

# **CYPRUS**

## **Focus on Foreign Trade 2006**

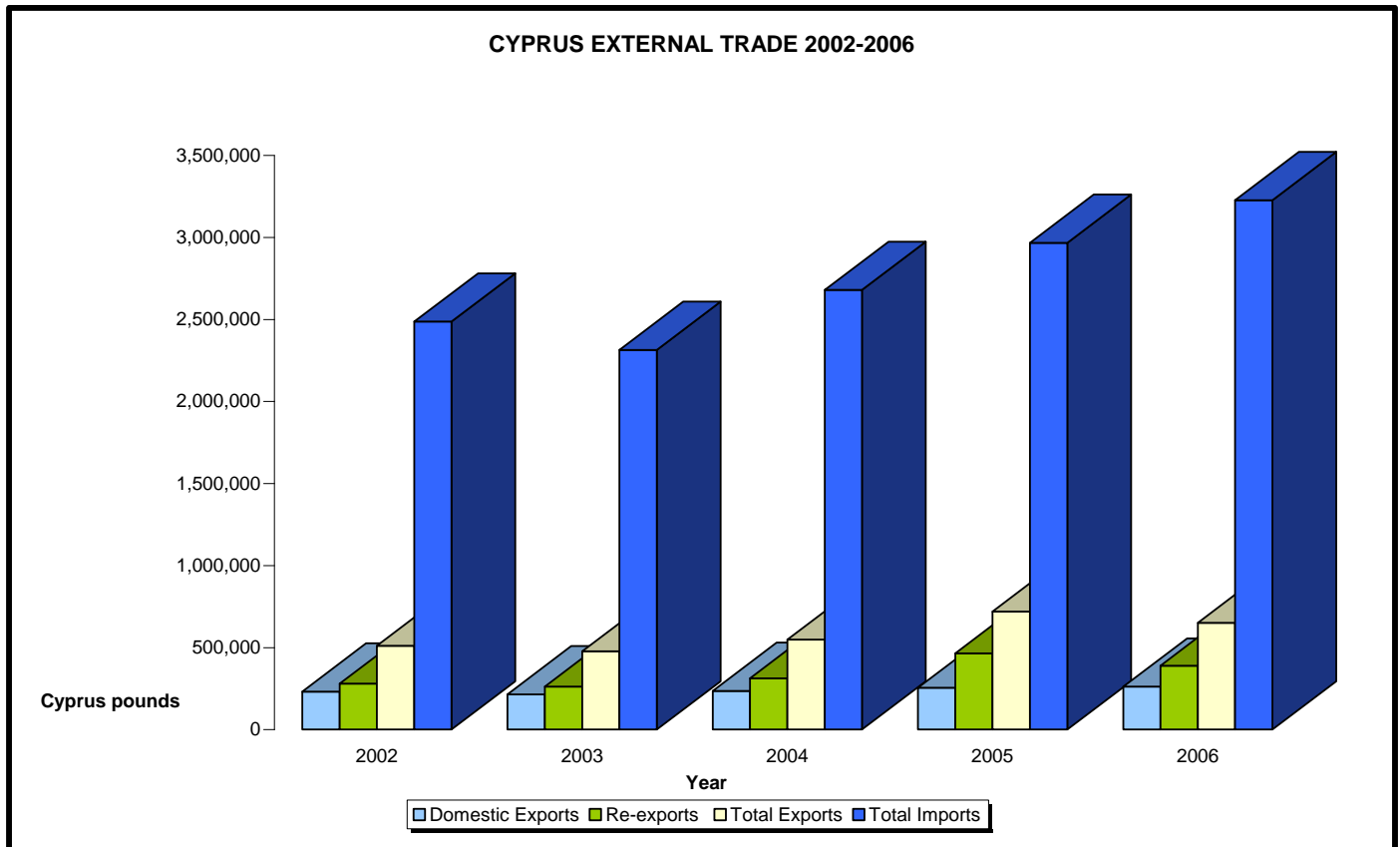
**Department of Trade  
Ministry of Commerce, Industry and Tourism**

# CYPRUS EXTERNAL TRADE DEVELOPMENTS IN 2006

## 1. INTRODUCTION

Cyprus, due to its small domestic market and the open nature of its economy, considers access to international markets as of utmost importance. As a result, trade has always been one of the main sectors of the Cyprus economy, contributing considerably to the economic growth of the island. During 2006 exports accounted for about 8% of the Country's GDP.

Furthermore, in May 2004, Cyprus made a decisive step for its further economic and political development. Entering the EU represents a formal turning point which has already affected Cyprus's international trade, fostering exports as a driving force in the economy.



During 2006 Cyprus recorded a rise in both domestic exports and imports. Domestic exports increased by 3% reaching in 2006 £261 m., in comparison with £254 m., in 2005. Total imports increased by 9% reaching £3.227 m. in 2006 from £2.967 m. in 2005. A decline of 16% has been observed however in re - exports which have dropped to £389 m. from £465 m. in 2005. (Table 1)

## 2. TOTAL IMPORTS

Total imports in 2006 reached £3.227 m., compared to £2.967 m. in 2005, showing thus an increase of about 9 %.

