

CYPRUS
INVEST WITH CONFIDENCE

Cyprus: An Attractive Investment And Business Destination



Global Economic Environment

- Possible prolonged economic crisis
- Reduction in international investment flows
- Foreign investors looking at safe destinations offering reduced costs
- Strong competition among investment destinations



Country Overview

Country Overview



Official Name: The Republic of Cyprus

Capital: Nicosia

Area: 9,251 sq km

Population: 850,000

Official Languages: Greek, Turkish

English Widely Spoken

Real GDP Growth: 0.5% (2010 forecast)

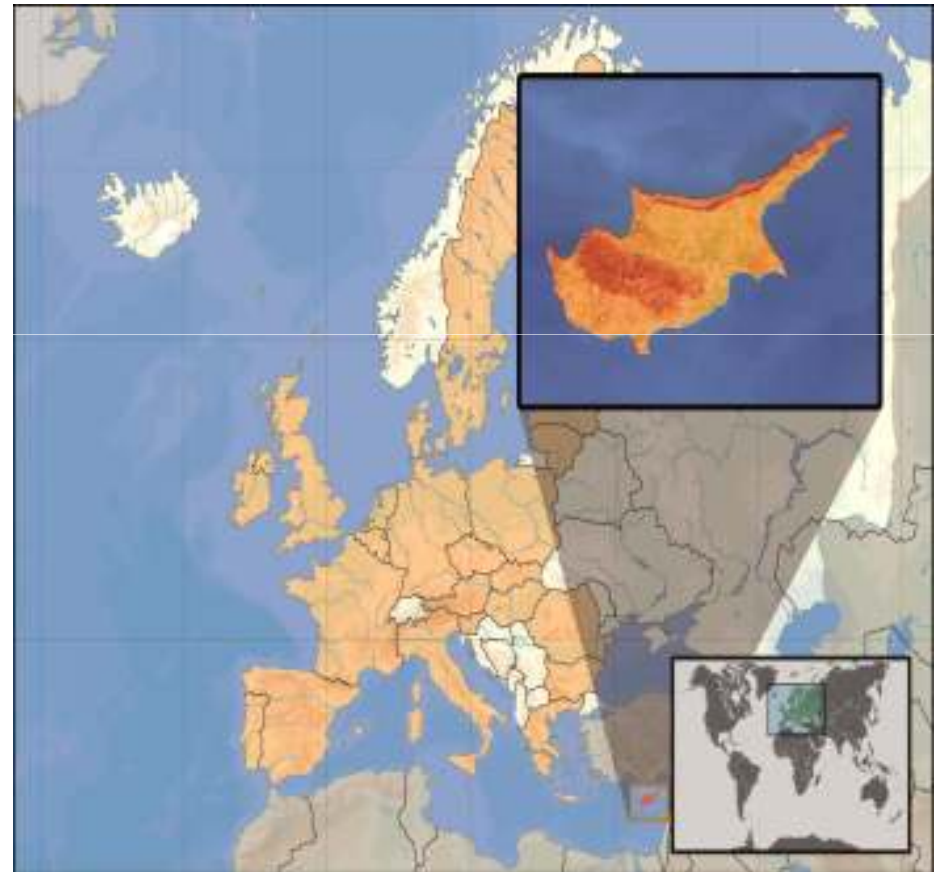
GDP per inhabitant: €24,000 (2008)

Unemployment Rate: 5.3% (2009)

