

CYPRUS

Focus on Foreign Trade 2005

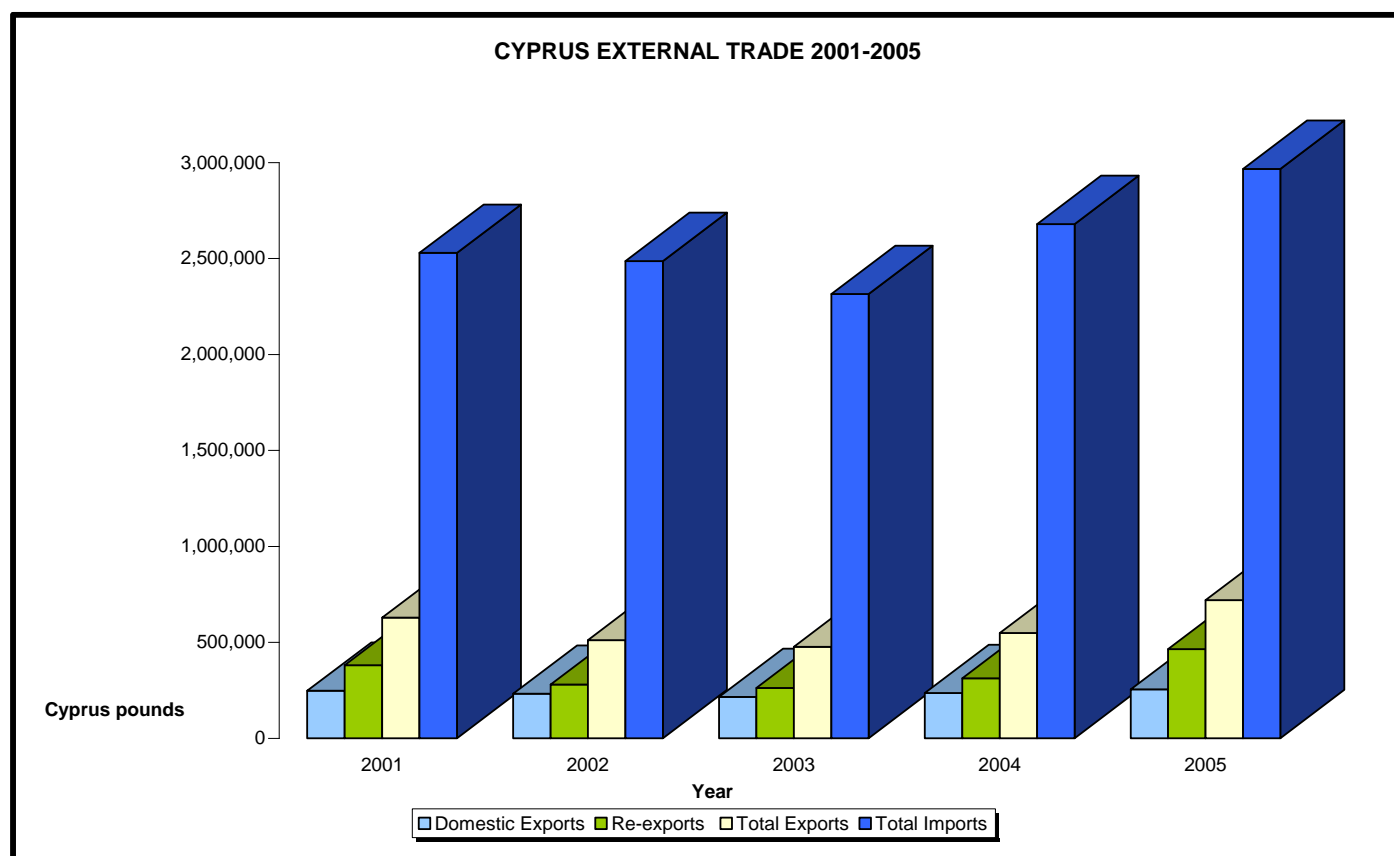
**Department of Trade
Ministry of Commerce, Industry and Tourism**

CYPRUS EXTERNAL TRADE DEVELOPMENTS IN 2005

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 2005 exports accounted for about 9% of the Country's GDP.

Furthermore, in May 2005, 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 2005 Cyprus recorded a rise in both exports and imports. Domestic exports increased by 8% reaching in 2005 £254 m., in comparison with £235 m., in 2004. Re-exports increased by 48% and reached £465 m. from £313 m. in 2004. Total imports increased by 11% reaching £2.967 m. in 2005 from £2.679 m. in 2004. (Table 1)

2. TOTAL IMPORTS

Total imports in 2005 reached £2.967 m., compared to £2.679 m. in 2004, showing thus an increase of about 11 %.