### 2.1 Total Imports/Arrivals by Economic Destination, (Group of Products)

Imports of consumer goods and intermediate inputs (raw materials) make up for most of the<sup>2</sup>

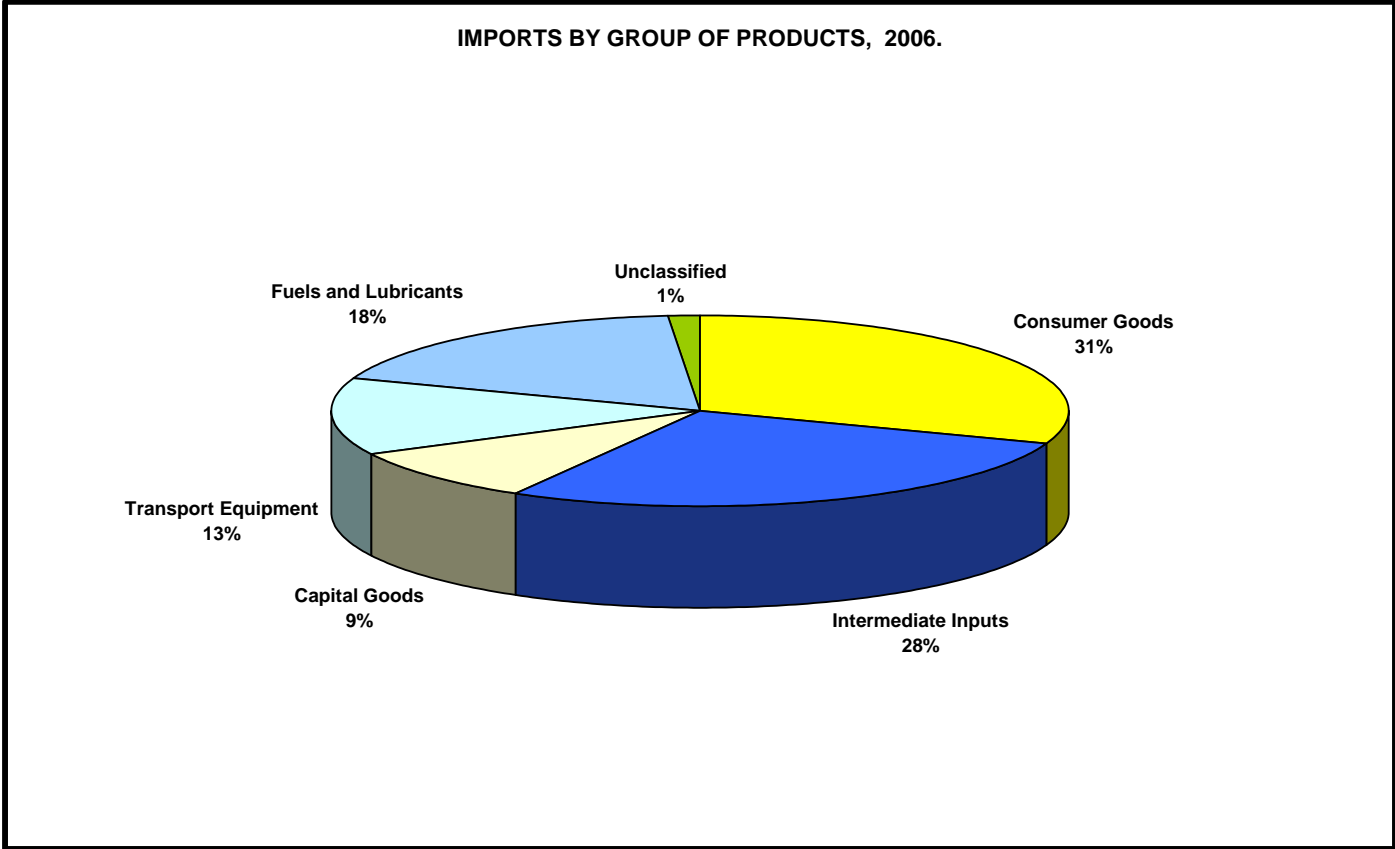
total imports, accounting for 30% and 28%, respectively. They are followed by fuels and lubricants (18%), transport equipment (13%), and capital goods (9%).

Imports of consumer goods showed an increase in 2006 and reached £985 m. from £979 m. in the previous year.

Imports of intermediate inputs (raw materials) increased during 2006 to £893 m. in comparison with £802 m. in the previous year. The overwhelming majority of the 2006 imports of intermediate inputs were raw materials for the manufacturing sector.

Imports of fuels and lubricants also showed an increase and reached £585 m. in 2006 from £481 m. in 2005.

Imports of transport equipment and parts increased as well and reached £425 m. in 2006 compared to £386 m. in 2005. Passenger motor vehicles accounted for more than half of the total transport equipment imports, followed by parts for transport equipment and motor vehicles for the transport of goods.



