

CYPRUS

Focus on Foreign Trade 2010



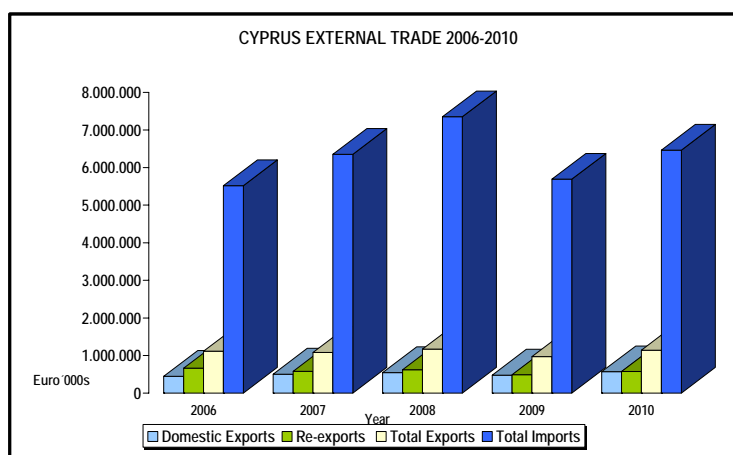
Department of Trade
Ministry of Commerce, Industry and
Tourism

CYPRUS EXTERNAL TRADE DEVELOPMENTS IN 2010

1. INTRODUCTION

Cyprus, has an exceptionally extrovert economy. Due to its small domestic market and the open nature of its economy, considers access to international markets as of utmost importance. Because of its location, Cyprus has always had strong economic ties with other countries. As a result, trade has always played a crucial role in the development of the economy. During 2010 exports accounted for about 7% of the Country's GDP.

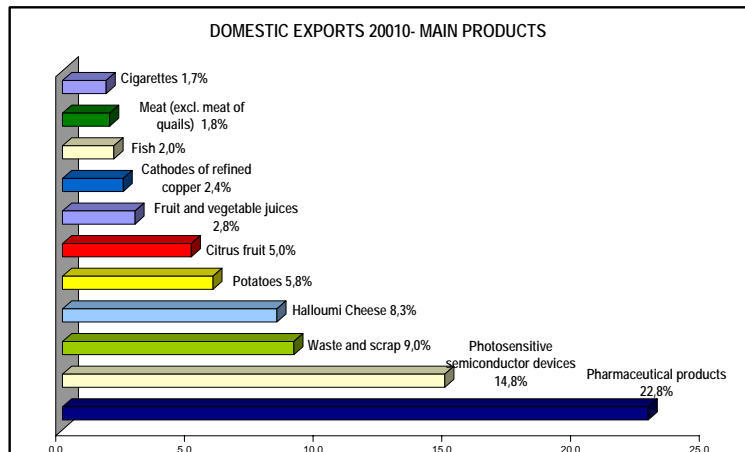
During 2010 Cyprus's total trade has increased by 14%. **Total exports** have increased by about 18% reaching €1,1 b. from €970 m. during 2009. **Total imports** have increased by 14% reaching € 6.5 b. in 2010 from €5.7 b. in 2009. **Domestic exports** have also increased by 19% reaching €569 m. compared to €479 m. in 2009. An increase of about 17% has also been observed in **re - exports** which have amounted to €575 m. from €491 m. in 2009. (Table 1)



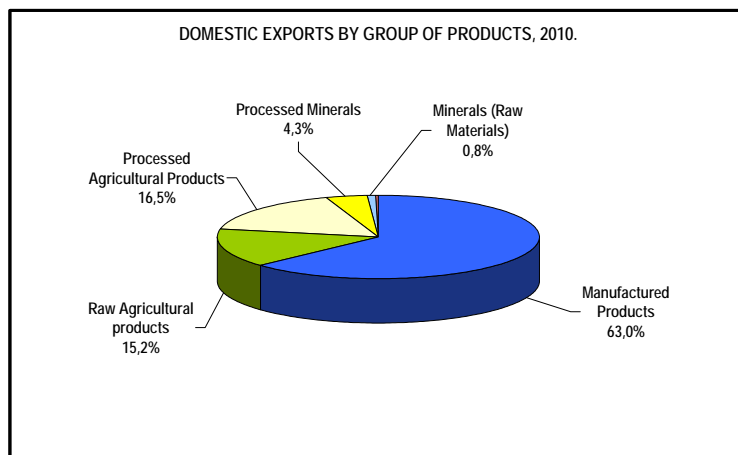
2. CYPRUS' DOMESTIC EXPORTS

During 2010 domestic exports (including stores and provisions) amounted to €569 m. from €479 m. in 2009, thus registering an increase of about 19% from the previous year. Cyprus's domestic exports cover a range of areas, the most important being the manufacturing and agricultural sectors.