Monetary Unit: Euro

Life Expectancy: 79 years

Form of State: Presidential Republic



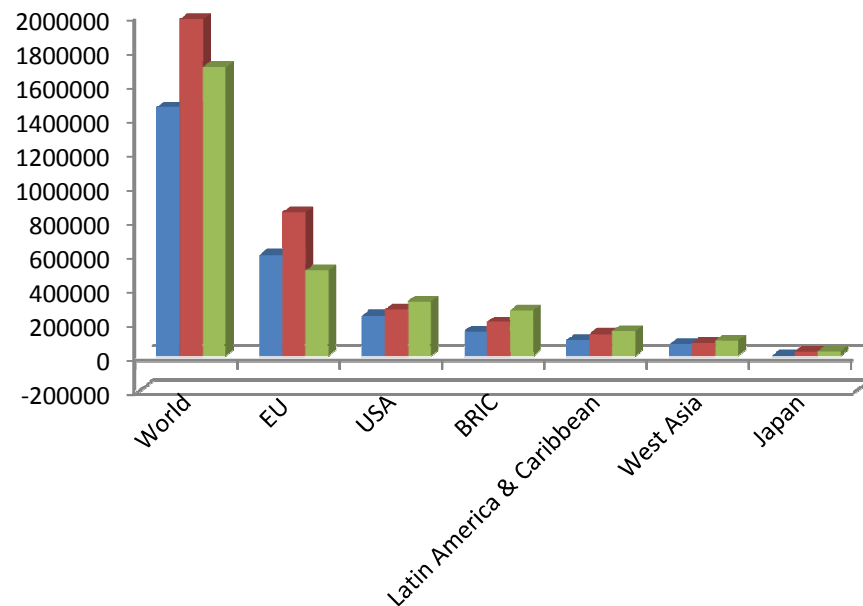


FDI Statistics

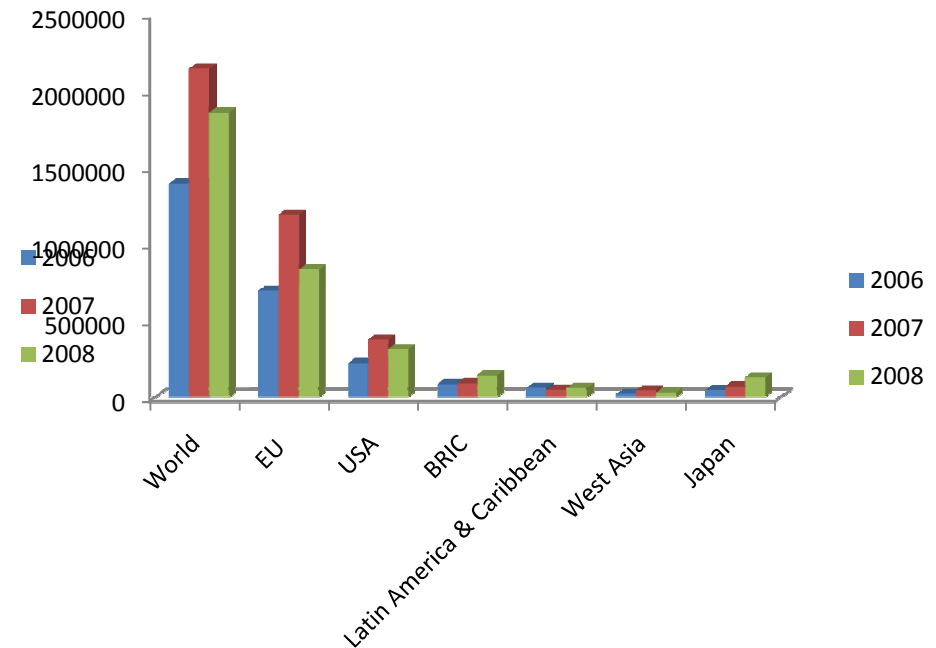
Global and Cyprus

International FDI Flows

**FDI Inflows by region 2006-2008
(\$ million)**



**FDI Outflows by region 2006-2008
(\$ million)**



Source- UNCTAD, WIR, Eurostat

Cyprus: Track Record in FDI

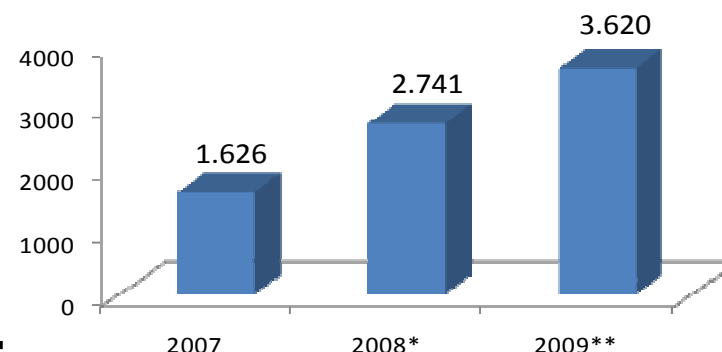
How much?

- 2009 € 3.620 million
- 2008 € 2.741 million
- 2007 € 1.626 million

Where?

- In 2008, the top three FDI sectors:
 - Financial Intermediation Services: 48%
 - Real Estate and Business Activities: 30%
 - Trade and Repairs: 15%
- In 2008, direct investments amounting to € 375.6 million came from European Union countries

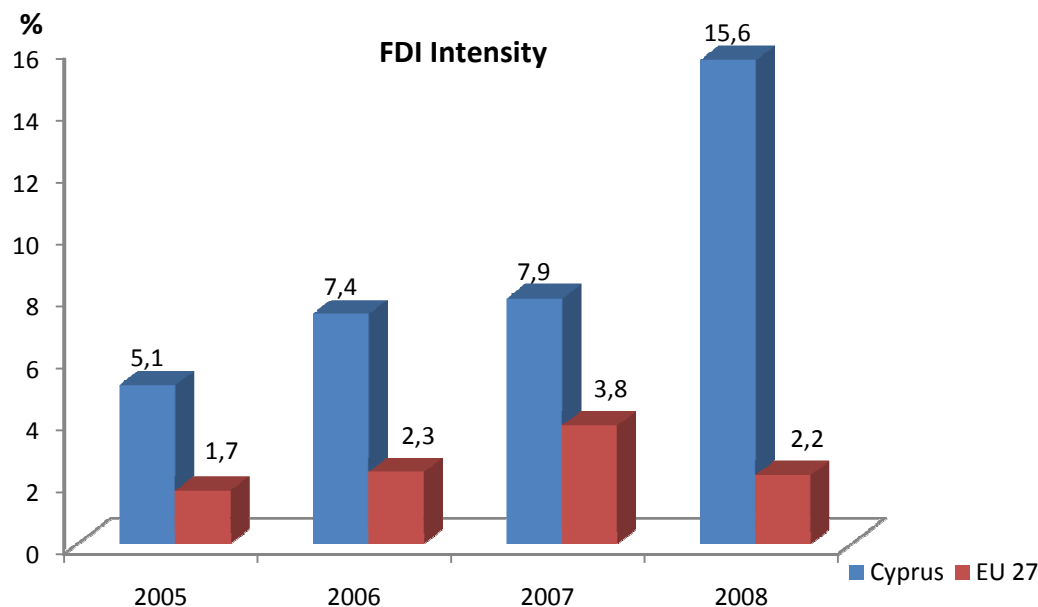
Cyprus FDI Inflows
(Million €)



(Source: Central Bank of Cyprus; *New Definition, **Provisional)

FDI Intensity

- The strong integration of the Cyprus economy with the rest of the world is reflected in its high FDI Intensity (15.6%) which exceeds both that of the European Union (2.2%) and that of the Euro area (2.6%).



FDI Intensity Definition = It is the average value of inward and outward FDI flows divided by GDP. The index measures the intensity of investment integration within the international economy.

Source: Eurostat

Cyprus Economy and Market Place

Cyprus as an Attractive Investment Destination & International Business Centre

- EU and European Monetary union Member State
- Strategic geographical location – ideal for expansion in new markets
- Well developed socio-economic infrastructure
- Broad range and international quality of financial and business services - legal, tax, accounting, investment and brokerage
- Well developed banking sector for all financial needs
- An active Stock Exchange and robust Securities and Exchange Commission