Imports of capital goods also increased and reached in 2006 £296 m. as compared to £271 m. in 2005. (Table 2)

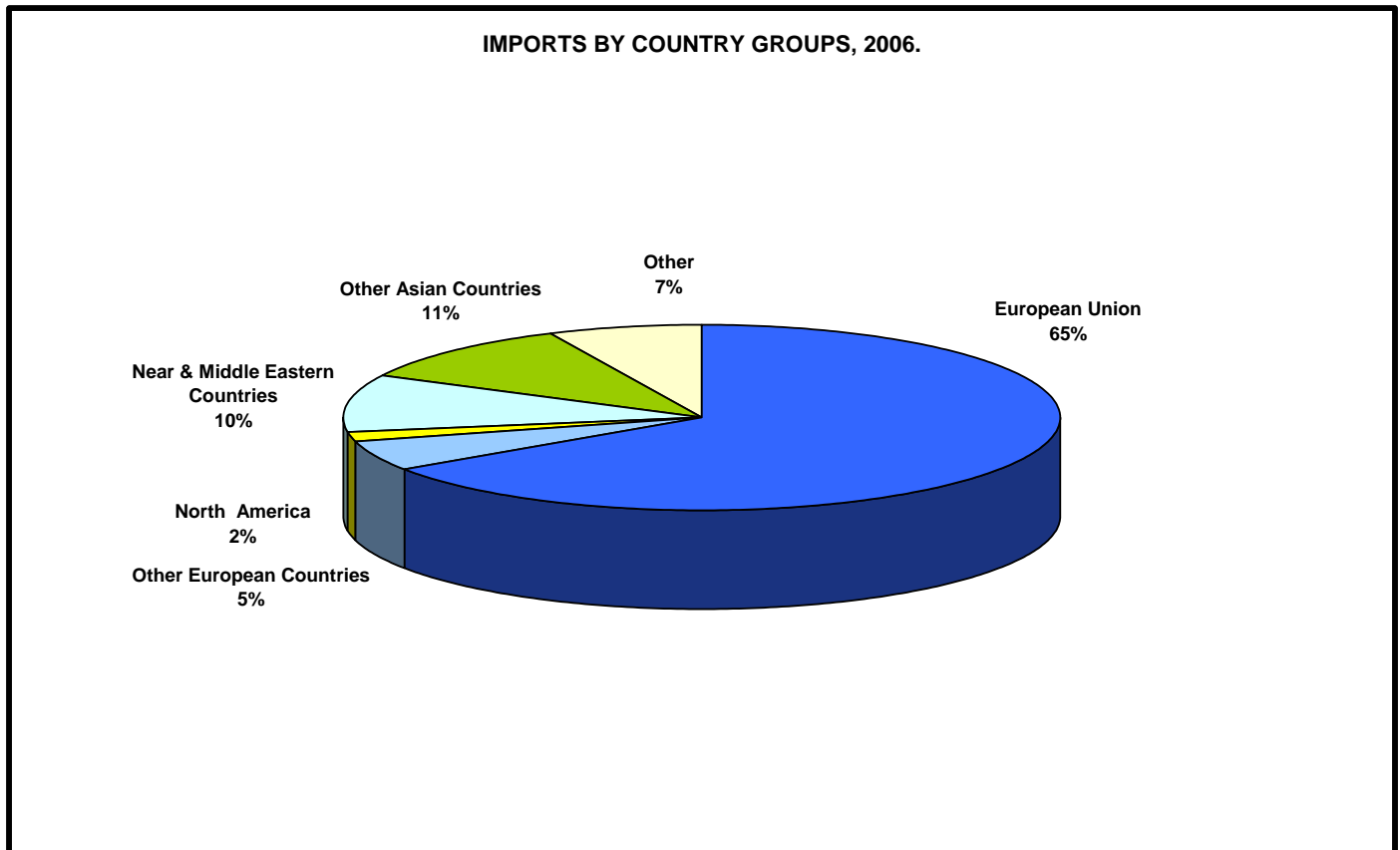
## 2.2 Geographical Origin of Imports

The European Union countries continued in 2006 to be the biggest suppliers of goods to Cyprus providing 65% of the total imports, or goods valued at £2.112 m.. The major European Union countries exporting to Cyprus were Greece, the United Kingdom, France, and the Netherlands.

The Asian countries were the second most important group of suppliers in 2006, supplying Cyprus with goods valued at £343 m. or 11% of the total. China, Japan, South Korea, India,

Taiwan and Singapore, were the most important suppliers.

Imports from Middle Eastern countries, represented in 2006 10% of total imports and accounted for £323 m.. The major supplier in this group was Israel followed by the United Arab Emirates, Georgia, Lebanon, Saudi Arabia and Kuwait.



Imports from North America have increased during 2006 and reached £56 m. from £52 m. in 2005. They account for about 2% of Cyprus' total imports. The United States is the biggest supplier from this group of countries.