The main products exported during 2010 were **pharmaceuticals**, **photosensitive semiconductor devices**, **waste and scrap**, **halloumi cheese**, **potatoes**, **citrus**, **fruit and vegetable juices**, **cathodes of refined copper**, **fish**, **meat** and **cigarettes**. (Table 2)



2.1 Exports by broad economic sector (Group of Products)



Exports of **manufactured products** which constitute the bulk of Cyprus' domestic exports with a 63% share in 2010, increased to €358 m. from €292 m. in 2009.

Exports of **processed agricultural products** during 2010 rose to about €94 m., from €80 m. in 2009,

representing 17% of total domestic exports.

Exports of **raw agricultural products** have increased as well, reaching in 2010 €86 m., compared to €83 m. in 2009. They represent 15 % of domestic exports.

Exports of **processed minerals** have increased to €25 m. in 2010 compared to €18 m. in 2009. Exports of **unprocessed minerals** have declined to €5 m. from €6 m. in 2009. They represent 4% and 1% of total domestic exports, respectively. (Table 3)

2.1.1 Exports of Manufactured Products

Exports of **manufactured products** (i.e. industrial products of manufacturing origin) constitute the bulk of Cyprus' domestic exports representing 63% of total exports in 2010. In 2010 they have increased to € 358 m., from €292 m. in 2009.

The most important manufactured products exported during 2010 were **pharmaceuticals** (€129 m.), **photosensitive semiconductor devices** (€84 m.), **waste and scrap** (€51 m.), **cigarettes** (€10 m.), **plastic products** (€6 m.), **paper products** (€5 m.), **aluminum products** (€4 m.), **animal feeding** (€4 m.) and **shotgun cartridges** (€4 m.). (Table 4)

2.1.2 Exports of Agricultural Products

In 2010 exports of raw and processed agricultural products accounted for 17% and 15% of total domestic exports, respectively.

Exports of **raw agricultural products** during 2010 amounted to €86 m.. **Potatoes, citrus fruit, fish and vegetables** were the most important products, with exports valued at €33 m., €28 m., €11 m. and €8 m. respectively.

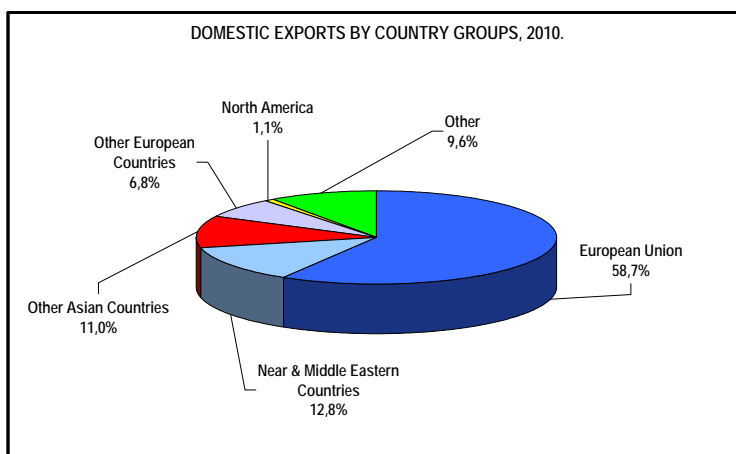
Exports of **processed agricultural products** during 2010 experienced an increase compared to 2009, and reached €94 m.. **Halloumi cheese, fruit and vegetable juices, meat, raw hides and skins and wines** are the main products included in this group. (Table 5)

2.2 Direction of Domestic Exports

The **European Union** is by far the most important market area for Cyprus. In 2010 no less than 59%, or (€334 m.) of Cyprus' s domestic exports were absorbed by the E.U. countries. The major E.U. export market for Cyprus products is **Germany**, followed by **Greece**, the **United Kingdom**, and **Italy**.