***More than 30 years experience as
An International Business Center***

Cyprus as an Attractive Investment Destination & International Business Centre

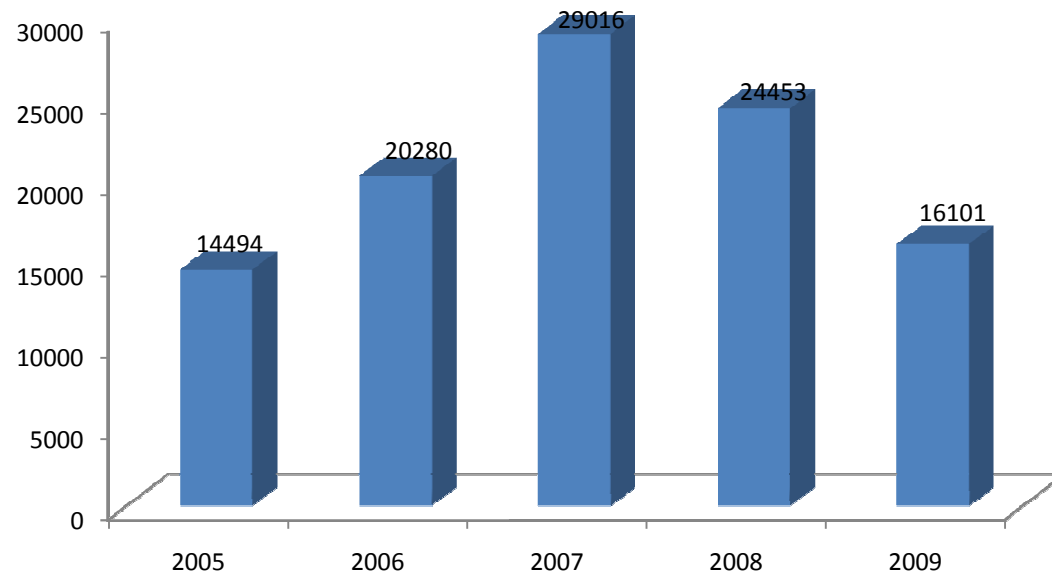
- Highly educated, qualified and multilingual talent
- Stable and pleasant business environment, accompanied with simple administrative procedures
- Low set up and operating costs
- Advanced telecommunications network
 - Extensive submarine fiber optic cable network and access to major satellite systems
- Renown international shipping centre
- Enviably quality of life



***More than 30 years experience as
An International Business Center***

Cyprus: On the map of International Business

**New Company Registrations
in Cyprus 2005-09**

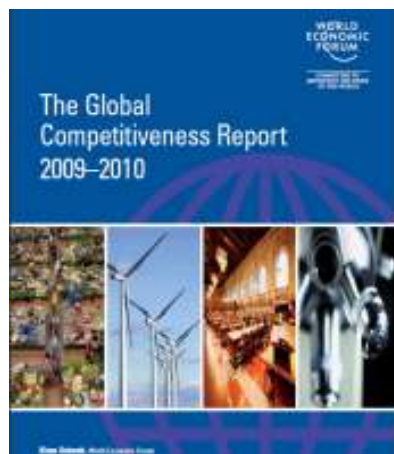


New company registrations have been steadily raising from 2005-07. Since then, registrations have declined, primarily due to the impact of global economic and financial crisis.

Source: Registrar of Companies and Official receiver, Republic of Cyprus

Global Competitiveness

- Cyprus was ranked number **34 out of 133** countries by the World Economic Forum "Global Competitiveness Report 2009 - 2010"
- The Global Competitiveness Report is a yearly report published by the World Economic Forum
- The report assesses the ability of countries to provide high levels of prosperity to their citizens









The **World Economic Forum** is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

Global Competitiveness Index 2009-2010

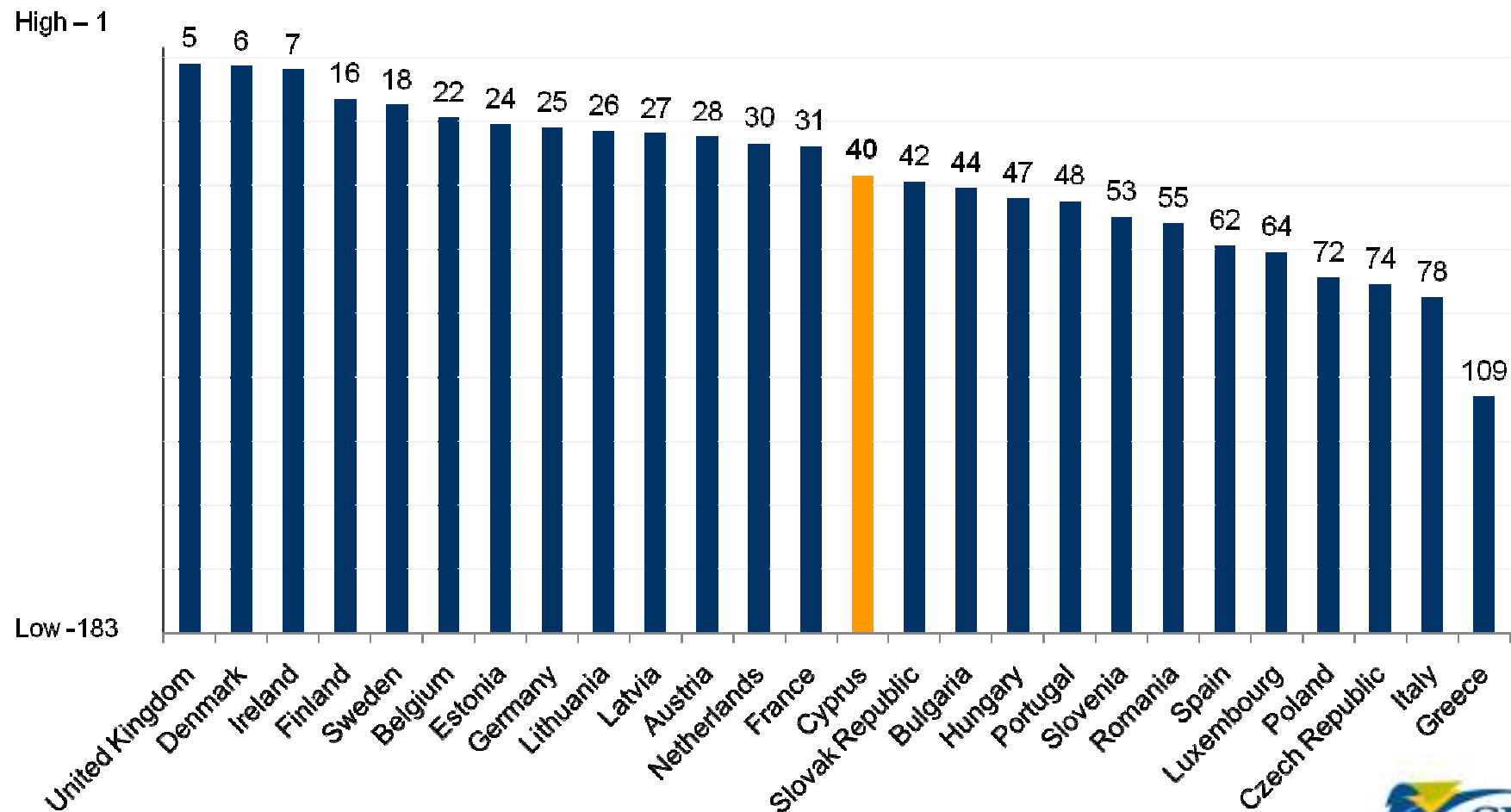
	Score	Global Ranking
Switzerland	5.60	1
Sweden	5.51	4
UK	5.19	13
Ireland	4.84	25
Israel	4.80	27
Czech Republic	4.67	31
Spain	4.59	33
Cyprus	4.57	34
Slovenia	4.55	37
Poland	4.33	46
Slovak Republic	4.31	47
Italy	4.31	48
Jordan	4.30	50
Malta	4.30	52
Hungary	4.22	58
Turkey	4.16	61

