

# FOREIGN INVESTMENTS IN CYPRUS



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

## FOREIGN INVESTMENTS IN CYPRUS

### Introduction

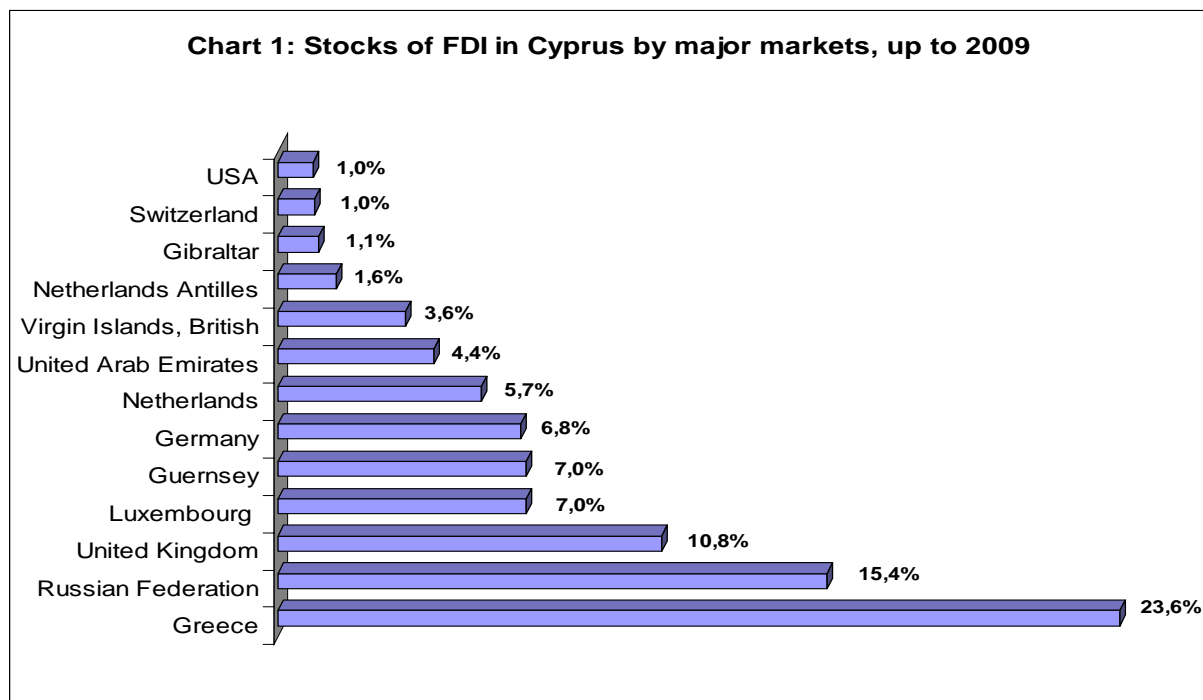
Foreign Direct Investment (FDI), into Cyprus has grown considerably in recent years, as Cyprus is seen as an attractive destination for inward investment.

### Foreign investment levels (stocks)

According to the latest statistics issued by the Central Bank of Cyprus, the levels, (stocks), of foreign investment in Cyprus at the end of December 2009 were €16.846,8 million. This represents an increase of €1.721,9 over the level at the end of December 2008.

