Responding to the Coronavirus Crisis
Update on Cyprus (19/05/20)

EBRD Policy Comparator

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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%
- Economic sentiment March ESI 74.5 (April 2020): down 126.9 points m/m
- Cyprus stock exchange general index 46.74 (May 19th 2020) down 4.8% m/m

Crisis response measures to date
Support for healthcare, workers and businesses
- EUR 869 million support package (4.3% of GDP), with specific support to the health sector, the tourism and shipping sectors.
- Business receive deferred payment of taxes and social security contributions.
- 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 750 billion.

Selected crisis response indicators
- Total support to salaries, households and students €370 million
- Payment holidays for loans (months) 9 months for individuals, public-law entities, self-employed persons and corporations not behind their payments as of Feb.29th 2020
- VAT reduction 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

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