Responding to the Coronavirus Crisis
Update on Cyprus (13/07/20)

**EBRD Policy Comparator**

<table>
<thead>
<tr>
<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate</td>
<td>Liquidity increased</td>
<td>Prudential req.</td>
<td>Temporary</td>
<td>Support to individuals</td>
<td>Increased social</td>
<td>Health</td>
<td>External Assistance</td>
</tr>
<tr>
<td>Increased</td>
<td>Loans</td>
<td>Inspections/sus</td>
<td>workforce</td>
<td>Individual</td>
<td>benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>audited</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Economic channels of disruption**

Tourism, shipping, and private consumption

- Severe lockdown (schools and all non-essential businesses, as well as borders, closed) from March up until May 4th has caused sharp downturn to the economy.
- Tourism and travel (13.8% of GDP) heavily hit, as is the associated real estate sector, with the extent of the recession in 2020 highly dependent on the duration of travel and other restrictions in the UK and Russia, which account for half of annual tourist arrivals.
- Shipping sector (7% of GDP) will also be an important channel of disruption for the economy.

**Selected crisis impact indicators**

- **EBRD GDP growth outlook**
  - 2020: -6.0% (May 2020)
  - 2021: 5.0% (May 2020)
- **Economic sentiment**
  - June ESI 79.
  - (June 2020): (up 2.9 points m/m)
- **Cyprus stock exchange general index**
  - 47.94
  - (July 13th 2020): (down 0.81% m/m)

**Crisis response measures to date**

Support for healthcare, workers and businesses

- EUR 895 million support package (4.4% of GDP), with specific support to the health, tourism and shipping sectors.
- Business receive deferred payment of taxes and social security contributions as well as guarantees on financing of credit facilities, SME funding schemes
- In some cases, households supported by leave allowances and workers by unemployment allowances; temporary reduction of VAT rates.
- Fiscal EU deficit targets relaxed for 2020.
- Eligible for ECB’s Pandemic Emergency Purchase Programme of EUR 1,350 bn

**Selected crisis response indicators**

- **Total support to salaries, households and students**
  - €370 million
  - 9 months for individuals, public-law entities, self-employed persons and corporations not behind their payments as of Feb.29th 2020
- **Payment holidays for loans (months)**
  - VAT reduction on goods and services from 19% to 17% for 2 months and from 9% to 7% for 3 months
- **Committed external assistance**
  - Cyprus eligible for wider EU support, including EUR 37 billion from the Cohesion Fund and EUR 8 billion mobilized by EIB and the EU for working capital

**Key short-term priorities**

Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals

To learn more about EBRD’s support to Cyprus visit: [https://www.ebrd.com/ebrd-in-cyprus.html](https://www.ebrd.com/ebrd-in-cyprus.html)

Media enquiries: Olga Aristeidou, olga.aristeidou@ebrd.com