### Foreign investment levels (stocks) by country

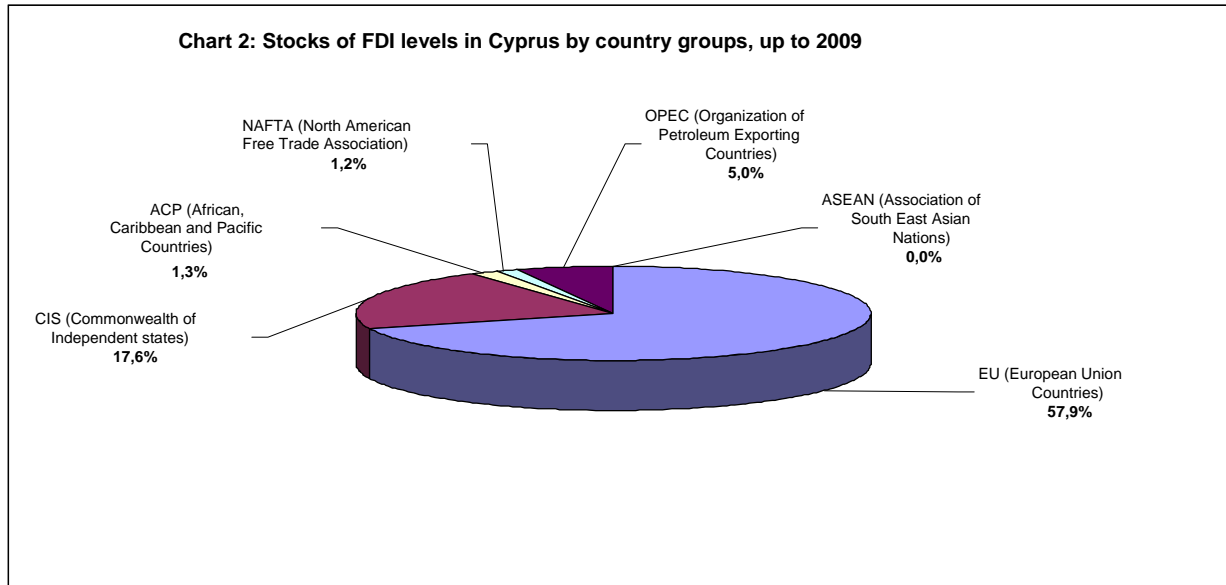
The leading investor countries at 31 December 2009 were Greece, Russia, the United Kingdom, Luxemburg, Guernsey\*, Germany and Netherlands. Chart 1 and table 1 depict the percentage share by leading countries of the total level of foreign investment in Cyprus at 31 December 2009.



Greece is Cyprus's single largest source of inward foreign direct investment. At the end of 2009, €3.974,4 million, or approximately 24% of the level of FDI in Cyprus originated from Greece. Russia, has been Cyprus's other major source of FDI. At the end of 2009, €2.589,5 million, or about 15% of all FDI in Cyprus comes from Russia. The level of U.K. FDI in Cyprus at the end of 2009 was €1.812,8 million, accounting for about 11%.

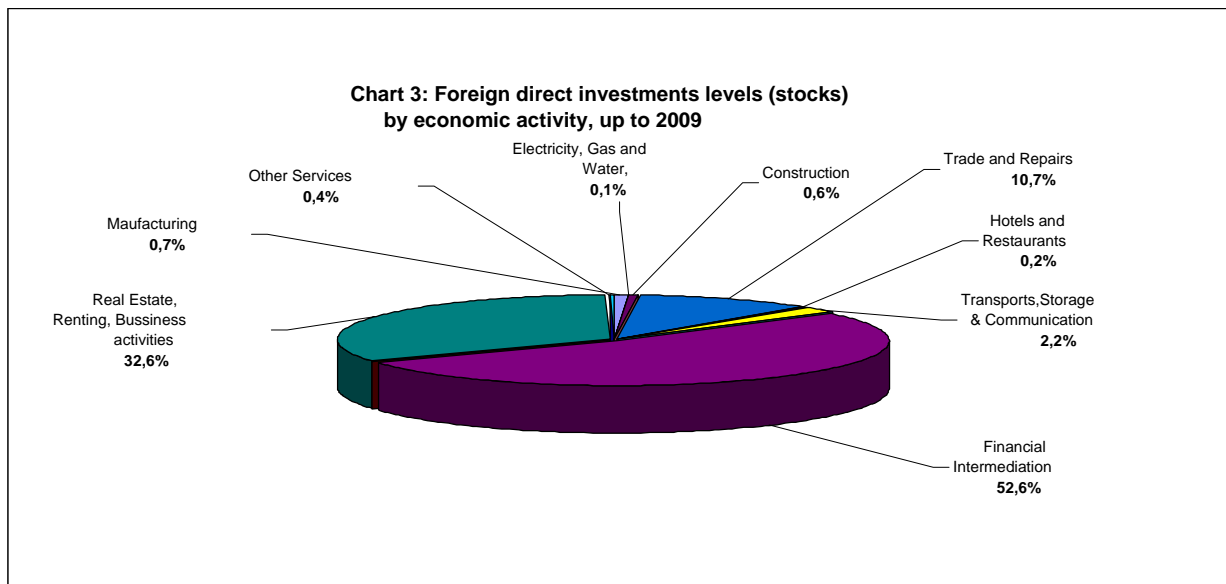
\* Guernsey, (group of islands in the English Channel), is a British Crown Dependency but is not part of the U.K. or of the EU. However, the U.K. Government is constitutionally responsible for its defence and international representation.