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

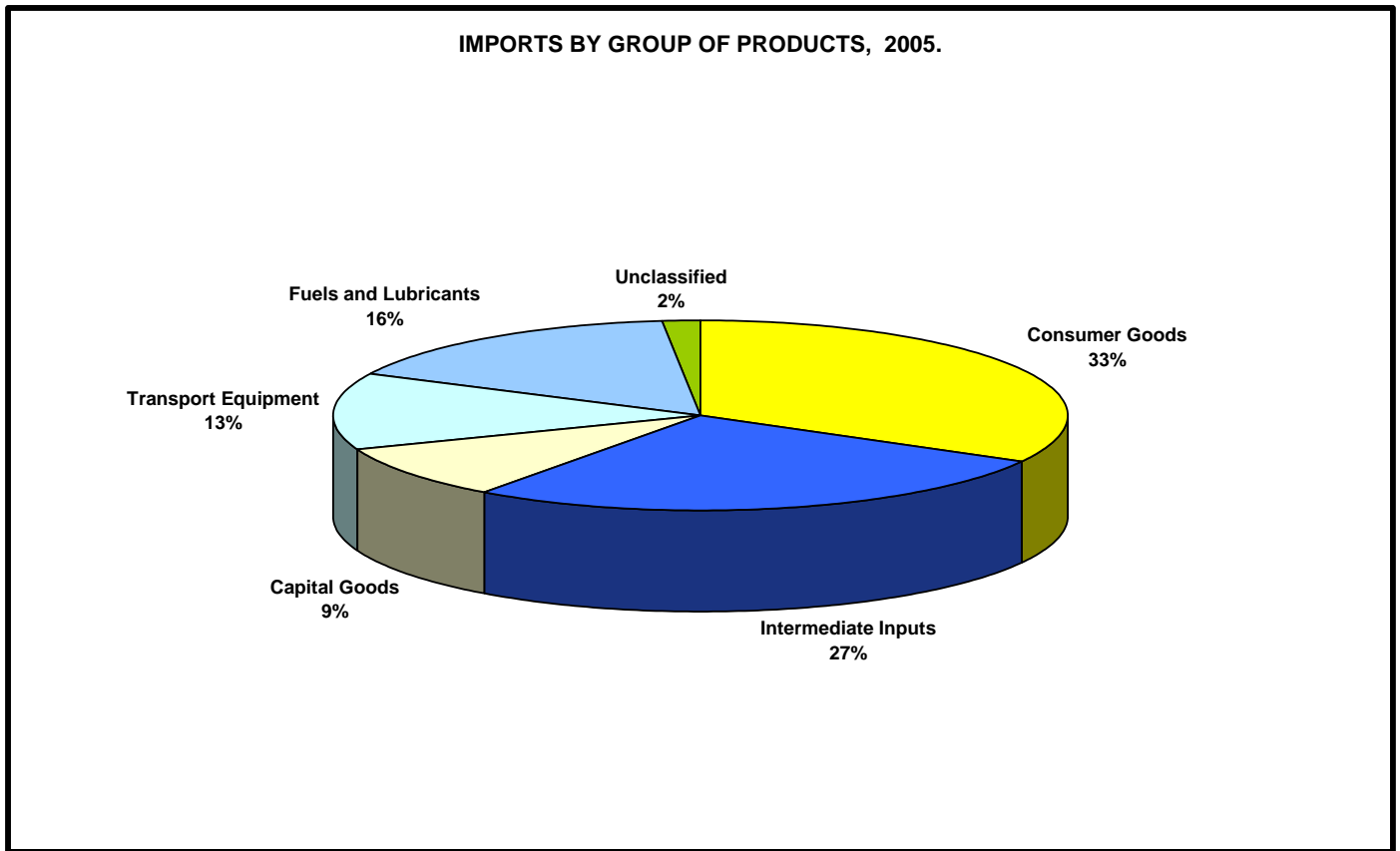
Imports of consumer goods and intermediate inputs (raw materials) make up for most of the total imports, accounting for 33% and 27% of the total imports, respectively. They are followed by fuels and lubricants (16%), transport equipment (13%), and capital goods (9%).

Imports of consumer goods showed an increase in 2005 and reached £979 m. from £742 m. in the previous year.

Imports of fuels and lubricants also showed an increase and reached £481 m. in 2005 from £320 m. in 2004.

Imports of intermediate inputs (raw materials) declined during 2005 to £802 m. in comparison with £805 m. in the previous year. The overwhelming majority of the 2005 imports of intermediate inputs were raw materials for the manufacturing sector.

Imports of capital goods also declined and reached in 2005 £271 m. as compared to £325 m. in 2004.