The **Near and Middle Eastern Countries**, the second most important group, absorbed during 2010 about 13% of Cyprus' domestic exports. They increased to €72 m., from €66 m. in the previous year. The major markets in this group are **Israel**, the **United Arab Emirates**, **Lebanon**, **Saudi Arabia** and **Qatar**.

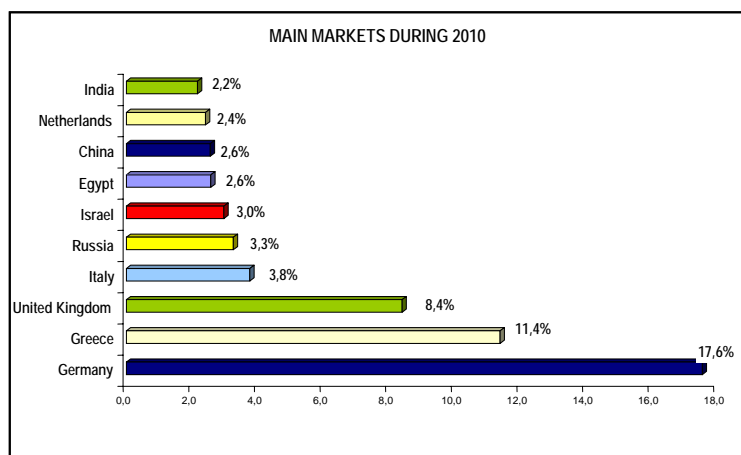
Exports to **other Asian countries** have increased to €63 m. in 2010 from €53 m. in 2009, representing about 11% of Cyprus' domestic exports. The major export markets in this group are **China, India, Hong Kong and Vietnam**.



Domestic exports to other **European Countries** represent 7% of the total.

During 2010 they have increased to €39 m. from €26 m. in 2009. The major markets in this group are **Russia, Ukraine, Albania and Norway**.

Exports to **North America**, with most important export market the **U.S.A.**, increased to €6 m. in 2010 from, €4 m. in 2009. Their share to the total was about 1%.



Exports to the **rest of the world** have increased to €55 m. in 2010 from €47 m. in 2009 and account for 10% of total domestic exports.

Stores and provisions declined to €0, 2 m. in 2010 representing about 0% of total domestic exports. (Table 6)

On a country basis, the major markets during 2010 were **Germany, Greece, the United Kingdom, Italy, Russia, Israel, Egypt, China, Netherlands and India**. (Table 7)

3. RE-EXPORTS

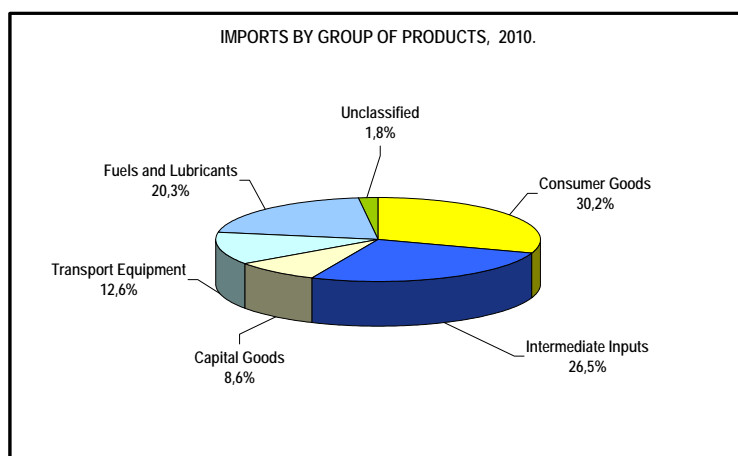
A significant share in foreign exchange earnings comes from re-exports, which in 2010 reached €575 m.. They have shown an increase from the previous year where their value was €491 m..

The bulk of these re-exports, about 44%, 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 **Asian countries**. **Other European Countries, South America and South African countries** absorbed about 2%.

4. CYPRUS' IMPORTS

Total imports in 2010 reached €6.464 m., compared to €5.692 m. in 2009, showing thus an increase of about 14 %.

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



Imports of **consumer goods** and **intermediate inputs** (raw materials) make up for most of the total imports, accounting for 30% and 27% respectively. They are followed by **fuels and lubricants** (20%), **transport equipment** (13%) and **capital goods** (9%).

