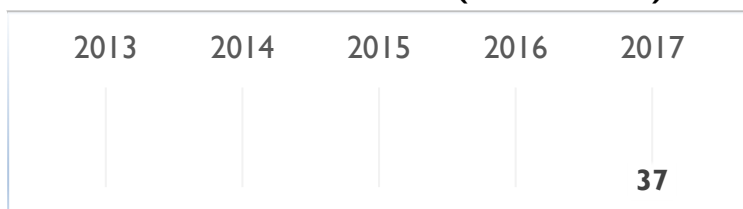


CYPRUS

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2017

- Maintaining fiscal discipline in the face of upcoming elections.
- Achieving political consensus to re-invigorate the structural reform agenda.
- Attracting productivity-enhancing investment.
- Tackling high public and private debt, and high non-performing loans.
- Addressing high unemployment, particularly youth unemployment.

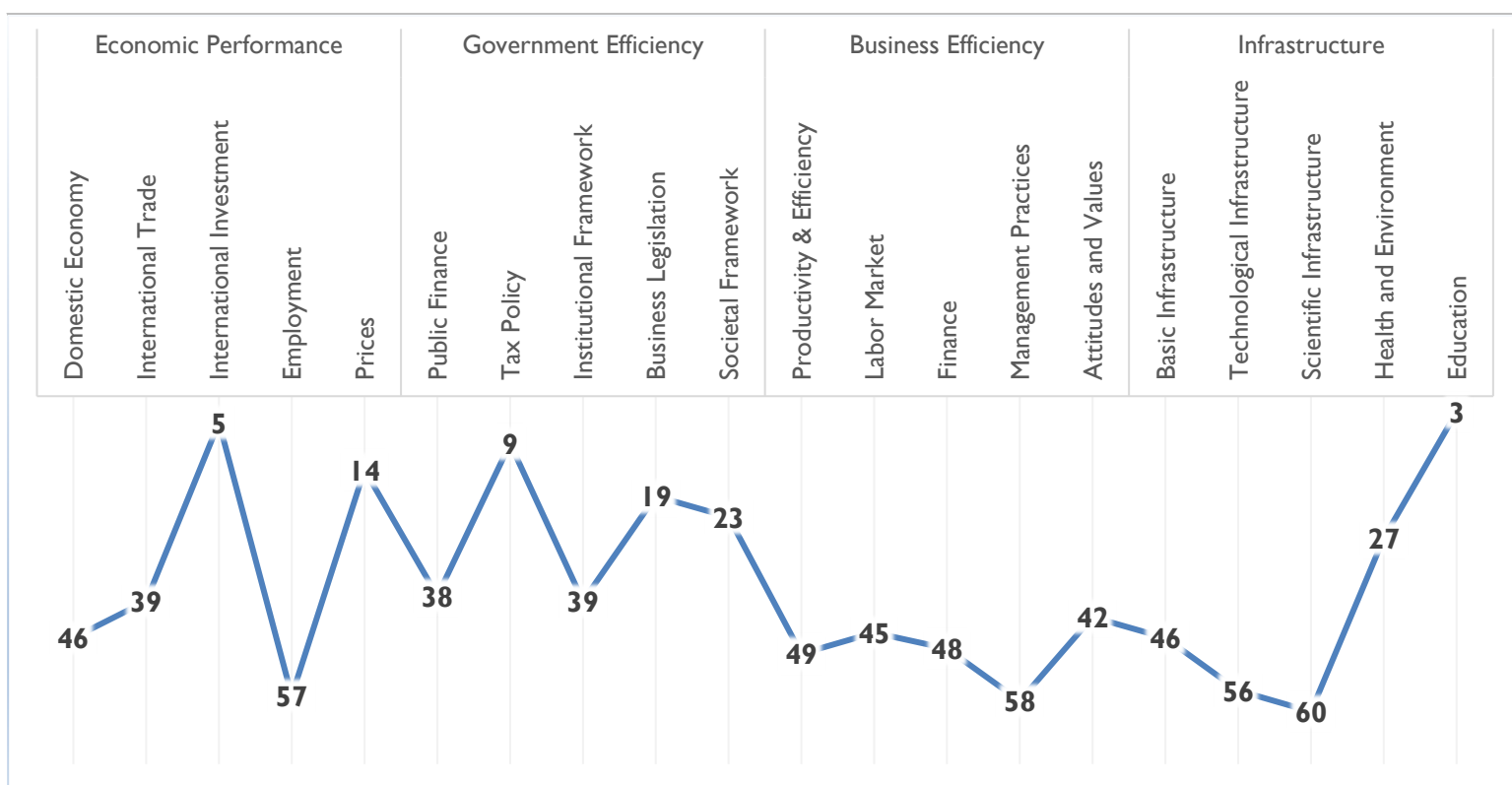
Provided by:

Economics Research Centre, University of Cyprus, Nicosia

BASIC FACTS

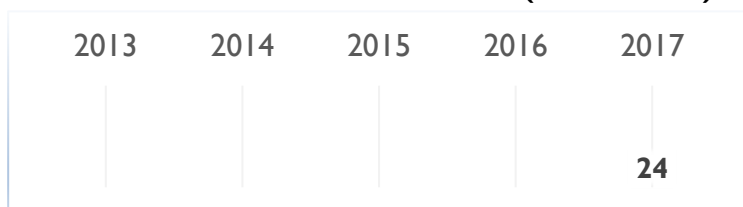
		Rank
Capital	Nicosia	
Land area (square km '000)	9 ²⁰¹⁶	
Exchange Rate (per \$)	0.904 ²⁰¹⁶	
Population - market size (millions)	0.82 ²⁰¹⁶	61
Gross Domestic Product (GDP) (US\$ billions)	19.8 ²⁰¹⁶	62
GDP (PPP) per capita (US\$)	36,077 ²⁰¹⁶	29
Real GDP growth (%)	2.8 ²⁰¹⁶	21
Consumer price inflation (%)	-1.22 ²⁰¹⁶	3
Unemployment rate (%)	13.00 ²⁰¹⁶	57
Labor force (millions)	0.42 ²⁰¹⁶	62
Current account balance (% of GDP)	-5.26 ²⁰¹⁶	60
Direct investment stocks inward (\$bn)	138.3 ²⁰¹⁵	33
Direct investment flows inward (% of GDP)	25.15 ²⁰¹⁶	4