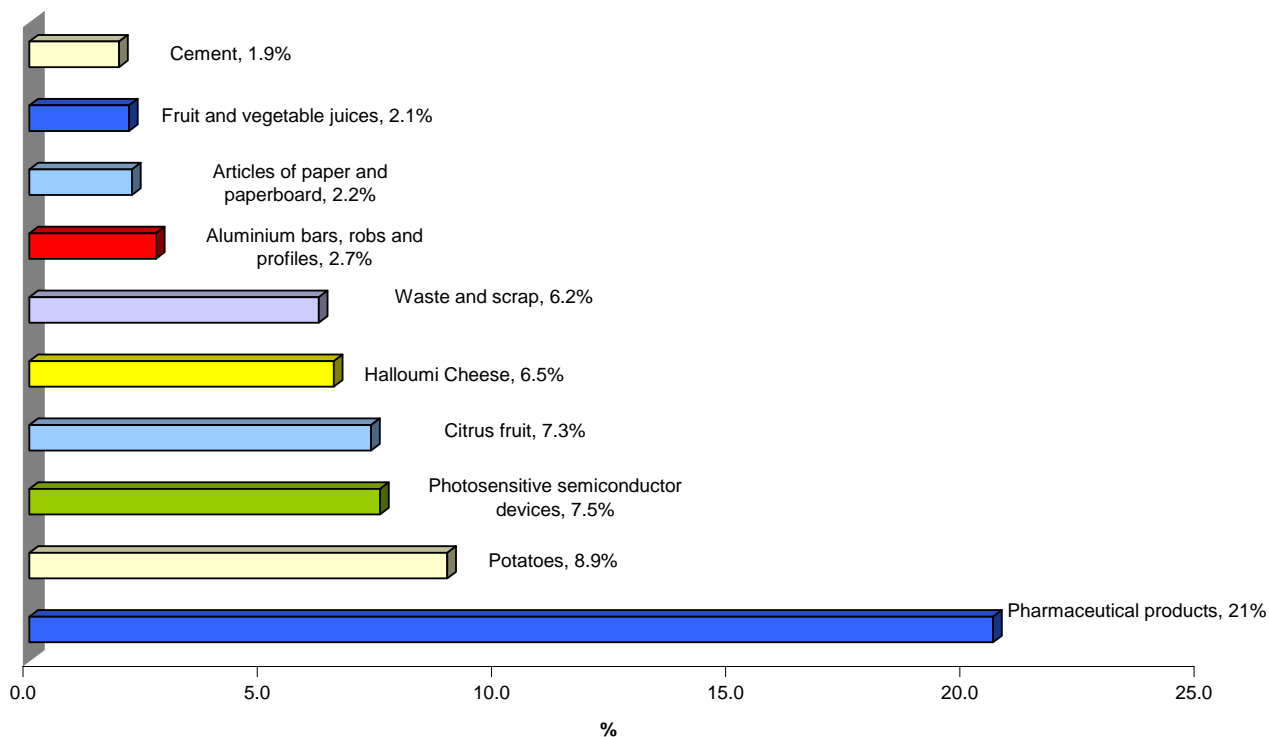
Imports from other European countries have also increased and reached £171 m. in 2006 from £142 m. in 2005 and accounted for 5% of the total. The major suppliers in this group were Bulgaria, Ukraine, Switzerland and Russia.

Imports from the rest of the world account for 7% of the total imports. They have increased to £222 m. in 2006 compared to £182 m. in 2005. (Table 3)

### **3. DOMESTIC EXPORTS**

During 2006 domestic exports (including stores and provisions) reached £261 m. from £254 m. in 2005, thus registering an increase of about 3% from the previous year. The main products exported during 2006 were pharmaceuticals, potatoes, photosensitive semiconductor devices, citrus, halloumi cheese, waste and scrap, aluminium products, paper products, fruit and vegetable juices, and cement. (Table 4)

### DOMESTIC EXPORTS 2006 - MAIN PRODUCTS



### 3.1 Exports by broad economic sector (Group of Products)

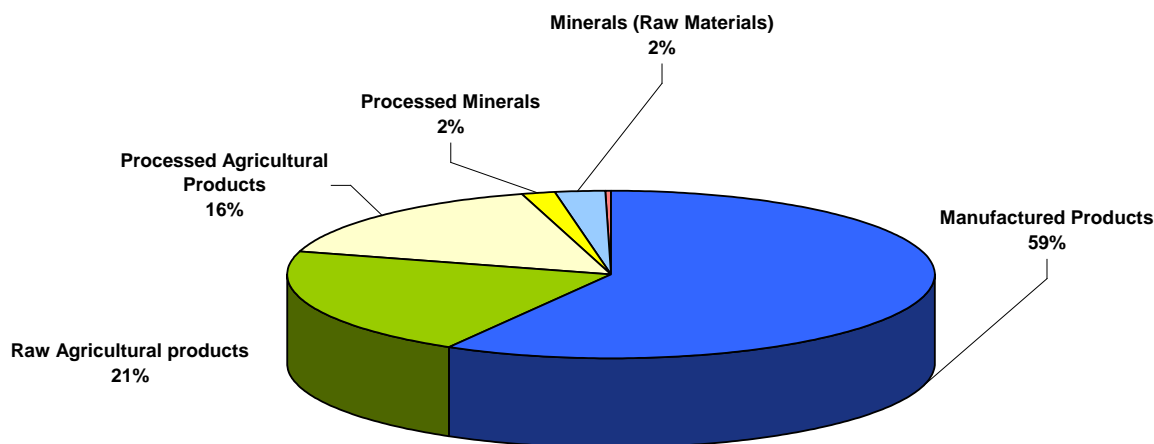
Exports of manufactured products, which constitute the bulk of Cyprus' domestic exports with a 58% share in 2006, increased to £153 m. from £134 m. in 2005.