Imports of **consumer goods** showed an increase in 2010 and reached €1.948 m. from €1.914 m. in the previous year.

Imports of **intermediate inputs** (raw materials) also increased during 2010 to €1.710 m. in comparison with €1.555 m. in the previous year. The overwhelming majority of the 2010 imports of intermediate inputs were raw materials for the manufacturing sector.

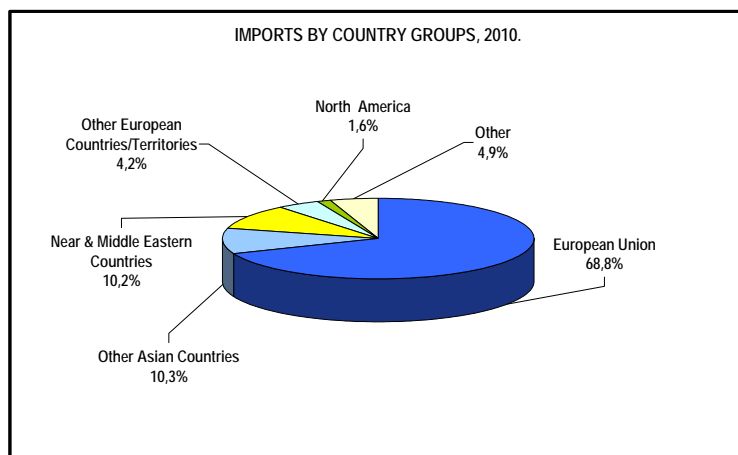
Imports of **fuels and lubricants** also showed an increase and reached €1.311 m. in 2010 from €996 m. in 2009.

Imports of **transport equipment** and parts increased as well and reached €817 m. in 2010, compared to €562 m. in 2009. Passenger motor vehicles, parts for transport equipment and motor vehicles for the transport of goods, account for most of the imports in this group.

Imports of **capital goods** have declined and reached in 2010 €556 m. as compared to €655 m. in 2009. (Table 8)

4.2 Geographical Origin of Imports

The European Union countries continued in 2010 to be the biggest suppliers of goods to Cyprus providing 69% of the total imports, or goods valued at €4.444 m.. The major European Union countries exporting to Cyprus were **Greece, Italy, Germany and the United Kingdom**.



The **Asian countries** were the second most important group of suppliers in 2010 supplying Cyprus with goods valued at €663 m. or 10% of the total. **China, Japan, Thailand, South Korea, India, and Taiwan** were the most important suppliers.

Imports from **Middle Eastern** countries, represented in 2010 10% of total imports and accounted for €660 m.. The major supplier in this group was **Israel** followed by **Georgia, the United Arab Emirates, Kuwait, Saudi Arabia, Lebanon, Qatar and Syria**.

Imports from **other European countries** have also increased and reached €274 m. in 2010 and accounted for 4% of the total. The major suppliers in this group were **Switzerland, Ukraine, Russia and Belarus**.

Imports from **North America** during 2010 amounted to €102 m. They account for only 2% of Cyprus' total imports. The **United States** is the biggest supplier from this group of countries.

Imports from the **rest of the world** account for 5% of the **total imports**. They have increased to €316 m. in 2010 compared to €204 m. in 2009. (Table 9)

5. PROMOTION OF EXPORTS

The main objective of the Ministry of Commerce, Industry and Tourism regarding the area of trade is 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 involves much more than advertising and includes amongst others, the introduction of export oriented schemes, the participation in international trade fairs, the organization of business missions and seminars abroad, public relations 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 2006 - 2010

						€'000s
	2006	2007	2008	2009	2010	2009 -2010 %
Domestic Exports	446.915	505.290	545.355	479.368	568.890	18,7
Re-exports	665.753	577.379	622.015	491.078	575.373	17,2
Total Exports	1.112.668	1.082.669	1.167.370	970.447	1.144.263	17,9
Total Imports	5.517.968	6.353.445	7.349.049	5.691.779	6.460.934	13,5
Trade Balance	-4.405.300	-5.270.776	-6.181.679	-4.721.332	-5.316.671	

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

Notes:

(1) Data on exports includes stores and provisions (exports to ships and aircraft).

TABLE 2: DOMESTIC EXPORTS (excl.stores and prov.). MAIN PRODUCTS 2010.