COMPETITIVENESS LANDSCAPE

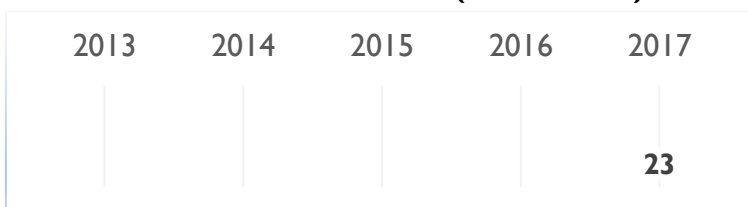


PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



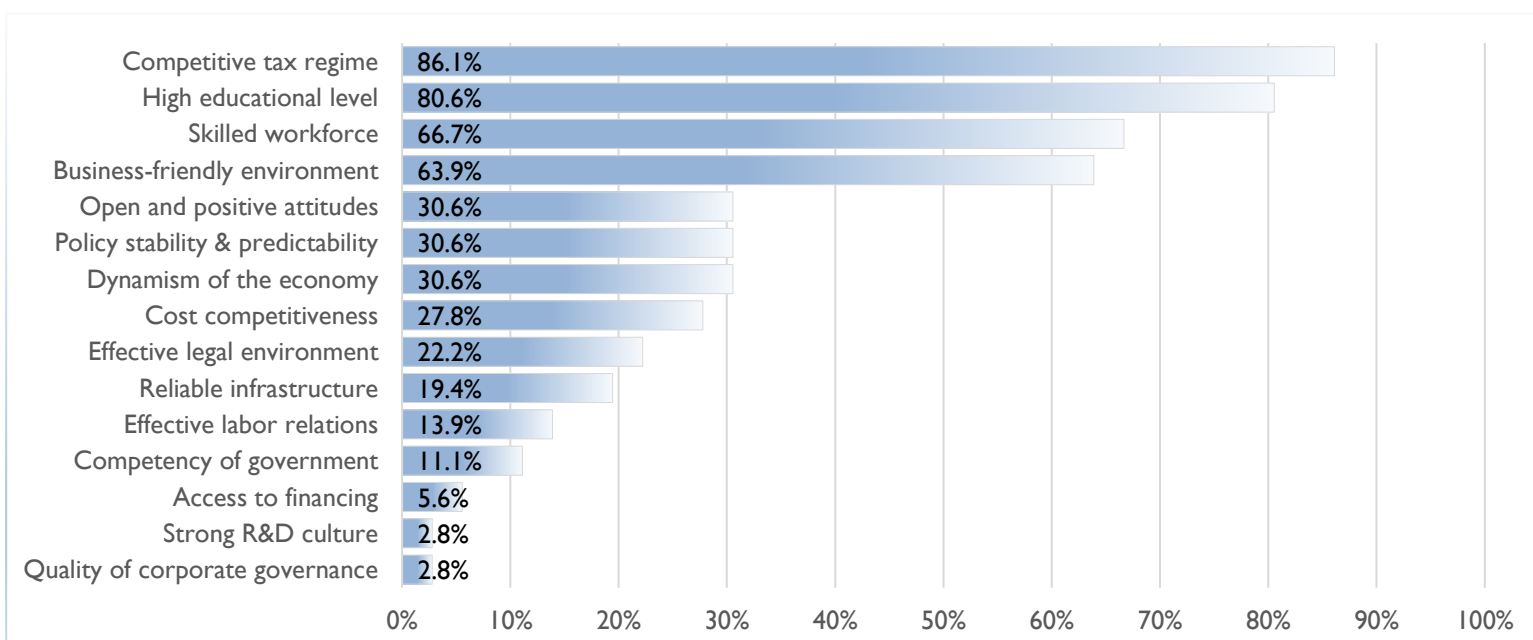
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

WCY 2017			WCY 2017				
STRENGTHS			WEAKNESSES				
	value	rank		value	rank		
1.3.04	Direct investment stocks abroad (% of GDP)	680.62	1	1.4.07	Long-term unemployment	5.80	47
1.3.08	Direct investment stocks inward (% of GDP)	706.84	1	3.3.11	Stock market capitalization (%)	13.18	53
2.2.13	Real corporate taxes	8.33	1	2.5.11	Females in parliament	12.50	54
2.5.03	Homicide	0.1	1	1.4.08	Youth unemployment	29.10	55
1.1.18	Gross fixed capital formation - real growth	25.95	2	4.3.06	Total R&D personnel	1.3	56
1.2.25	Tourism receipts	12.67	2	2.1.04	Total general government debt (%)	107.96	58
1.3.02	Direct investment flows abroad (% of GDP)	31.05	2	2.3.04	Country credit rating	38.30	58
4.5.03	Public expenditure on education per pupil	37.92	2	4.3.01	Total expenditure on R&D (\$)	110	58
3.3.01	Banking sector assets	315.51	3	4.3.04	Business expenditure on R&D (\$)	19	58
1.2.13	Exports of commercial services (%)	44.85	4	1.2.02	Current account balance	-5.26	60
1.3.06	Direct investment flows inward (% of GDP)	25.15	4	4.2.02	Mobile Broadband subscribers	29.6	60
2.2.07	Effective personal income tax rate	5.36	8	4.2.18	High-tech exports (\$)	27	61
4.5.09	Student mobility inbound	5.90	8	3.3.09	Stock markets	1.83	62
4.5.07	Higher education achievement	54.7	9	1.2.08	Exports of goods (\$bn)	1.87	63
4.5.08	Women with degrees	62.9	9	1.3.15	Relocation threats of services	2.44	63

KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



CYPRUS

ECONOMIC PERFORMANCE

2013	2014	2015	2016	2017
				28

Sub-Factor Rankings :	2016	2017
Domestic Economy	0	46
International Trade	0	39
International Investment	0	5
Employment	0	57
Prices	0	14

GOVERNMENT EFFICIENCY

2013	2014	2015	2016	2017
				22

Sub-Factor Rankings :	2016	2017
Public Finance	0	38
Tax Policy	0	9
Institutional Framework	0	39
Business Legislation	0	19
Societal Framework	0	23