Exports of raw agricultural products remained at about £55 m as in 2005, representing 21% of domestic exports.

Exports of processed agricultural products remained as well, at the levels of 2005 i.e. at £42 m., representing 16% of the total.

Exports of processed minerals experienced an increase and accounted for £4, 3 m. in 2006 compared to £3, 4 m. in 2005. Exports of unprocessed minerals have also increased to £6, 3 m. from £3, 0 m. in 2005. They represent 1% of total domestic exports. (Table 5)

**DOMESTIC EXPORTS BY GROUP OF PRODUCTS, 2006.**



### **3.1.1 Exports of Manufactured Products**

Exports of manufactured products (i.e. industrial products of manufacturing origin) constitute the bulk of Cyprus' domestic exports representing 58% of total exports in 2006. In 2006 they increased to £153 m., compared to £134 m. in 2005.

The most important products exported during 2006 were pharmaceuticals (£54 m.), photosensitive semiconductor devices (£20 m.), waste and scrap (£16 m.), aluminum products (£7 m.), paper products (£6 m.), and cement (£5 m). (Table 6)

### **3.1.2 Exports of Agricultural Products**

In 2006 exports of raw and processed agricultural products accounted for 21% and 16% of total domestic exports, respectively.

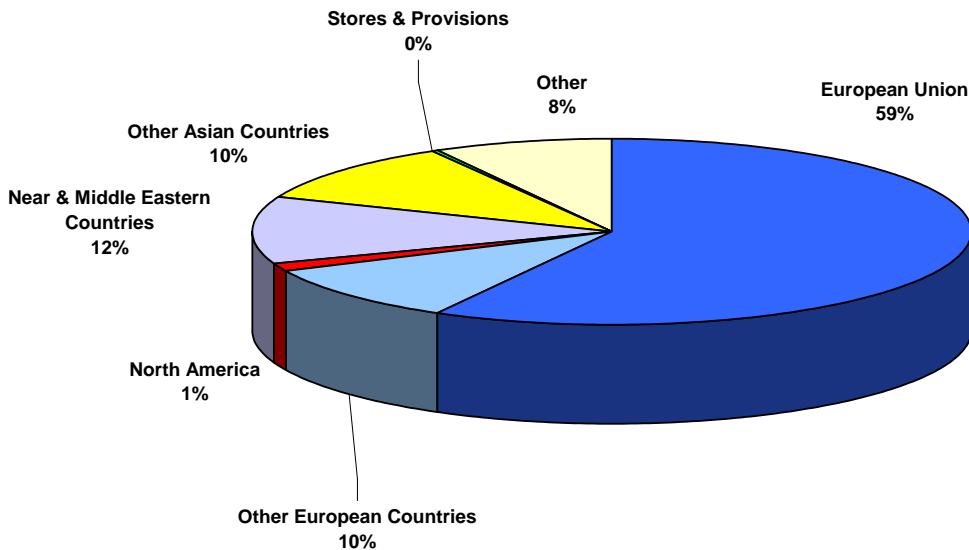
Exports of raw agricultural products during 2006 have remained at about the same levels as in 2005 i.e. around £55 m.. Potatoes, citrus fruit, and vegetables were the most important products, with exports valued at £23 m., £19 m., and £6,5 m. respectively.

Exports of processed agricultural products during 2006 have also remained at the levels of 2005, i.e. at £42 m.. Halloumi cheese, fruit and vegetable juices and wines are the main products included in this group. (Table 7)

## **3.2 Geographical Destination of Domestic Exports**

The European Union countries constitute the most important markets for Cyprus. In 2006 they absorbed 58%, or £151 m. of Cyprus' s domestic exports. The major E.U. export market for Cyprus products is the United Kingdom, followed by Greece, France, Germany and Italy.

DOMESTIC EXPORTS BY COUNTRY GROUPS, 2006.



The Near and Middle Eastern Countries, the second most important group, absorbed during 2006 about 12% of Cyprus' domestic exports. They declined to £31 m., from £32 m. in the previous year. The major markets in this group are the United Arab Emirates, Lebanon, Syria, and Saudi Arabia.

Exports to other European countries declined to £26 m. in 2006 from £27 m. in 2005, representing about 10% of Cyprus' domestic exports. The major export markets are Russia, Romania, and Switzerland.