		€'000s	
Product	2010	%	
1 Pharmaceutical products	129.438	22,8	
2 Photosensitive semiconductor devices	84.480	14,8	
3 Waste and scrap	51.140	9,0	
4 Halloumi Cheese	47.370	8,3	
5 Potatoes	33.267	5,8	
6 Citrus fruit	28.447	5,0	
7 Fruit and vegetable juices	16.029	2,8	
8 Cathodes of refined copper	13.417	2,4	
9 Fish	11.347	2,0	
10 Meat (excl. meat of quails)	10.432	1,8	
11 Cigarettes	9.645	1,7	
12 Other products	133.878	23,5	
Total	568.890	100,0	

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

TABLE 3: DOMESTIC EXPORTS (excl. stores and provisions) BY GROUP OF PRODUCTS 2006 -2010

	€'000s					
	2006	2007	2008	2009	2010	%
Manufactured Products	260.989	283.377	317.586	291.688	357.955	63,0
Raw Agricultural products	94.344	120.091	116.646	82.679	86.345	15,2
Processed Agricultural Products	72.294	69.752	79.464	79.964	93.503	16,5
Processed Minerals	7.366	19.032	23.722	18.016	24.598	4,3
Minerals (Raw Materials)	10.742	11.938	7.216	6.136	4.707	0,8
Unclassified	185	46	83	144	1.281	0,2
Total Domestic Exports	445.920	504.236	544.717	478.627	568.389	100,0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

TABLE 4: DOMESTIC EXPORTS (excl. stores and prov.) OF MAJOR MANUFACTURED PRODUCTS, 2006-2010

	€ '000s				
Product	2006	2007	2008	2009	2010
Coffee, roasted	486	460	382	457	564
Animal or vegetable fats and oils	1.876	1.950	2.111	1.278	1.483
Sugar and Chocolate confectionery	229	126	154	155	164
Biscuits, waffles, wafers and other bakers wares	487	844	748	743	665
Cigarettes	6.958	7.103	6.155	10.682	9.645
Cement	8.559	2.018	0	1.620	484
Pharmaceutical products	91.933	103.943	122.579	108.019	129.438
Paints	569	441	372	349	464
Perfumery and cosmetics	3.170	3.105	2.859	2.730	2.243
Soap, washing preparations	1.414	1.565	1.648	1.268	1.330
Insecticides	344	270	818	668	1.217
Tubes, pipes, sheets etc. of plastics	5.342	5.830	5.657	5.526	6.246
Plastic articles for packing goods	1.937	1.669	1.045	943	943
Articles of paper or of paperboard	9.776	6.766	5.675	4.709	5.477
Printed material	684	547	435	236	316
Clothing	7.156	6.582	5.164	3.332	2.569
Footwear	992	600	679	482	234
Articles of iron and steel	1.383	2.189	2.123	1.774	2.821
Aluminium bars, rods and profiles	12.071	13.665	9.682	4.209	3.902
Pumps for liquids	3.579	3.195	2.459	3.209	1.027
Refrigerators and freezers	101	31	76	4	30
Brooms, brushes, mops, etc.	2.144	2.209	1.201	1.304	1.276
Shotgun cartridges	1.910	2.792	3.015	3.167	3.644
Furniture	5.966	4.796	4.198	4.580	7.280
Lighting fixtures and fittings	1.040	863	373	535	674
Records, tapes and other recorded media	1.587	1.873	1.005	97	8
Photosensitive semiconductor devices	33.446	45.099	58.346	57.421	84.480
Yachts and other sports and pleasure boats	2.977	3.253	2.084	1.730	1.534
Animal feeding preparation	1.336	1.683	1.424	2.393	3.706
Waste and scrap	27.610	28.763	35.106	29.900	51.140
Jewellery, goldsmiths and silversmiths wares	1.009	805	858	1.369	867
Machinery for filling, closing, scaling, labeling	1.636	2.542	2.311	3.195	843
Watering appliances for agricultural or horticultural sectors	347	56	0	0	0
Part and accessories of motor vehicles	588	444	981	1.251	231
Uncooked or stuffed pasta	604	619	910	776	1.060
All others	19.743	24.681	34.953	31.577	29.950
Total	260.989	283.377	317.586	291.688	357.955

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

TABLE 5: DOMESTIC EXPORTS (excl. stores and provisions) OF MAJOR AGRICULTURAL PRODUCTS 2006-2010