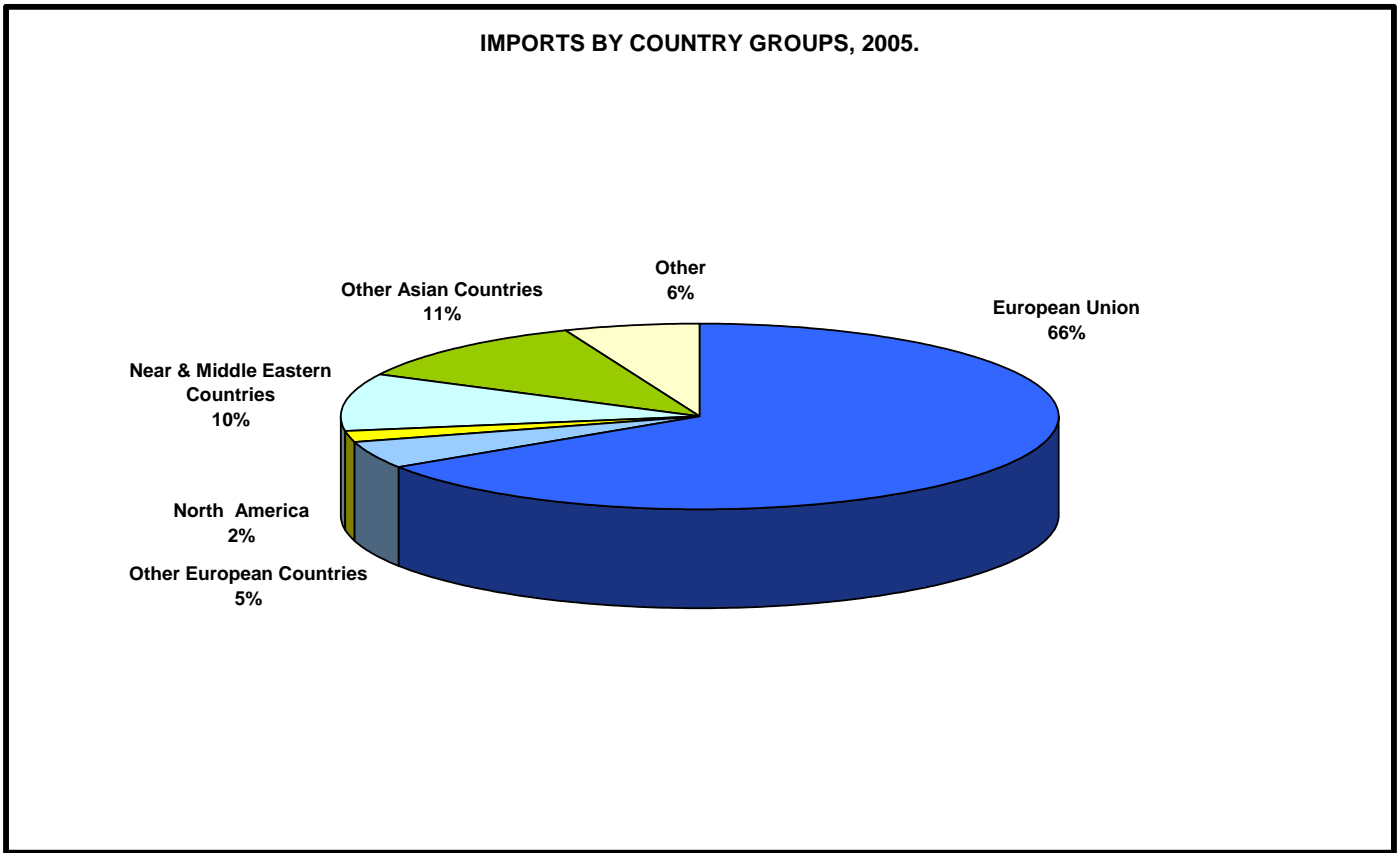
Imports of transport equipment and parts declined as well and reached £386 m. in 2005 compared to £452 m. in 2004. Passenger motor vehicles accounted for more than half of the total transport equipment imports, followed by parts for transport equipment and motor vehicles for the transport of goods. (Table 2)

2.2 Geographical Origin of Imports

The European Union countries continued in 2005 to be the biggest suppliers of goods to Cyprus providing 66% of the total imports, or goods valued at £1.954 m.. The major European Union countries exporting to Cyprus were Greece, Italy, Germany, the United Kingdom, and the Netherlands.

The Asian countries were the second most important group of suppliers in 2005, supplying Cyprus with goods valued at £334 m. or 11% of the total. China , Japan, Israel, South Korea, Thailand, Taiwan Singapore, and India were the most important suppliers.

Imports from Middle Eastern countries, represented in 2005 10% of total imports and accounted for £304 m.. The major supplier in this group was Israel followed by the United Arab Emirates.