Top 40 on the ease of World Bank's DoingBusiness 2010 Report

	1. Singapore		21. Switzerland
	2. New Zealand		22. Belgium
	3. Hong Kong, China		23. Malaysia
	4. United States		24. Estonia
	5. United Kingdom		25. Germany
	6. Denmark		26. Lithuania
	7. Ireland		27. Latvia
	8. Canada		28. Austria
	9. Australia		29. Israel
	10. Norway		30. Netherlands
	11. Georgia		31. France
	12. Thailand		32. Macedonia, FYR
	13. Saudi Arabia		33. United Arab Emirates
	14. Iceland		34. South Africa
	15. Japan		35. Puerto Rico
	16. Finland		36. St. Lucia
	17. Mauritius		37. Colombia
	18. Sweden		38. Azerbaijan
	19. Korea, Rep.		39. Qatar
	20. Bahrain		40. Cyprus

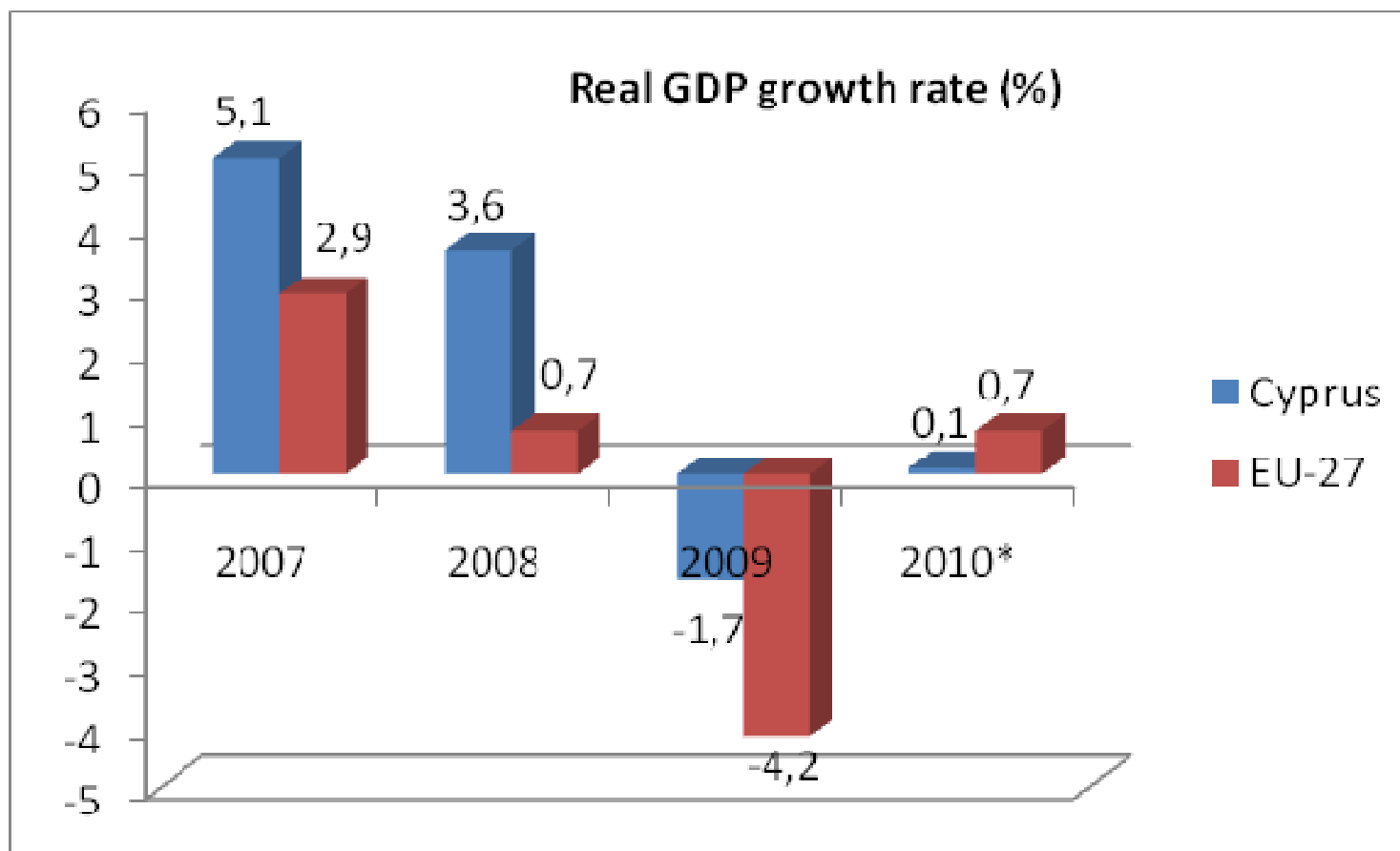
Cyprus' Ease of Doing Business: #14 of EU 26

