15%) in 2019 as compared to 2016 and 2018 respectively. The annual average compound rate of growth worked out at 2.28%.

Volume of trade registered an annual average (compound) rate of growth of 1.91% from US\$ 10,876 million in 2016 to US\$ 11,730 million in 2020.

Cyprus faced a deficit balance of trade payment during the said period.

Cyprus's export and import, volume and balance of trade between 2016 and 2020 along with their growth rates are given in **Table-I**.

Principal import commodities of Cyprus are consumer goods, live animals and animal products, vegetable products, prepared foodstuffs, beverages and tobacco, mineral products, products of chemical or allied industries, plastics and rubber and articles thereof, pulp, waste paper and paperboard and articles thereof, textiles and textile articles, footwear, headgear, umbrellas, prepared leathers, etc., articles of stone, plaster, cement etc., ceramic and glass products, machinery, electrical equipment, sound and television recorders, vehicles, aircraft, vessels and equipment, optical, photographic, medical, musical and other instruments, clocks and watches, base metal, and articles of base metal and wood and articles, charcoal, cork etc., and major exported items were citrus fruit, potatoes, wine, cheese cigarettes, fruit, preserved and juices, cement, clothing, footwear, medicinal and pharmaceutical products etc.

Principal trading partners of Cyprus are China PR, France, Germany, Greece, Israel, Italy, Japan, Netherlands, Russia, Spain, Syria, Taiwan, Thailand, United Kingdom, USA, Romania, Saudi Arabia and UAE etc.

There is an international airport at Nicosia, which can accommodate all types of aircraft, including jet-engined airliners. It has been closed since 1974, following the Turkish invasion. A new international airport was constructed at Larnaca, from which flights operate to Europe, the USA, the Middle East and the Gulf. Another international airport at Paphos began operations in 1983.

BILATERAL TRADE WITH INDIA

Indo-Cyprus bilateral trade in 2017-18 was of the order of Rs.73,308 lakhs. It decreased to Rs.160,6361lakhs in 2021-22. The annual compound growth rate of volume of trade during the period from 2017-18 to 2021-22 was 21.61%. India enjoyed a surplus balance of trade during the said period except the year 2018-19 (**see table II**). The average annual compound growth rates of exports and imports worked out at 12.84% and 59.09% respectively.

India's exports to, and imports from Cyprus of Merchandise Goods between 2017-18 and 2021-22 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Cyprus during 2017-18 to 2021-22, along with their growth rates are depicted in **Table III & IV** respectively.

SOME IMPORTANT LINK

Cyprus Embassy in New Delhi

Address

D- 64 Malcha Marg,
Chanakyapuri
New Delhi 110 021
India

Phone +91-11-26111156

+91-11-26111157

Fax +91-11-26111160

Website URL

http://www.mfa.gov.cy/highcom_newdelhi

India High Commission in Nicosia

No. 3, Indira Gandhi Street, Montparnasse Hill,
P.O.Box 25544
2413
Nicosia
Cyprus

Phone +357-2235-1741

+357-2235-1170

Fax +357-2235-0402

+357-2235-2062

Email hcoffice@cytanet.com.cy

hicomind@spidernet.com.cy

hciadmin@cytanet.com.cy

Website URL www.hcinicosia.gov.in

Names and addresses of the organizations engaged in Foreign Trade in Cyprus are:-

Limassol Chamber of Commerce and Industry

170 Franklin Roosevelt Str.

Limassol

+357 25662556

+357 25661655

chamberl@cytanet.com.cy

<http://kypros.com/EVEL/index.htm>

Larnaca Chamber of Commerce and Industry

Scouros Bldg 4th Floor

Larnaca

+357 4655051

+357 42462828

lcci@spidernet.com.cy

<http://www.ccci.org.cy/>

Pafos Chamber of Commerce and Industry

Leof .Athinon & Gonia Alexandrou

Pafos

+357 26 944602,

+357 26 818173

evepafos@cytanet.com.cy

<http://www.pcci.org.cy/>

Source

**The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,
BBC News, the World Fact Book, World Development Indicator, VisaHQ,
MEA, wikipedia.org, and D.G.C.I & S etc.**

"NOTICE"

**Rights of permission for reproduction in part or entirely of
these official papers published in the Indian Trade Journal is
reserved by the Directorate General of Commercial Intelligence &
Statistics, Kolkata – 700 107.**

TABLE I

CYPRUS'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE

BETWEEN 2016 TO 2020

(Figures in US MILLION DOLLARS)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2016	3002		7874		10,876		-4872
2017	3347	11.49	9307	18.20	12,654	16.35	-5960
2018	5072	51.54	10869	16.78	15,941	25.98	-5797
2019	3528	-30.44	9222	-15.15	12,750	-20.02	-5694
2020	3113	-11.76	8617	-6.56	11,730	-8.00	-5504

**Annual
Compound
Growth
Rate**

0.91

2.28

1.91

NOTE : Figures relate to calendar year, January to December.