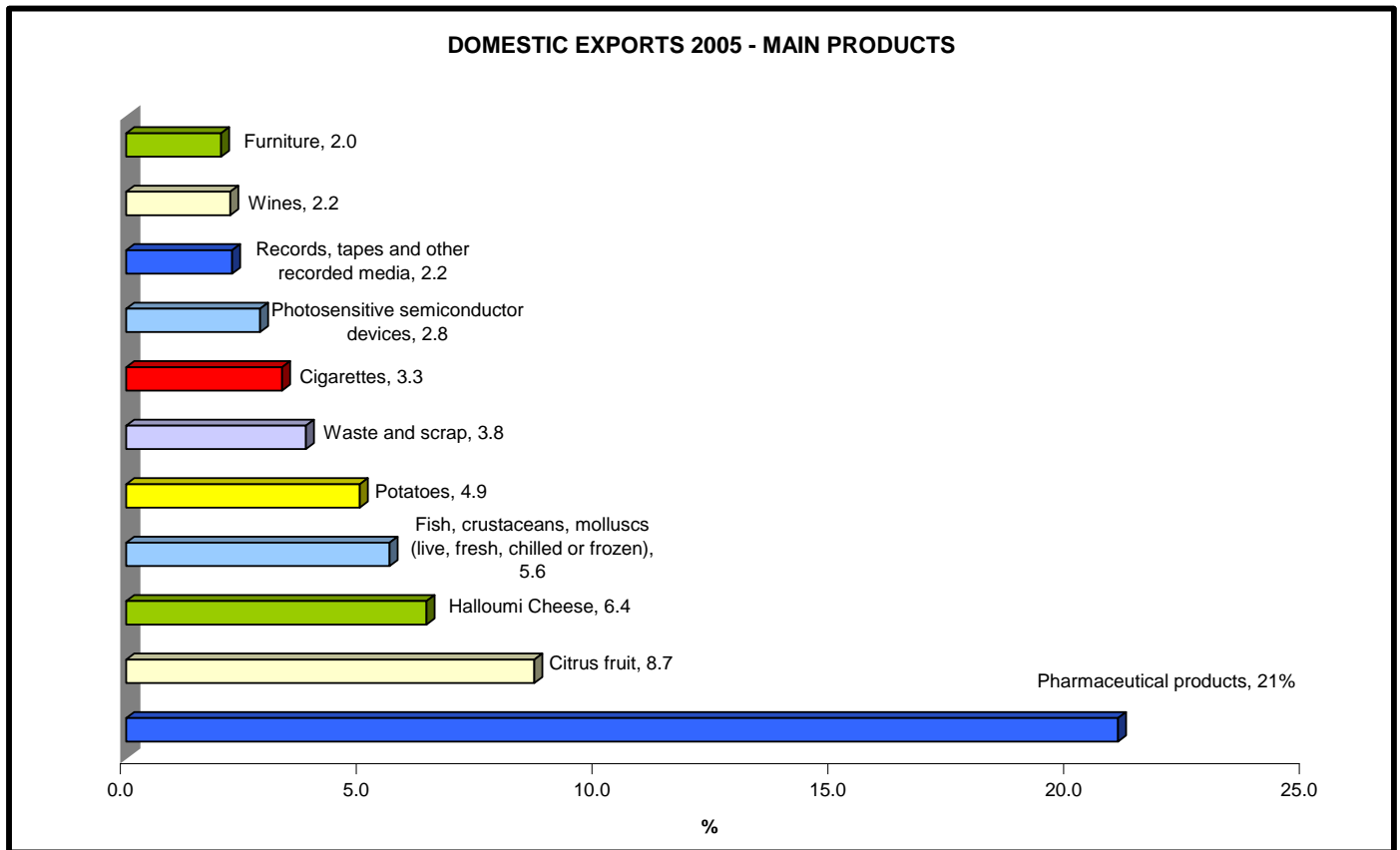
Imports from North America have declined during 2005 to £52 m. from £68 m. in 2004 and represent about 1,7% of Cyprus' total imports. The United States is the biggest supplier from this group of countries.

Imports from other European countries have declined to £142 m. in 2005 from £159 m. in 2004 and accounted for 5% of the total. The major suppliers in this group were Russia, Ukraine, Switzerland and Bulgaria.

Imports from the rest of the world account for 6% of the total imports. They have increased to £182 m. in 2005 compared to £132 m. in 2004. (Table 3)

3. DOMESTIC EXPORTS

During 2005 domestic exports (including stores and provisions) reached £254 m. from £235 m. in 2004, thus registering an increase of almost 8% from the previous year. The main products exported during 2005 were pharmaceuticals, citrus, halloumi cheese, fish and potatoes. (Table 4)



3.1 Exports by broad economic sector (Group of Products)

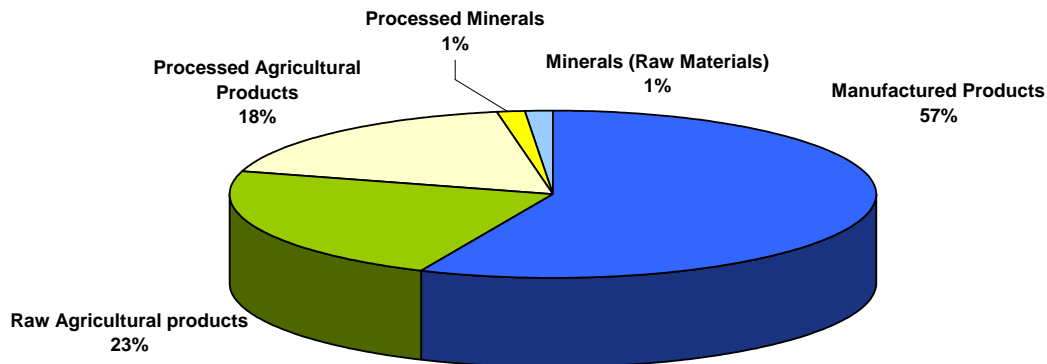
Exports of manufactured products, which constitute the bulk of Cyprus' domestic exports with a 57% share in 2005, increased to £136 m. from £132 m. in 2004.

Exports of processed agricultural products increased as well, and reached £42 m., representing 18% of the total.

Domestic exports of raw agricultural products declined to £55 m. compared to £57 m. in 2004, representing 22% of domestic exports.