➤ Cyprus Ranks #40 of 183 countries on the overall ease of doing business



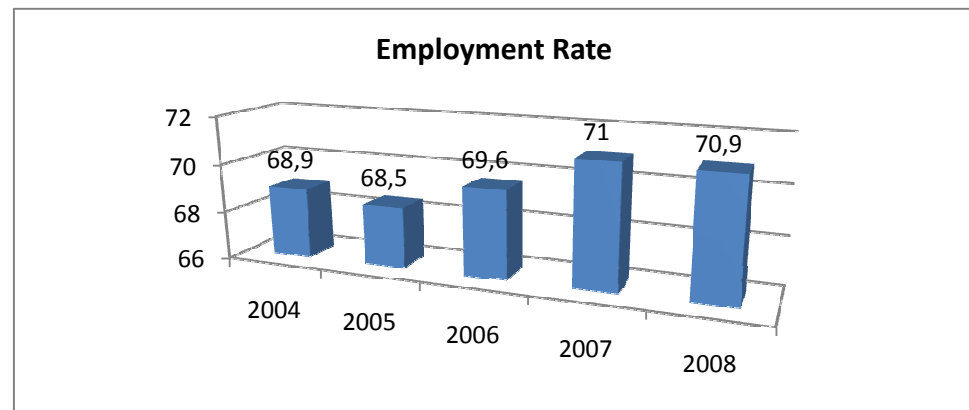
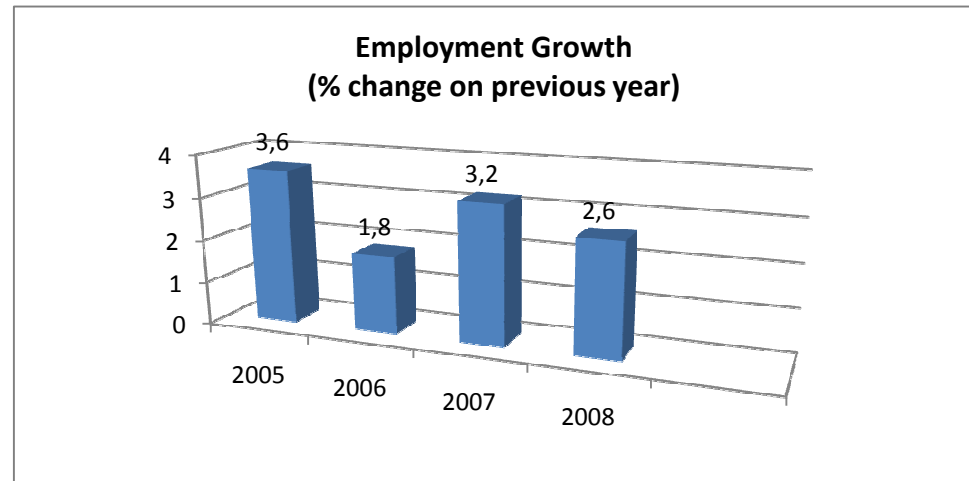
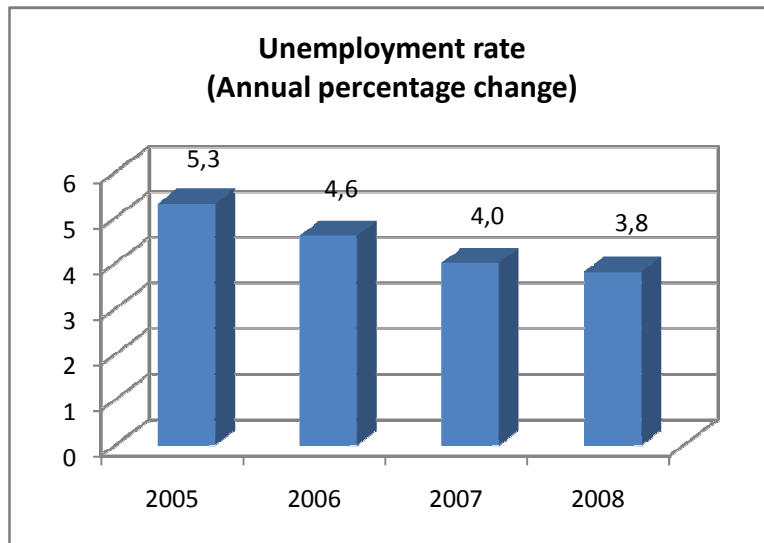
Cyprus Macroeconomic Stability

- Cyprus's real GDP growth has been following a growth trend with the exception of 2009. GDP is forecasted to grow in 2010.



Cyprus Employment and Unemployment Rates

- The employment growth has been steady between 2005-2008, averaging 2.8%.
- The employment rate has been steadily rising, exceeding the EU27 average.



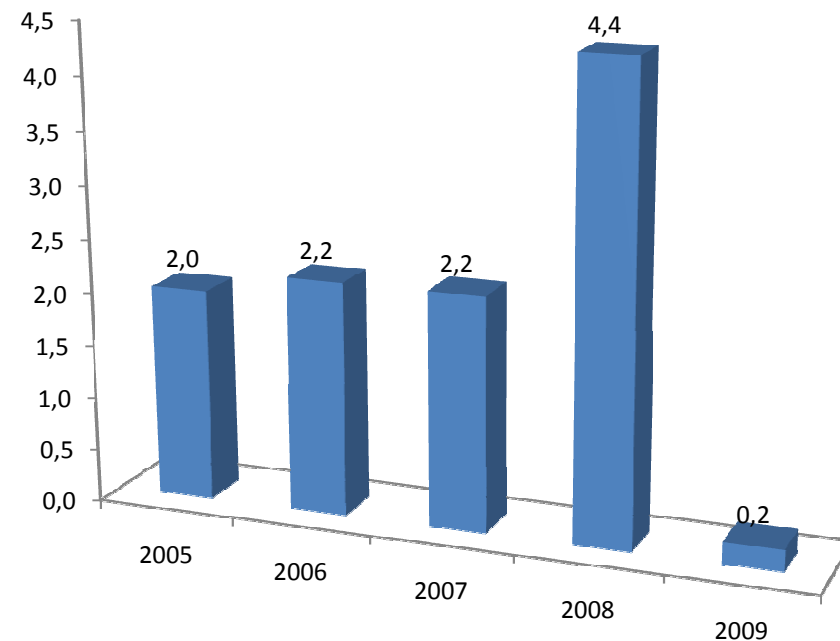
Source: Eurostat

Source: Source: European Commission Directorate-General for Economic & Financial Affairs. Economic Forecast Spring 2009

Cyprus Inflation Rate

- With the exception of 2008, the Cyprus Inflation Rate is steady with an average of 2.5%.
- The Harmonized Index of Consumer Prices is the EU definition of inflation rate and Cyprus has a steady rate at around 2%, with the exception of 2008.