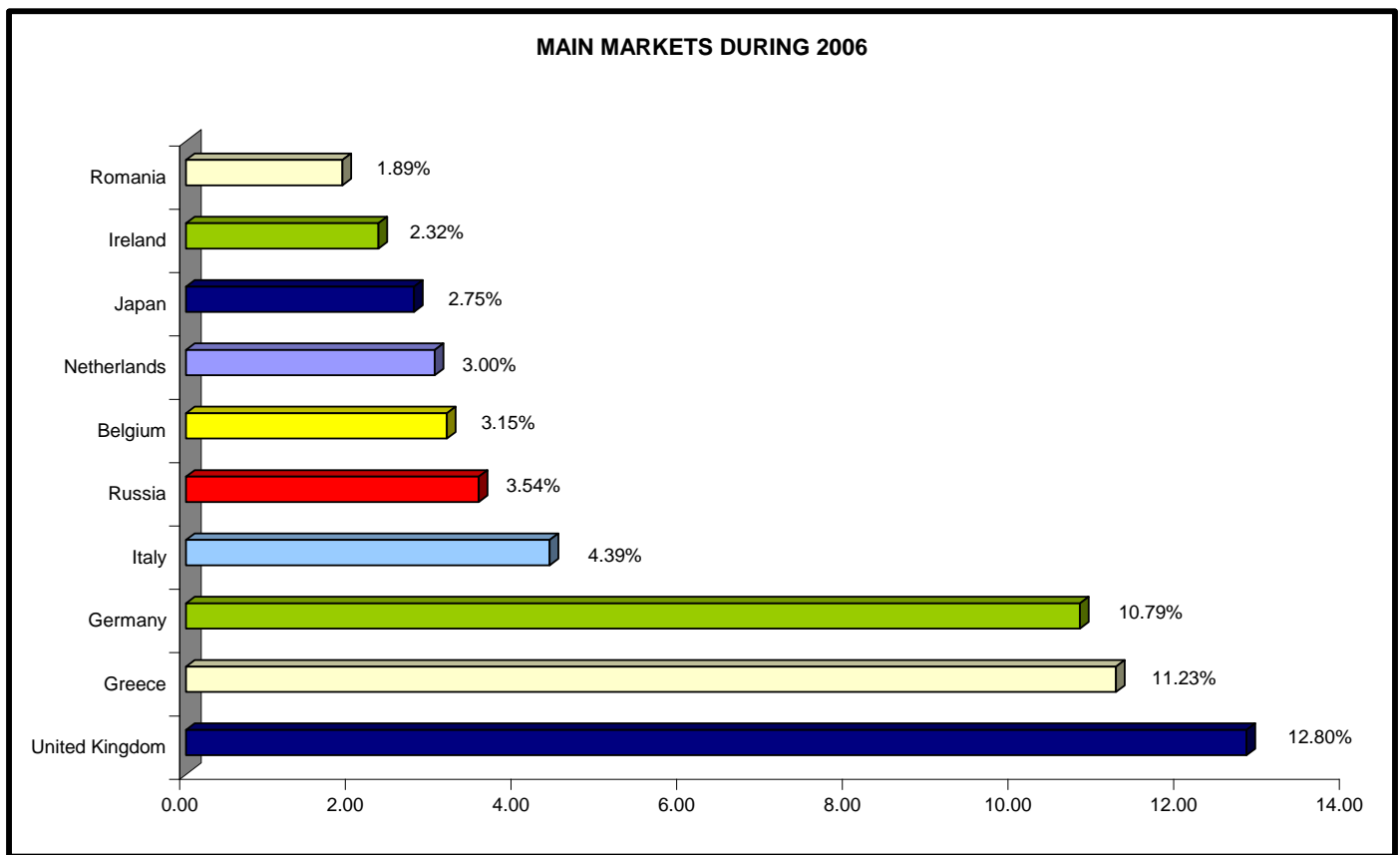
Domestic exports to other Asian Countries represent 10% of the total. During 2006 they have declined to £27 m. from £30 m. in 2005. The major markets in this group are Japan, and China.

Exports to North America, with most important export market the U.S.A., remained at about £4 m. in 2006, as was the case for 2005. Their share to the total was about 1,5%.

Exports to the rest of the world increased to £21 m. in 2006 from £19 m. in 2005 and account for 8% of total domestic exports.

Stores and provisions declined to £0, 5 m. in 2005, representing about 0, 2% of the total domestic exports. (Table 8)

On a country basis, the major markets during 2006 were the United Kingdom, Greece, Germany, Italy, and Russia. (Table 9)



#### **4. RE-EXPORTS**

A significant share in foreign exchange earnings comes from re-exports, which in 2006 reached £389 m.. They have shown a decline from the previous year where their value was £465 m..

The bulk of these re-exports, about 46%, was directed mainly towards the countries of the European Union. They were followed by Near and Middle Eastern countries which absorbed 15%, while 3% were directed to other European countries. Asian and North America countries absorbed 1% and 0,5% respectively.

#### **5. PROMOTION OF EXPORTS**

The main objective of the Ministry of Commerce, Industry and Tourism regarding the area of trade aims at the expansion of exports of goods and services. In order to achieve its goal the Ministry has developed and put into effect a plan of actions. This plan is designed in such a way as to improve the ability of the Cypriot enterprises to penetrate into foreign markets.

This plan of actions includes amongst others, the introduction of export oriented schemes, the participation in international trade fairs, the organization of business missions and seminars abroad, advertising and market research.

The Ministry operates also eleven Trade Centres, situated in carefully targeted markets. At present, the Ministry maintains centres in Austria, Egypt, France, Germany, Greece, Lebanon, Poland, Russia, the United Arab Emirates, the United Kingdom, and the U.S.A. The sole responsibility of the Trade Centres is the promotion of exports of goods and services in overseas markets. Furthermore the Trade Centres are actively involved in the promotion of Cyprus as an International Business Centre, as well as in the attraction of foreign investments.