Exports of processed minerals experienced a decline and accounted for £3,4 m in 2005 compared to £5,5 m in 2004. Exports of unprocessed minerals remained at about the same levels as in 2004, i.e. around £3,0 m representing 1% of total domestic exports. (Table 5)

DOMESTIC EXPORTS BY GROUP OF PRODUCTS, 2005.



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 57% of total exports in 2005. In 2005 they increased to £136 m., compared to £132 m. in 2004.

The most important products exported during 2005 were pharmaceuticals (£50 m.), waste and scrap (£9 m.), cigarettes (£8 m.), photosensitive semiconductor devices (£7 m.), records and tapes (£5 m.), furniture (£4,8 m.), cement (£4,8 m.), clothing (£4,5 m.), paper products (£4,5 m.), and aluminum products (£4 m.). (Table 6)

3.1.2 Exports of Agricultural Products

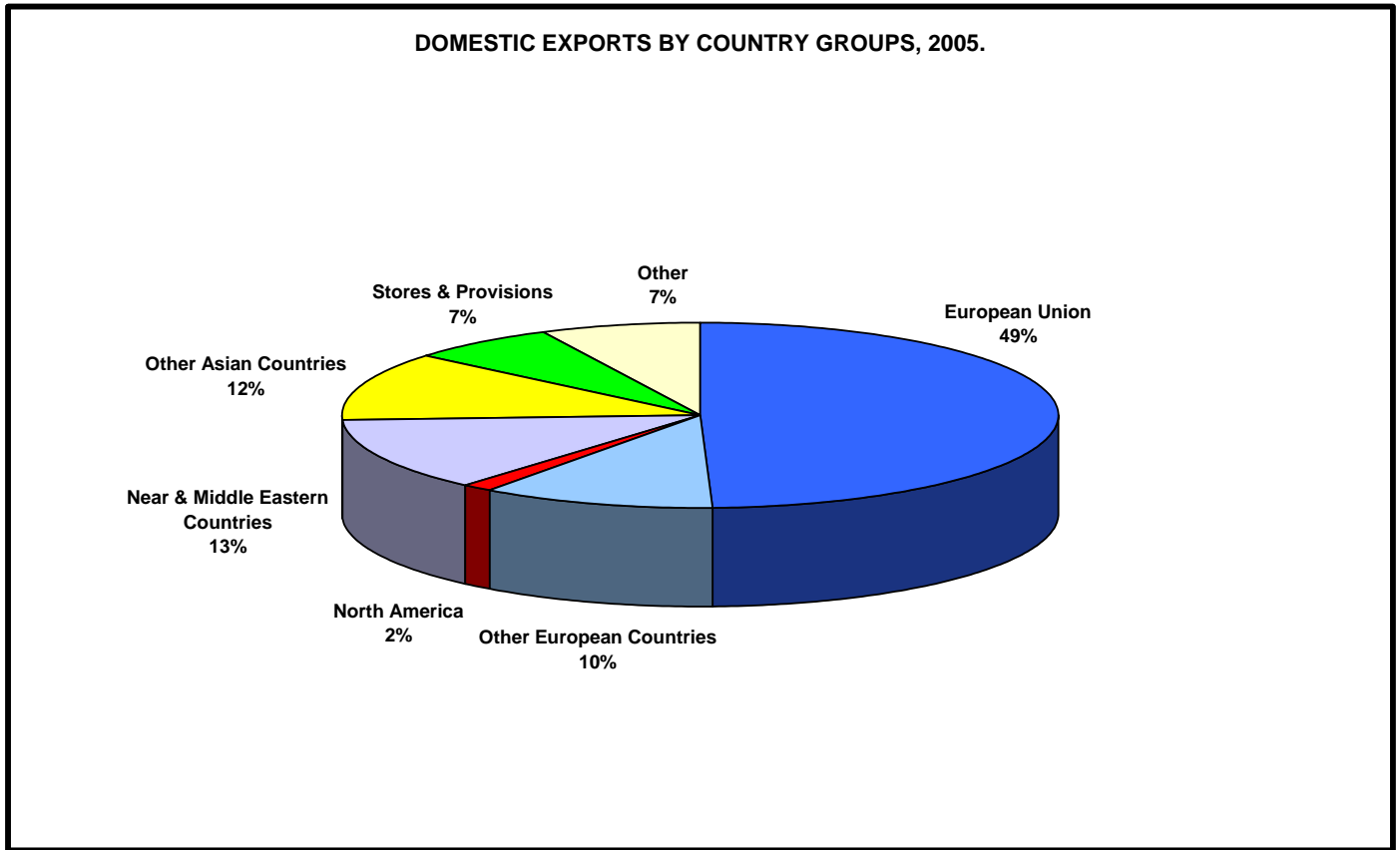
In 2005 exports of raw and processed agricultural products accounted for 23% and 18% of total domestic exports, respectively.

Exports of raw agricultural products declined to £55 m. from £57 m. in 2004. Citrus fruit, fish and potatoes, were the most important products, with exports valued at £21 m., £14 m., and £12 m. respectively.