Harmonized Index of Consumer Prices
(% change on previous year)



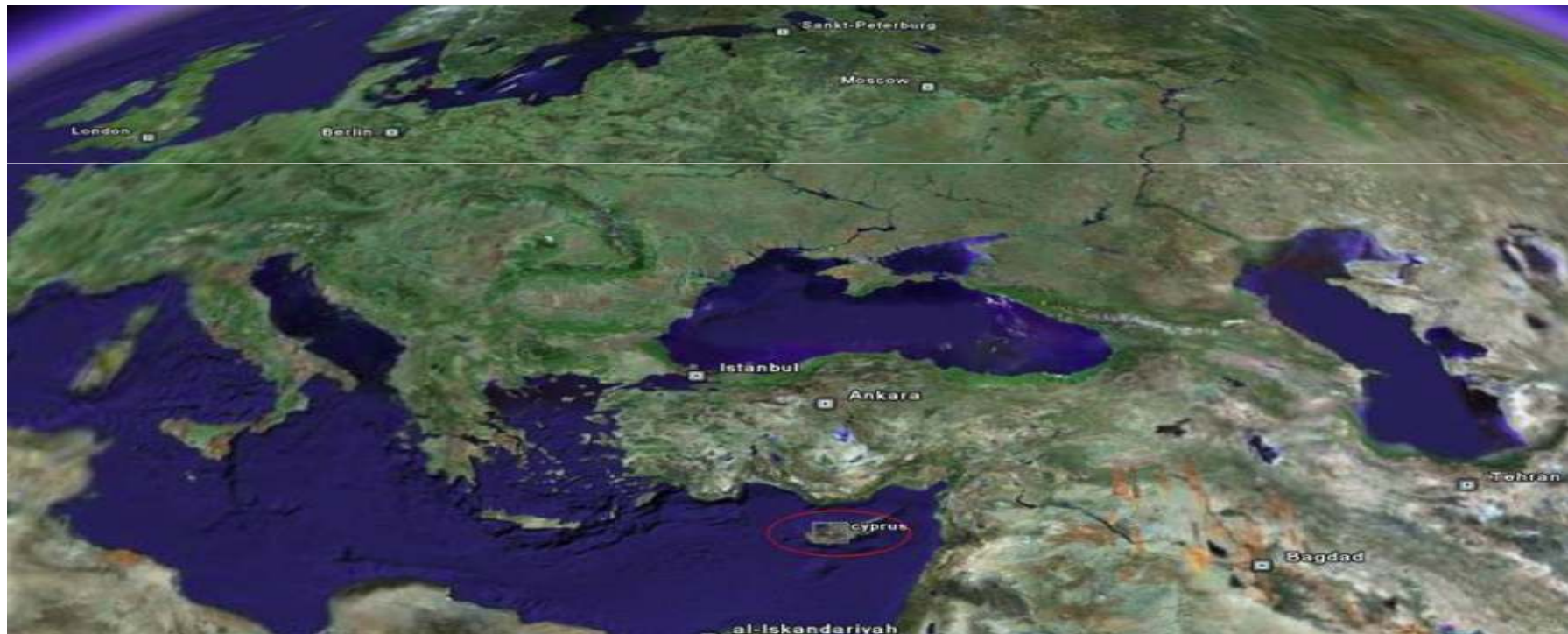
Source: Eurostat

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Cyprus: Competitive Advantages

Cyprus: Close Access

- Strategic location - cross roads of three continents
 - closer **physical and time zone access** and **lower costs** to Middle East, Asia, Africa, and Europe



Cyprus: Stable, Reputable Political and Legal System

- More than 40 years as a Parliamentary Democracy
- Very good relations with neighbouring countries
- Majority of laws harmonized with European Union Legal Framework
- Common Law based , transparent system
- Transparent accounting system harmonized with international standards
- Independent courts applying precedents
- Welcoming to foreign investors



Cyprus: Simple, Low Taxation

Cyprus has the ***lowest corporate tax in Europe of 10%***.

A tax administration that wants to help foreign investors.

Exempt from tax:

- ✓ Dividend income
- ✓ Profits from overseas permanent establishments
- ✓ Profits from the sale of securities

No withholding tax on:

- ✓ Dividends
- ✓ Interest
- ✓ Royalties paid from Cyprus

Most international transactions exempt from VAT

Cyprus has concluded Double Tax Avoidance treaties with more than **40** countries worldwide including Egypt.



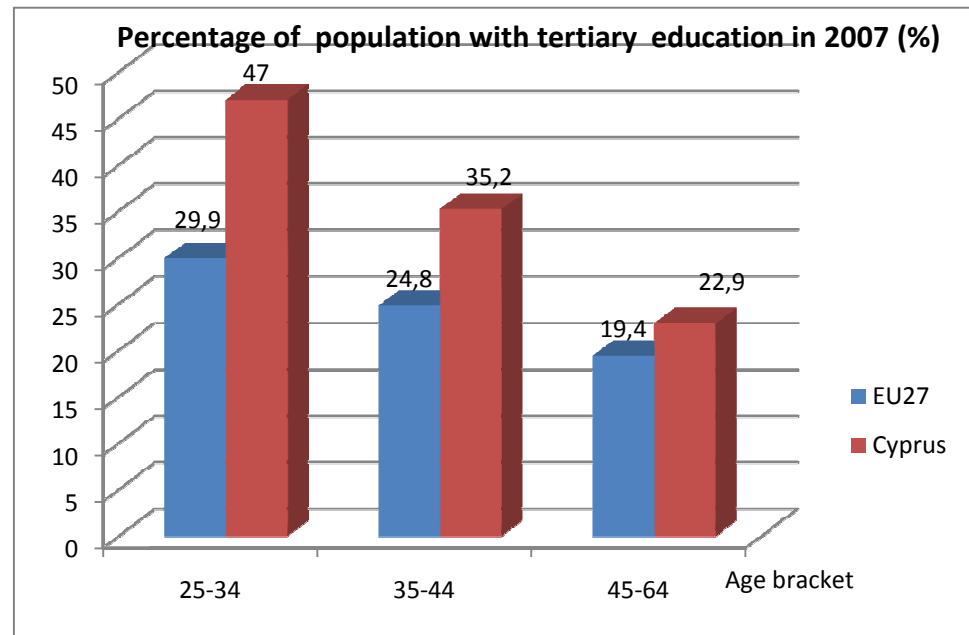
Cyprus: Capable Talent

- ▶ **Highly educated**
% of population with tertiary education
Cyprus: 47%
EU27: 29,9%



Cyprus is ranked Top among the EU countries in terms of the proportion of the population with tertiary education qualifications.