**TABLE 1: CYPRUS EXTERNAL TRADE 2002 - 2006**

(CYP 000)

	2002	2003	2004	2005	2006	2005 - 2006 %
Domestic Exports	231,604	214,820	235,414	254,472	261,354	2.7
Re-exports	279,674	261,979	312,620	464,681	389,329	-16.2
Total Exports	511,277	476,799	548,034	719,153	650,683	-9.5
Total Imports	2,486,612	2,314,248	2,679,303	2,966,794	3,226,882	8.8
<b>Trade Balance</b>	<b>1,975,335</b>	<b>1,837,449</b>	<b>2,131,269</b>	<b>2,247,641</b>	<b>2,576,199</b>	<b>14.6</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

Notes:

- (1) Data on exports includes stores and provisions (exports to ships and aircraft).
- (2) Because of rounding there may be slight discrepancies between the totals shown and the sum of constituent items.
- (3) Revisions have been made on the 2004 data.

**TABLE 2: TOTAL IMPORTS BY GROUP OF PRODUCTS 2002 - 2006**

(CYP 000)

	2002	2003	2004	2005	2006	%
Consumer Goods	713,567	666,574	742,294	978,950	985,046	30.5
Intermediate Inputs	725,019	726,410	805,388	802,212	893,051	27.7
Capital Goods	246,830	262,928	325,529	270,977	295,979	9.2
Transport Equipment	397,201	326,800	452,245	386,176	425,468	13.2
Fuels and Lubricants	269,697	226,795	320,046	481,367	585,189	18.1
Unclassified	134,298	104,741	33,801	47,111	42,148	1.3
<b>Total Imports</b>	<b>2,486,612</b>	<b>2,314,248</b>	<b>2,679,303</b>	<b>2,966,793</b>	<b>3,226,881</b>	<b>100.0</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

**TABLE 3: TOTAL IMPORTS BY COUNTRY GROUPS 2004 - 2006**

(CYP 000)

	2004	2005	2006	%
European Union	1,735,347	1,953,593	2,111,659	65.4
Other European Countries	159,472	141,986	171,048	5.3
North America	68,396	51,671	55,914	1.7
Near & Middle Eastern Countries	208,572	303,640	322,992	10.0
Other Asian Countries	375,364	334,157	342,859	10.6
Other	132,152	181,747	222,410	6.9
<b>Total Imports</b>	<b>2,679,303</b>	<b>2,966,794</b>	<b>3,226,882</b>	<b>100</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

**TABLE 4: DOMESTIC EXPORTS (excl.stores and prov.). MAIN PRODUCTS 2006.**

(CYP 000)

<b>Product</b>	<b>2006</b>	<b>%</b>
<b>1</b> Pharmaceutical products	53,762	20.6
<b>2</b> Potatoes	23,313	8.9
<b>3</b> Photosensitive semiconductor devices	19,559	7.5
<b>4</b> Citrus fruit	19,056	7.3
<b>5</b> Halloumi Cheese	16,984	6.5
<b>6</b> Waste and scrap	16,146	6.2
<b>7</b> Aluminium bars, rods and profiles	7,059	2.7
<b>8</b> Articles of paper and paperboard	5,717	2.2
<b>9</b> Fruit and vegetable juices	5,551	2.1
<b>10</b> Cement	5,005	1.9
<b>13</b> Other products	89,202	34.1
<b>Total</b>	<b>261,354</b>	<b>100.0</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

**TABLE 5: DOMESTIC EXPORTS (excl. stores and provisions) BY GROUP OF PRODUCTS 2002 -2006**

(CYP 000)

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>%</b>
Manufactured Products	141,574	119,850	132,100	133,792	152,625	58.4
Raw Agricultural products	36,881	43,582	57,436	54,674	55,172	21.1
Processed Agricultural Products	32,932	32,694	34,081	42,484	42,277	16.2
Processed Minerals	7,397	6,689	5,479	3,401	4,308	1.6
Minerals (Raw Materials)	3,076	3,080	2,981	3,098	6,282	2.4
Unclassified	58	41	202	269	690	0.3
<b>Total Domestic Exports</b>	<b>221,918</b>	<b>205,936</b>	<b>232,278</b>	<b>237,718</b>	<b>261,354</b>	<b>100.0</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

**TABLE 6: DOMESTIC EXPORTS (excl. Stores and prov.) OF MAJOR MANUFACTURED PRODUCTS, 2002 - 2006.**

(CYP 000)