Exports of processed agricultural products increased during 2005 and reached £42 m. from £34 m. in 2004. Halloumi cheese, wines, fruit and vegetable juices and meat 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 2005 they absorbed 49%, or £126 m. of Cyprus' s domestic exports. The major E.U. export market for Cyprus products is the United Kingdom, followed by Greece and Germany.



The Near and Middle Eastern Countries, the second most important group, absorbed during 2005 about 13% of Cyprus' domestic exports. They declined to £32 m., from £35 m. in the previous year. The major markets in this group are the United Arab Emirates, Iraq, Saudi Arabia, Lebanon and Jordan.

Exports to other European countries increased to £27 m. in 2005 from £26 m. in 2004, representing about 10% of Cyprus' domestic exports. The major export markets are Russia, and Romania.

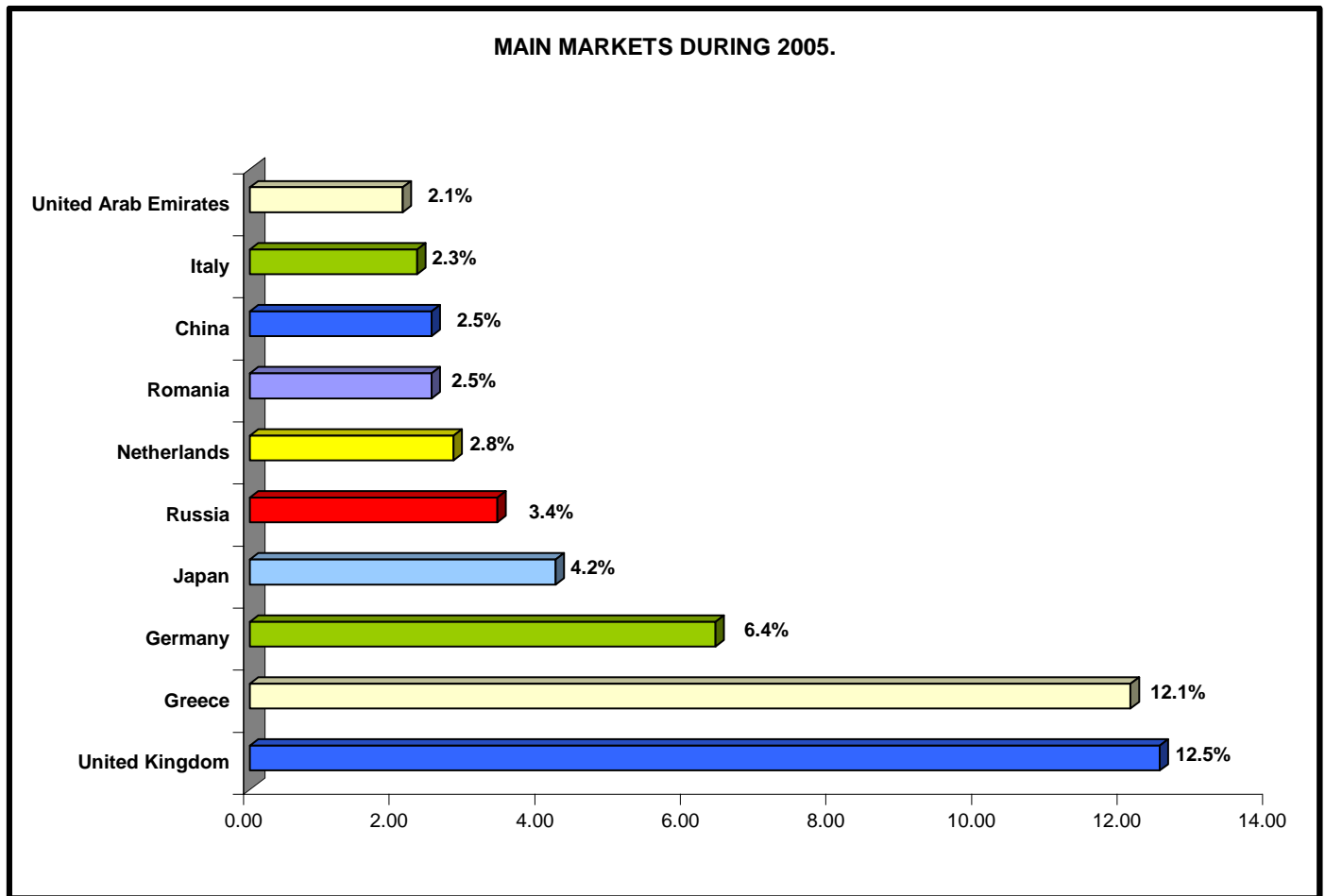
Domestic exports to other Asian Countries represent 12% of the total increasing to £30 m. from £22 m. in 2004. The major markets in this group are Japan, and China.

Exports to North America, with most important export market the U.S.A., declined to £3,8 m. in 2005 from £4,3 m. in 2004. Their share to the total was almost 2%.

Exports to the rest of the world increased to £19 m. in 2005 from £13 m. in 2004 and account for 7% of total domestic exports.