BUSINESS EFFICIENCY

2013	2014	2015	2016	2017
				50

Sub-Factor Rankings :	2016	2017
Productivity & Efficiency	0	49
Labor Market	0	45
Finance	0	48
Management Practices	0	58
Attitudes and Values	0	42

INFRASTRUCTURE

2013	2014	2015	2016	2017
				40

Sub-Factor Rankings :	2016	2017
Basic Infrastructure	0	46
Technological Infrastructure	0	56
Scientific Infrastructure	0	60
Health and Environment	0	27
Education	0	3

CYPRUS

STRENGTHS

Economic Performance	Rank
1.3.04 Direct investment stocks abroad (% of GDP)	1
1.3.08 Direct investment stocks inward (% of GDP)	1
1.1.18 Gross fixed capital formation - real growth	2
1.2.25 Tourism receipts	2
1.3.02 Direct investment flows abroad (% of GDP)	2
1.3.06 Direct investment flows inward (% of GDP)	4
1.2.13 Exports of commercial services (%)	4
1.3.14 Relocation threats of R&D facilities	6
1.3.13 Relocation threats of production	9
1.5.05 Office rent	10

Government Efficiency	Rank
2.5.03 Homicide	1
2.2.13 Real corporate taxes	1
2.4.20 Redundancy costs	1
2.2.12 Real personal taxes	3
2.4.18 Unemployment legislation	6
2.2.07 Effective personal income tax rate	8
2.4.07 Investment incentives	9
2.2.11 Employer's social security contribution rate	13
2.4.08 Government subsidies	13
2.1.02 Government budget surplus/deficit (%)	13

Business Efficiency	Rank
3.3.01 Banking sector assets	3
3.2.04 Remuneration of management	6
3.2.16 Female labor force	7
3.2.19 Finance skills	18
3.2.22 Foreign highly-skilled personnel	21
3.3.06 Finance and banking regulation	24
3.2.13 Labor force (%)	25
3.1.04 Labor productivity (PPP)	26
3.2.23 International experience	26
3.2.18 Skilled labor	27

Infrastructure	Rank
4.5.03 Public expenditure on education per pupil	2
4.5.18 Language skills	6
4.5.09 Student mobility inbound	8
4.5.07 Higher education achievement	9
4.5.08 Women with degrees	9
4.1.11 Dependency ratio	9
4.5.01 Total public expenditure on education	11
4.5.05 Pupil-teacher ratio (secondary education)	13
4.4.26 Quality of life	15
4.4.11 Energy intensity	16

WEAKNESSES

Economic Performance	Rank
1.2.08 Exports of goods (\$bn)	63
1.3.15 Relocation threats of services	63
1.1.13 Diversification of the economy	62
1.2.09 Exports of goods (%)	61
1.2.02 Current account balance	60
1.4.06 Unemployment rate	57
1.4.08 Youth unemployment	55
1.1.09 Gross fixed capital formation (%)	55
1.2.12 Exports of commercial services (\$bn)	50
1.4.07 Long-term unemployment	47

Government Efficiency	Rank
2.3.04 Country credit rating	58
2.1.04 Total general government debt (%)	58
2.4.10 State ownership of enterprises	58
2.3.05 Central bank policy	53
2.4.06 Capital markets	51
2.3.07 Foreign currency reserves per capita	49
2.2.01 Collected total tax revenues	42
2.1.11 Pension funding	39
2.3.02 Cost of capital	39
2.4.11 Competition legislation	37

Business Efficiency	Rank
3.1.11 Use of digital tools and technologies	63
3.3.09 Stock markets	62
3.5.06 Digital transformation in companies	61
3.4.02 Changing market conditions	60
3.4.06 Corporate boards	60
3.4.08 Use of big data and analytics	60
3.2.11 Employee training	59
3.3.20 Corporate debt	58
3.3.18 Venture capital	58
3.4.11 Social responsibility	57

Infrastructure	Rank
4.3.25 Innovative capacity	61
4.2.02 Mobile Broadband subscribers	60
4.2.16 Funding for technological development	55
4.3.05 Business expenditure on R&D (%)	54
4.3.20 Scientific research	54
4.3.02 Total expenditure on R&D (%)	53
4.2.19 High-tech exports (%)	53
4.4.23 Sustainable development	53
4.1.15 Quality of air transportation	53
4.2.21 Cyber security	51