- ▶ **Highly qualified**
Broad and qualified array of legal, accounting and banking professionals
- ▶ **Multilingual**



Human capital is an important resource

Source: Eurostat

Cyprus: Robust Transportation

- Two international airports, a modern road network and multipurpose port facilities have established Cyprus as a commercial, financial and business centre
- More than 33 Airlines operate scheduled flights from and to Larnaca International Airport and Pafos International Airport
 - A new airport in Paphos was inaugurated in Nov. 2008 increasing flights by 58% and raising passenger capacity to about 2.7 million per year
 - The new airport in Larnaca began operations in 2009, increasing arrival capacity up to 9 million passengers per year
- Cyprus has one deep-sea port in Lemesos which expands over 1.3 square kilometres and another in Larnaca



Cyprus welcomes investment to strengthen capacity and growth in warehousing and logistics.

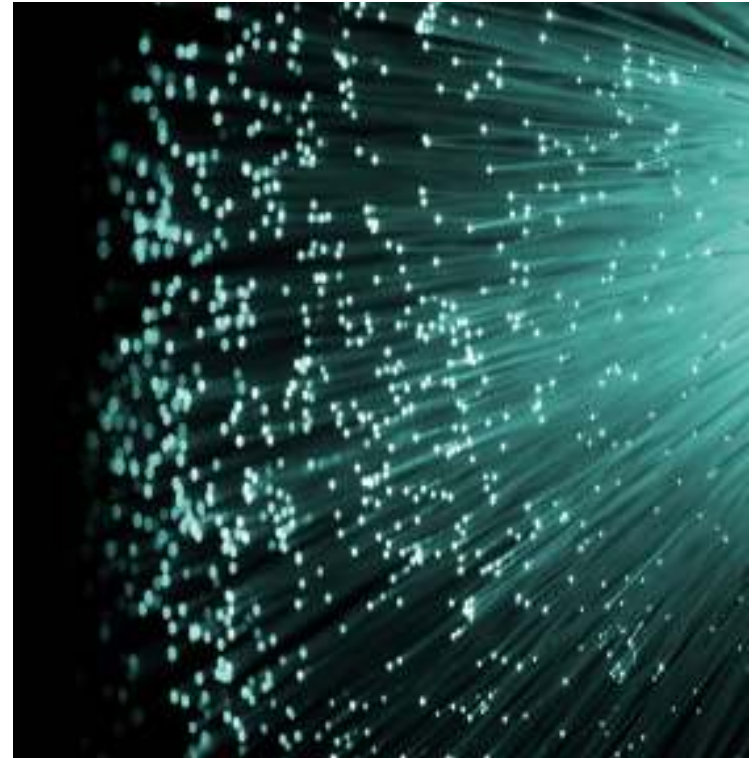
Cyprus: Leading International Shipping Center

- Ranks 3rd top maritime nation in EU27
- Top 10 World's largest shipping management and International ship registries
- More than 2,100 vessels with 43 million gross tonnage
- More than 130 ship owning and ship management related companies with offices in Cyprus, conducting international activities
- 2 deep-sea ports with easy access to Suez Canal and other major freight routes
- Favorable tax regime for ship owning and ship management
- New legislation enacted 29 April 2010



Doing Business Through Cyprus

- Cyprus is an ideal Business Center for inward FDI
- Investors have the opportunity through Cyprus to penetrate new markets both within Europe and non-EU countries
- The Global Integrated Economy is a reality and Cyprus can play a key role as an business and financial center



International Transit Trade Centre

- Efficient Customs Formalities
- Reliable Handling and Delivery System
- Advanced Regional Warehouse & Distribution Centers



Some of the companies already in Cyprus



SOCIETE GENERALE CYPRUS



Cyprus: Safe & Sunny



- Security and safety
- Excellent public and private international schools
- High standard of living
- High quality tourist facilities year round
- Gastronomy
- Millenia of culture, history and art
- Fabulous weather



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Cyprus: Key Economic Priority Sectors

Investment opportunities in Cyprus

- Banking & Financial Services
- Shipping
- Information & Communication Technologies
- Wellness Tourism
- Energy
- Medical Services
- Research & Development
- Education
- Professional Services



Banking & Financial Services

- In 2008, Financial Intermediation services accounted for 8% of GDP
- The Cyprus banking sector (banks and co-operatives) operated more than 920 branches and employed over 12,500 people in 2008
- At the end of 2008, the banking sector held almost 56 billion Euros in deposits and loaned over 54.7 billion Euros
- All banks maintain correspondent networks around the world and subscribe to SWIFT, Reuters, Telerate and other services



Shipping

- Excellent geographical position at the crossroads of Europe, Africa and the Middle East
- “Open Registry” (one of two countries in the European Union), allowing non-Cypriot citizens to register ships under the Cypriot flag
- Advanced maritime infrastructure (two deep sea multipurpose ports in Limassol and Larnaca)
- Sound international relations
- Favourable taxation regime and other benefits for shipowners and crew members
 - Low ship registration fees
 - No income tax, estate duty or capital gains tax for Cyprus-registered ships
 - No stamp duty on documents or mortgage deeds
 - Anonymity of beneficial owners through nominee or trustee shareholders
 - Recognition of Competence Certificates from many countries
 - Easy deletion from the Cyprus Shipping Register