Stores and provisions increased to £17 m. in 2005 from £3 m. in 2004, representing about 7% of the total domestic exports. (Table 8)

On a country basis, the major markets during 2005 were the United Kingdom, Greece, Germany, Japan, and Russia. (Table 9)



4. RE-EXPORTS

A significant share in foreign exchange earnings comes from re-exports, which in 2005 reached £465 m. in comparison to £313 m. in 2004, showing thus an increase of 49%.

The bulk of these re-exports, about 62%, was directed mainly towards the countries of the European Union. Near and Middle Eastern Countries absorbed also 10%, and were followed by North America 2%, other European Countries 1%, and Asian Countries 1%.

5. PROMOTION OF EXPORTS

The policy of the Ministry of Commerce, Industry and Tourism regarding the area of trade aims at the expansion of exports of goods and services, through the continuous improvement of the competitiveness of the Cypriot enterprises and their ability to penetrate into new markets.

The Department of Trade is responsible for the adoption of the government policy regarding the development and promotion of Cyprus exports. Through its various sections and units, the Department provides appropriate support to the Cypriot manufacturers/exporters.

This support includes 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 2001 - 2005

CY 000

	2001	2002	2003	2004	2005	2003 - 2004 %
Domestic Exports	246,990	231,604	214,820	235,414	254,472	8.1
Re-exports	381,039	279,674	261,979	312,620	464,681	48.6
Total Exports	628,029	511,277	476,799	548,034	719,153	31.2
Total Imports	2,528,720	2,486,612	2,314,248	2,679,303	2,966,794	10.7
Trade Balance	1,900,691	1,975,335	1,837,449	2,131,269	2,247,641	5.5

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2004. 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 2001 - 2005

CY 000

	2001	2002	2003	2004	2005	%
Consumer Goods	793,223	713,567	666,574	742,294	979,031	33.0
Intermediate Inputs	736,688	725,019	726,410	805,388	802,058	27.0
Capital Goods	269,550	246,830	262,928	325,529	270,982	9.1
Transport Equipment	328,866	397,201	326,800	452,245	386,246	13.0
Fuels and Lubricants	302,471	269,697	226,795	320,046	481,367	16.2
Unclassified	97,922	134,298	104,741	33,801	47,110	1.6
Total Imports	2,528,720	2,486,612	2,314,248	2,679,303	2,966,794	100.0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

TABLE 3: TOTAL IMPORTS BY COUNTRY GROUPS 2003 - 2005

CY 000

	2003	2004	2005	%
European Union	1,311,251	1,735,347	1,953,593	65.8
Other European Countries	165,319	159,472	141,986	4.8
North America	100,571	68,396	51,671	1.7
Near & Middle Eastern Countries	190,242	208,572	303,640	10.2
Other Asian Countries	376,750	375,364	334,157	11.3
Other	159,900	132,152	181,747	6.1
Total Imports	2,304,033	2,679,303	2,966,794	100

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

TABLE 4: DOMESTIC EXPORTS (excl.stores and prov.). MAIN PRODUCTS 2005.

CY 000

Product	2005	%
1 Pharmaceutical products	50,428	21.0
2 Citrus fruit	20,745	8.7
3 Halloumi Cheese	15,265	6.4
4 Fish, crustaceans, mollusks (live, fresh, chilled or frozen)	13,386	5.6
5 Potatoes	11,868	4.9
6 Waste and scrap	9,134	3.8
7 Cigarettes	7,916	3.3
8 Photosensitive semiconductor devices	6,803	2.8
9 Records, tapes and other recorded media	5,379	2.2
10 Wines	5,293	2.2
11 Furniture	4,822	2.0
12 Other products	88,732	37.0
Total	239,771	100.0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

TABLE 5: DOMESTIC EXPORTS (excl. stores and provisions) BY GROUP OF PRODUCTS 2001 - 2005.

CY 000

	2001	2002	2003	2004	2005	%
Manufactured Products	150,452	141,574	119,850	132,100	135,847	56.7
Raw Agricultural products	43,799	36,881	43,582	57,436	54,674	22.8
Processed Agricultural Products	28,030	32,932	32,694	34,081	42,480	17.7
Processed Minerals	9,697	7,397	6,689	5,479	3,401	1.4
Minerals (Raw Materials)	1,882	3,076	3,080	2,981	3,098	1.3
Unclassified	84	58	41	202	270	0.1
Total Domestic Exports	233,944	221,918	205,936	232,278	239,770	100.0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

TABLE 6: DOMESTIC EXPORTS (excl. stores and prov.) OF MAJOR MANUFACTURED PRODUCTS, 2001 - 2005.