SOURCE : *UN COMTRADE PUBLICATION*

TABLE - II**INDIA'S EXPORT TO AND IMPORT FROM CYPRUS OF MERCHANDISE
GOODS DURING 2017-2018 TO 2021-2022**

(Value in Rs. LAKHS)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2017-18	64629		8679		73308		55950.00
2018-19	49466	-23.46	273691	3053.48	323157	340.82	-224224.87
2019-20	308908	524.49	52951	-80.65	361859	11.98	255957.00
2020-21	66830	-78.37	17778	-66.43	84608	-76.62	49052.00
2021-22	104771	56.77	55590	212.69	160361	89.53	49181.00

**Annual
Compound
Growth
Rate****12.84****59.09****21.61**

NOTE : Figures relate to Financial Year April to March.
SOURCE : Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO CYPRUS
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES

(Value in Rs. LAKHS)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Petroleum Products	21830.00	10.00			47323.00	-99.95	-100.00		
	Share in total export	33.78	0.02			45.17				
2	Bulk Drugs, Drugs Intermediates	13124.00	12244.00	18567.00	18329.00	17683.00	-6.71	51.64	-1.28	-3.52
	Share in total export	20.31	24.75	6.01	27.43	16.88				
3	Residual Chemical & Allied Prod.	2702.00	3612.00	5754.00	5211.00	5258.00	33.68	59.30	-9.44	0.90
	Share in total export	4.18	7.30	1.86	7.80	5.02				
4	Drugs Formulations, Biologicals	1316.00	1304.00	3335.00	8928.00	4925.00	-0.91	155.75	167.71	-44.84
	Share in total export	2.04	2.64	1.08	13.36	4.70				
5	Products Of Iron & Steel	1772.00	1888.00	1989.00	2207.00	2965.00	6.55	5.35	10.96	34.35
	Share in total export	2.74	3.82	0.64	3.30	2.83				
6	Marine Products	2192.00	2504.00	2030.00	1648.00	2180.00	14.23	-18.93	-18.82	32.28
	Share in total export	3.39	5.06	0.66	2.47	2.08				
7	Auto Tyres & Tubes	789.00	951.00	877.00	1119.00	1968.00	20.53	-7.78	27.59	75.87
	Share in total export	1.22	1.92	0.28	1.67	1.88				
8	Organic Chemicals	1795.00	2343.00	7967.00	9060.00	1916.00	30.53	240.03	13.72	-78.85
	Share in total export	2.78	4.74	2.58	13.56	1.83				
9	Optical Items (Incl. Lens Etc.)	167.00	450.00	370.00	687.00	1768.00	169.46	-17.78	85.68	157.35
	Share in total export	0.26	0.91	0.12	1.03	1.69				
10	Iron And Steel	1396.00	1178.00	1229.00	1652.00	1637.00	-15.62	4.33	34.42	-0.91
	Share in total export	2.16	2.38	0.40	2.47	1.56				
	Total export to CYPRUS	64629.00	49466.00	308908.00	66830.00	104771.00	-23.46	524.49	-78.37	56.77

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM CYPRUS
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES

(Value in Rs. LAKHS)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth			
		2017-18	2018-19	2019-20	2020-21	2021-22	Rates 18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Ship Boat & Floating Structures		252376.00	7735.00	8.00	31687.00		-96.94	-99.90	395987.50
	Share in total imports		92.21	14.61	0.04	57.00				
2	Aluminium And Almn. Products	2085.00	2611.00	2524.00	3728.00	6781.00	25.23	-3.33	47.70	81.89
	Share in total imports	24.02	0.95	4.77	20.97	12.20				
3	Copper And Products Of Copper	1113.00	649.00	1606.00	1267.00	4141.00	-41.69	147.46	-21.11	226.84
	Share in total imports.	12.82	0.24	3.03	7.13	7.45				
4	Fertilizer Crude		2745.00	1712.00	1219.00	4020.00		-37.63	-28.80	229.78
	Share in total import		1.00	3.23	6.86	7.23				
5	Paper, Paper Board Etc.	2516.00	2526.00	1702.00	2207.00	3316.00	0.40	-32.62	29.67	50.25
	Share in total import		0.92	3.21	12.41	5.97				
6	Iron And Steel	836.00	504.00	1036.00	1208.00	2569.00	-39.71	105.56	16.60	112.67
	Share in total import	9.63	0.18	1.96	6.79	4.62				
7	Misc. Enigneering Items	232.00	817.00	832.00	569.00	1059.00	252.16	1.84	-31.61	86.12
	Share in total import	2.67	0.30	1.57	3.20	1.91				
8	Indl. Machinery For Dairy Etc.	1258.00	3247.00	948.00	592.00	397.00	158.11	-70.80	-37.55	-32.94
	Share in total import	14.49	1.19	1.79	3.33	0.71				
9	Sports Goods	43.00	205.00	216.00	115.00	261.00	376.74	5.37	-46.76	126.96
	Share in total import	0.50	0.07	0.41	0.65	0.47				
10	Products Of Iron And Steel		220.00	69.00	392.00	175.00		-68.64	468.12	-55.36
	Share in total import		0.08	0.13	2.20	0.31				
	Total import from CYPRUS	8679.00	273691.00	52951.00	17778.00	55590.00	3053.49	-80.65	-66.43	212.69

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.