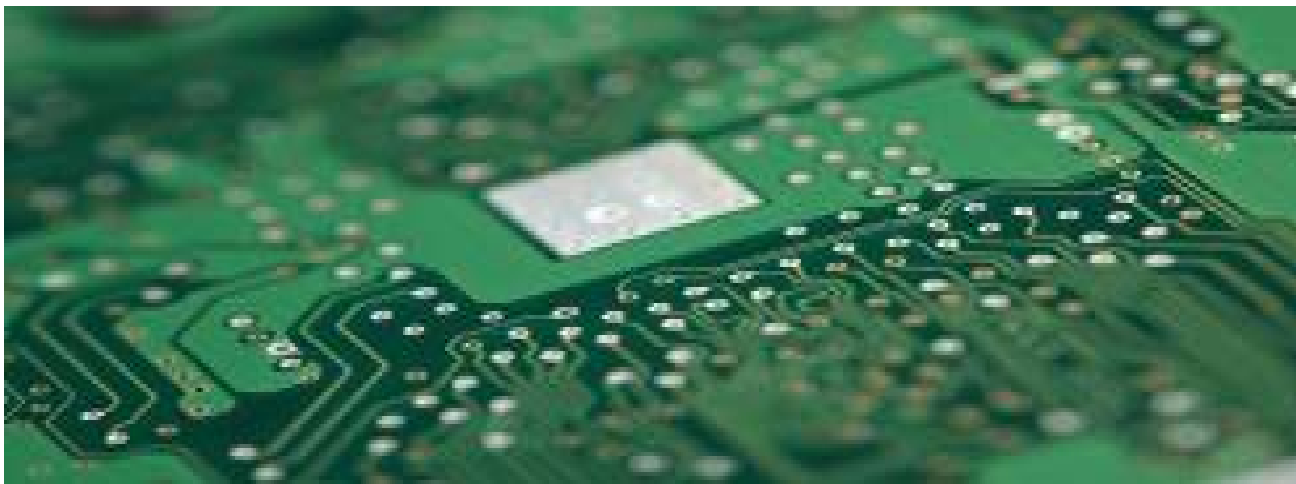
Shipping

- Shipping accounting to 4% of the GDP of Cyprus
- More than 2,100 vessels with 43 million gross tonnage
- Receipts from the Maritime Transport Sector as a whole reached approximately 1 billion Euros (2007)
- Advanced maritime infrastructure (two deep sea multipurpose ports in Limasol and Larnaca)
- Favorable tax regime for ship owning and ship management



Information & Communication Technologies

- Established great infrastructure with nodes connecting Cyprus to the rest of the world
- Broad array of companies offering a variety of services including software development, internet service providers and web design
- Excellent education level of the workforce in Cyprus (35.4% of the workforce of the age group 25-64 in 2007 have completed tertiary education)
 - Over 1000 graduates in the fields of mathematics and computing every year
- Privatization of telecommunications and access to submarine cable connections for connectivity
- Establishment of various research centres (KIOS) and programs
- Cyprus welcomes FDI to expand and/or develop projects on e-Government, e-Business, e-Learning, e-Inclusion, e-Health and overall ICT services.



Wellness Tourism

- Sea and sun, moderate climate and rich natural environment
- Exceptional sea quality which may contribute to an increase in thalassotherapy services
- Existence of thermal springs
- World renown hotels and resorts with international marketing and recognition
- Already established tourism product which may be enriched and differentiated
- Well trained human resources with strong track record in tourism
- State commitment for the development and implementation of the wellness product

Opportunities

- Possibilities for partnership between private companies and local government for the development of wellness tourism services
- Utilisation of EU- and nationally-funded incentives
- Enhancing the prerequisites for developing the sector including training, capacity building and infrastructure



Energy

- Cyprus ranks number one in the world in solar energy use for water heating in households.
- 1,98 million toe (tons of oil equivalent) were consumed in 2008
- €19,86 million were given by a special fund created by the Government to promote the use of Renewable Energy Sources in 2008

Cyprus is committed to:

- Ensuring Security of Energy Supply
- Protecting the Environment
- Fostering Healthy Competition in the Energy Sector
- Encouraging Development of renewable energy technologies and production



Medical Services

- Expenditure of health services was €1,023 million in 2007, €466.3 million of which constitutes expenditure of the public sector and €557 million of the private sector
- The share of expenditure as a percent of GDP increased from 6.1% in 2005 to 6.2% in 2007
- Five public General Hospitals: two in Lefkosa, and one each in Limassol, Larnaca and Paphos
- Investment in new buildings accounted for €19.5 million and €15.5 million in machinery and equipment
- Other specialized medical institutes, offering services in:
 - Cancer treatment
 - Organ transplants
 - Services on bone marrow
 - Cardiac surgery procedures and non-invasive Cardiac surgery
 - Neurology and Genetics



Research & Development

Cyprus is ranked 3rd within EU in the Innovation and Entrepreneurship dimension of the European Innovation Scoreboard 2007, indicating a High Potential Market.

Considering Innovation in general, Cyprus moved from the “catching up countries” to the “moderate innovators”.

The Research Promotion Foundation of Cyprus (www.research.org.cy) funds research projects and supporting activities according to the following five strategic categories:

- Strategic & Multi-thematic Research and Development
- Growth of National Scientific & Research Human Capital
- Applied Research Development and Enterprise Innovation
- Research Infrastructure Development and large scale Investments
- International networking and collaboration in R&D and Innovation

The combination of renown scientific personnel now working in Cyprus, along with numerous qualified researchers, and the full support of the Government, provides ample opportunity for investment in research, development and innovation.



Education

- There are 3 public Universities, including one Open University, and 3 private Universities
 - There are 43 tertiary educational institutions, 34 private and 9 public
 - There are 345 public and 28 private primary schools in 2007/08
 - There are 126 public and 39 private secondary schools 2007/08
-
- 47% of Cypriots have a tertiary level educational (2007)
 - 55,7% of Cypriot tertiary students studied abroad (2007/08)
 - 30,2% of tertiary students in Cyprus come from abroad (2007/08)



Professional Services

Accounting Services

- There are approximately 2,586 active members of the Institute of Certified Public Accountants of Cyprus
- Cyprus offers a wide range of professional accounting, auditing, management consultancy, taxation, financial advisory and other administrative services to both the private and public sectors
- In 2008, there were approximately 120 limited companies and 40 partnerships operating in Cyprus
- Top international accounting firms are established in Cyprus providing services to international investors
- Cyprus follows the International Financial Reporting Standards (IFRS)



Professional Services

Legal Services

- Cyprus's legal system is based on U.K. Common Law principles. As a member of the European Union, Cyprus has introduced the body of laws and regulations of the E.U. known as the *acqui communautaire* into the national legal order.
- In 2008, there were over 1968 registered advocates and 162 limited liability law firms providing a wide range of legal services in Cyprus
- Over half of lawyers hold U.K. legal qualifications
- High quality legal services are offered in specialist areas such as international law, corporate administration, and management services
- Cyprus-based Law Offices cooperate extensively with international Law Firms



Contact CIPA to learn more!

For more details regarding investment opportunities in Cyprus please contact us:



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Thank You