CY 000

Product	2001	2002	2003	2004	2005
Coffee, roasted	190	176	244	248	237
Animal or vegetable fats and oils	2,058	3,180	2,595	1,906	1,544
Sugar and Chocolate confectionery	64*	48*	41*	267	154
Biscuits, waffles, wafers and other bakers wares	227**	118**	62**	228	227
Cigarettes	10,768	4,545	6,839	11,858	7,916
Cement	8,396	8,796	9,110	3,337	4,779
Pharmaceutical products	39,411	43,107	38,742	49,645	50,428
Paints	366	361	514	360	397
Perfumery and cosmetics	3,371	3,586	2,747	2,891	1,867
Soap, washing preparations	579	728	664	718	527
Insecticides	132	325	216	230	661
Tubes, pipes, sheets etc. of plastics	2,517	4,622	3,010	3,313	3,326
Plastic articles for packing goods	1,523	1,624	1,534	1,483	1,164
Articles of paper or of paperboard	5,955	5,532	5,570	5,169	4,508
Printed matter	656	752	694	1,895	527
Clothing	19,700	15,994	9,843	7,658	4,519
Footwear	3,848	3,174	1,374	915	529
Articles of iron and steel	1,444	697	795	1,148	659
Aluminum bars, rods and profiles	2,799	2,775	3,150	3,868	4,035
Pumps for liquids	2,818	2,382	1,115	1,123	1,403
Refrigerators and freezers	2,774	1,946	1,271	1,194	175
Oil and air filters for motor vehicles	1,163	1,243	1,126	1,708	2,023
Brooms, brushes, mops, etc.	1,338	1,381	1,231	994	1,102
Shotgun cartridges	998	783	671	811	1,261
Furniture	6,830	5,922	4,240	4,189	4,822
Lighting fixtures and fittings	1,350	1,192	1,030	1,192	370
Records, tapes and other recorded media	N/A	N/A	N/A	646	5,379
Photosensitive semiconductor devices	N/A	N/A	N/A	4,172	6,803
Yachts and other sports and pleasure boats	N/A	N/A	N/A	1,417	1,407
Animal feeding preparation	N/A	N/A	N/A	1,107	1,066
Waste and scrap	N/A	N/A	N/A	8,019	9,134
Jewellery, goldsmiths and silversmiths wares	N/A	N/A	N/A	2,462	586
Machinery for filling, closing, scaling, labeling	N/A	N/A	N/A	843	1,229
Watering appliances for agricultural or horticultural sectors	N/A	N/A	N/A	758	767
Part and accessories of motor vehicles	N/A	N/A	N/A	346	436
Uncooked or stuffed pasta	N/A	N/A	N/A	204	283
All others	29468	26751	21525	3778	9,597
Total	150,452	141,574	119,850	132,100	135,847

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. 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 2000 - 2004

(CYP 000)

	2001	2002	2003	2004	2005
Raw agricultural products	43,799	36,881	43,582	57,436	54,674
Citrus fruit	14,718	18,304	19,018	22,305	20,745
Fresh Grapes	1,506	561	1,133	768	390
Melons and Watermelons	149	341	554	155	256
Potatoes	17,511	11,104	15,051	15,951	11,868
Okra	264	397	547	371	371
Other Vegetables (fresh, frozen, or dried)	4,183	3,763	4,391	4,815	6,009
Fish, crustaceans, mollusks (live, fresh, chilled or frozen)	1978*	2*	3*	2,621	13,386
Other	5,468	2,411	2,888	10,450	1,649
Industrial pr. of agricultural origin	28,030	32,932	32,694	34,081	42,480
Halloumi cheese	7,663	10,946	10,840	11,203	15,265
Cheese (excl. halloumi cheese)	895	1,151	1,176	909	640
Locust beans (incl. Seeds)	N/A	N/A	N/A	892	979
Beer	N/A	N/A	N/A	735	938
Wines	5,333	5,126	6,127	5,218	5,293
Alcoholic beverages (excl. beer and wines)	N/A	N/A	N/A	149	226
Fruit and vegetable juices	4,052	4,667	4,433	4,935	4,625
Meat (excl. meat of quails)	2,880	4,523	3,655	4,139	4,007
Raw Hides and skins	2,040	1,281	1,154	1,407	1,966
Fruit preserved	944	937	436	577	468
Other	4,223	4,301	4,873	3,917	8,073
Total	71,829	69,813	76,276	91,517	97,154

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

N/A= Not available

*= Live fish

**TABLE 8: DOMESTIC EXPORTS (including stores and provisions)
BY COUNTRY GROUPS 2003- 2005**

CY 000

	2003	%	2004	%	2005	%
European Union	126,174	58.7	130731	55.5	125,927	49.5
Other European Countries	17,347	8.1	25767	10.9	26,656	10.5
North America	4,849	2.3	4300	1.8	3,824	1.5
Near & Middle Eastern Countries	31,479	14.6	35527	15.1	32,331	12.7
Other Asian Countries	11,065	5.1	22453	9.5	30,345	11.9
Stores & Provisions	8,884	4.0	3136	1.3	16,754	6.6
Other	15,222	11.2	13509	7.2	18,635	7.3
Total Domestic Exports	215,020	100.0	235414	100,0	254,472	100.0

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

TABLE 9: MAIN MARKETS DURING 2005.

CY 000

COYNTRY	DOMESTIC EXPORTS	%
1 United Kingdom	31,891	12.5
2 Greece	30,882	12.1
3 Germany	16,397	6.4
4 Japan	10,659	4.2
5 Russia	8,662	3.4
6 Netherlands	7,310	2.8
7 Romania	6,494	2.5
8 China	6,402	2.5
9 Italy	5,832	2.3
10 United Arab Emirates	5,465	2.1

Source: Intra - Extra EU Trade Statistics (Summarised Data) December 2005. Statistical Service of Cyprus.

May 2005

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