	€ '000s				
	2006	2007	2008	2009	2010
Raw agricultural products	94.344	120.091	116.646	82.679	86.345
Citrus fruit	32.586	29.248	29.286	23.112	28.447
Fresh Grapes	356	200	418	491	511
Potatoes	39.865	55.902	47.000	38.094	33.267
Other Vegetables (fresh, frozen, or dried)	11.146	10.009	9.217	8.783	8.207
Fish, crustaceans, mollusks (live, fresh, chilled or frozen)	7.370	8.391	8.598	9.051	11.347
Other	3.021	16.341	22.127	3.148	4.566
Industrial pr. of agricultural origin	72.294	69.752	79.464	79.964	93.503
Halloumi cheese	29.043	31.155	34.907	41.207	47.370
Cheese (excl. halloumi cheese)	1.070	1.468	1.342	858	1.083
Locust beans (incl. Seeds)	1.440	906	1.045	1.258	2.000
Wines	3.936	5.191	3.429	2.863	2.350
Fruit and vegetable juices	9.492	12.353	11.248	10.753	16.027
Beer	1.869	1.726	1.411	526	505
Alcoholic beverages (excl. beer and wines)	511	489	421	375	330
Meat (excl. meat of quails)	3.235	6.050	12.549	10.040	10.432
Raw Hides and skins	3.047	2.992	3.555	2.749	3.370
Fruit preserved	730	581	520	326	152
Other	17.921	6.841	9.037	9.009	9.884
Total	166.638	189.843	196.110	162.643	179.848

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010 Statistical Service of Cyprus.

TABLE 6: DOMESTIC EXPORTS (including stores and provisions) BY COUNTRY GROUPS 2006-2010

	€ '000s			
	2009	%	2010	%
European Union	282.085	49,6	333.735	58,7
Near & Middle Eastern Countries	65.947	11,6	72.745	12,8
Other Asian Countries	52.828	9,3	62.559	11,0
Other European Countries	26.201	4,6	38.936	6,8
North America	4.405	0,8	6.144	1,1
Stores & Provisions	741	0,1	201	0,0
Other	47.070	8,3	54.563	9,6
Total Domestic Exports	479.277	0,0	568.883	0,0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

TABLE 7: MAIN MARKETS FOR DOM. EXPORTS DURING 2010.

	COYNTRY	€'000s	%
1	Germany	99.873	17,6
2	Greece	64.825	11,4
3	United Kingdom	47.824	8,4
4	Italy	21.423	3,8
5	Russia	18.555	3,3
6	Israel	16.916	3,0
7	Egypt	14.650	2,6
8	China	14.551	2,6
9	Netherlands	13.709	2,4
10	India	12.312	2,2

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

TABLE 8: TOTAL IMPORTS BY GROUP OF PRODUCTS 2006 - 2010

	€'000s					
	2006	2007	2008	2009	2010	%
Consumer Goods	1.684.429	1.834.477	2.039.561	1.914.402	1.948.240	30,2
Intermediate Inputs	1.527.117	1.848.912	2.126.354	1.555.326	1.710.134	26,5
Capital Goods	506.124	571.479	661.481	654.852	555.808	8,6
Transport Equipment	727.550	1.013.746	1.044.694	561.937	816.937	12,6
Fuels and Lubricants	1.000.673	1.071.198	1.450.018	996.222	1.311.262	20,3
Unclassified	72.075	13.633	26.941	9.040	118.553	1,8
Total Imports	5.517.968	6.353.445	7.349.049	5.691.779	6.460.934	100,0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

TABLE 9: TOTAL IMPORTS BY COUNTRY GROUPS 2005 - 2009

	€'000s					
	2006	2007	2008	2009	2010	%
European Union	3.610.937	4.336.498	4.914.758	4.085.104	4.444.416	68,8
Other Asian Countries	586.289	775.375	893.615	637.645	663.740	10,3
Near & Middle Eastern Countries	552.316	578.497	798.080	483.546	659.977	10,2
Other European Countries/Territories	292.492	198.712	316.822	181.701	274.202	4,2
North America	95.613	88.469	139.164	99.670	102.007	1,6
Other	380.321	375.894	286.610	204.113	316.592	4,9
Total Imports	5.517.968	6.353.445	7.349.049	5.691.779	6.460.934	100,0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2010. Statistical Service of Cyprus.

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