Product	2002	2003	2004	2005	2006
Coffee, roasted	176	244	248	237	284
Animal or vegetable fats and oils	3,180	2,595	1,906	1,544	1097
Sugar and Chocolate confectionery	48*	41*	267	154	134
Biscuits, waffles, wafers and other bakers wares	118**	62**	228	227	285
Cigarettes	4,545	6,839	11,858	7,916	4069
Cement	8,796	9,110	3,337	4,779	5005
Pharmaceutical products	43,107	38,742	49,645	50,428	53762
Paints	361	514	360	397	333
Perfumery and cosmetics	3,586	2,747	2,891	1,867	1854
Soap, washing preparations	728	664	718	527	827
Insecticides	325	216	230	661	201
Tubes, pipes, sheets etc. of plastics	4,622	3,010	3,313	3,337	3124
Plastic articles for packing goods	1,624	1,534	1,483	1,164	1133
Articles of paper or of paperboard	5,532	5,570	5,169	4,508	5717
Printed matter	752	694	1,895	527	400
Clothing	15,994	9,843	7,658	4,519	4185
Footwear	3,174	1,374	915	529	580
Articles of iron and steel	697	795	1,148	661	809
Aluminium bars, rods and profiles	2,775	3,150	3,868	4,035	7059
Pumps for liquids	2,382	1,115	1,123	1,403	2093
Refrigerators and freezers	1,946	1,271	1,194	175	59
Oil and air filters for motor vehicles	1,243	1,126	1,708	2,023	0
Brooms, brushes, mops, etc.	1,381	1,231	994	1,102	1254
Shotgun cartridges	783	671	811	1,261	1117
Furniture	5,922	4,240	4,189	4,822	3489
Lighting fixtures and fittings	1,192	1,030	1,192	370	608
Records, tapes and other recorded media	N/A	N/A	646	5,379	928
Photosensitive semiconductor devices	N/A	N/A	4,172	6,803	19559
Yachts and other sports and pleasure boats	N/A	N/A	1,417	1,407	1741
Animal feeding preparation	N/A	N/A	1,107	1,066	781
Waste and scrap	N/A	N/A	8,019	9,134	16146
Jewellery, goldsmiths and silversmiths wares	N/A	N/A	2,462	594	590
Machinery for filling, closing, scaling, labeling	N/A	N/A	843	1,229	957
Watering appliances for agricultural or horticultural sectors	N/A	N/A	758	767	203
Part and accessories of motor vehicles	N/A	N/A	346	439	344
Uncooked or stuffed pasta	N/A	N/A	204	283	353
All others	26751	21525	3778	7,518	11,545
<b>Total</b>	<b>141,574</b>	<b>119,850</b>	<b>132,100</b>	<b>133,792</b>	<b>152625</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

\* Chocolate confectionery

\*\* Biscuits and wafers

N/A = Not Available

**TABLE 7: DOMESTIC EXPORTS (excl. stores and provisions) OF MAJOR AGRICULTURAL PRODUCTS 2002 - 2006**

(CYP 000)

	2002	2003	2004	2005	2006
<b>Raw agricultural products</b>	36,881	43,582	<b>57,436</b>	<b>54,674</b>	55,172
Citrus fruit	18,304	19,018	22,305	20,745	19,056
Fresh Grapes	561	1,133	768	390	208
Potatoes	11,104	15,051	15,951	11,868	23,313
Other Vegetables (fresh, frozen, or dried)	4,160	4,938	5,186	6,380	6,518
Fish, crustaceans, mollusks (live, fresh, chilled or frozen)	2*	3*	2,621	13,386	4,310
Other	2,752	3,442	10,605	1,905	1,767
<b>Industrial pr. of agricultural origin</b>	<b>32,932</b>	<b>32,694</b>	<b>34,081</b>	<b>42,480</b>	<b>42,277</b>
Halloumi cheese	10,946	10,840	11,203	15,233	16,984
Cheese (excl. halloumi cheese)	1,151	1,176	909	639	626
Locust beans ( incl. Seeds)	N/A	N/A	892	949	842
Beer	N/A	N/A	735	938	1,093
Wines	5,126	6,127	5,218	5,293	2,032
Alcoholic beverages ( excl. beer and wines)	N/A	N/A	149	226	299
Fruit and vegetable juices	4,667	4,433	4,935	4,625	5,551
Meat (excl. meat of quails)	4,523	3,655	4,139	4,007	1,892
Raw Hides and skins	1,281	1,154	1,407	1,969	1,782
Fruit preserved	937	436	577	468	427
Other	4,301	4,873	3,917	8,133	10,749
<b>Total</b>	<b>69,813</b>	<b>76,276</b>	<b>91,517</b>	<b>97,154</b>	<b>97,449</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

N/A= Not available

\*= Live fish

**TABLE 8: DOMESTIC EXPORTS (including stores and provisions) BY COUNTRY GROUPS 2004- 2006**

(CYP 000)

	2004	%	2005	%	2006	%
European Union	130,731	55.5	125,927	49.5	151,380	57.9
Other European Countries	25,767	10.9	26,656	10.5	26,357	10.1
North America	4,300	1.8	3,824	1.5	3,772	1.4
Near & Middle Eastern Countries	35,527	15.1	32,331	12.7	30,773	11.8
Other Asian Countries	22,453	9.5	30,345	11.9	27,153	10.4
Stores & Provisions	3,136	1.3	16,754	6.6	583	0.2
Other	13,509	7.2	18,635	7.3	21,336	8.2
<b>Total Domestic Exports</b>	<b>235,414</b>	<b>100,0</b>	<b>254,472</b>	<b>100.0</b>	<b>261,354</b>	<b>100.0</b>

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2006. Statistical Service of Cyprus.

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