The European Union (EU) remains Cyprus's largest regional bloc source of FDI, accounting for close to 58% of total stock in 2009. It is followed by the Commonwealth of Independent States (CIS), which account for about 18% of the stock levels, (Chart 2).



### Foreign investment levels by economic activity, (Sectoral distribution)

As shown in Chart 3 and table 2 FDI in Cyprus up to the year 2009 have mainly been directed to the financial intermediation sector. Real estate is another sector in which foreign investors have focussed their interest in Cyprus during that period, followed by the trade and repairs sectors.

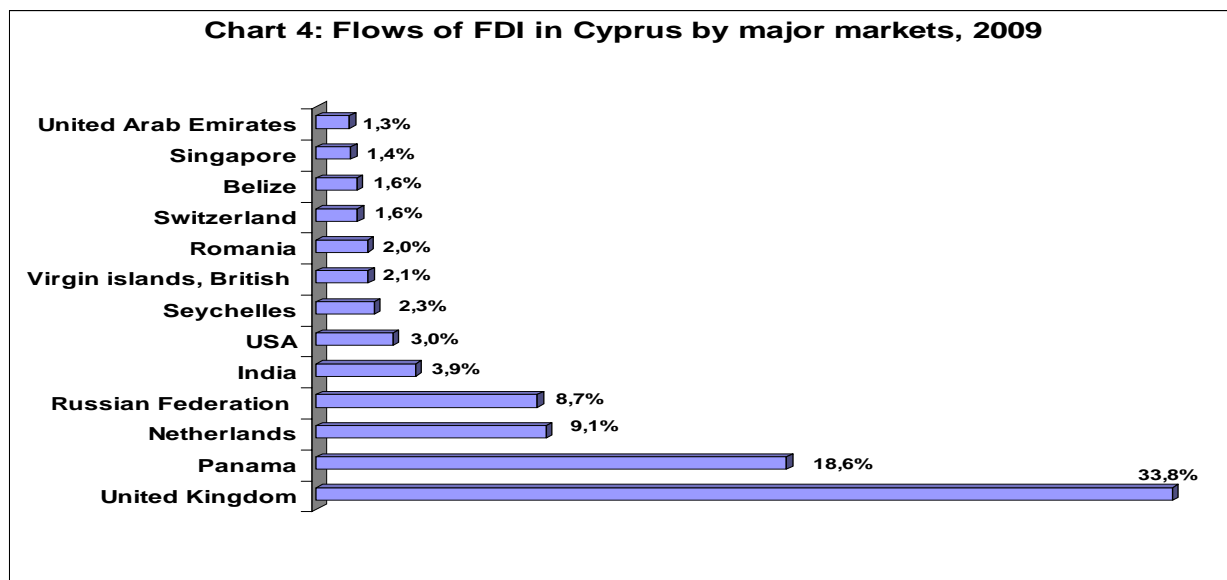


## Foreign investment flows during 2009

Foreign investment in Cyprus recorded an inflow of €3.636,4 million for 2009, an increase of € 871,6 million from the previous year.

## Foreign investment flows by country

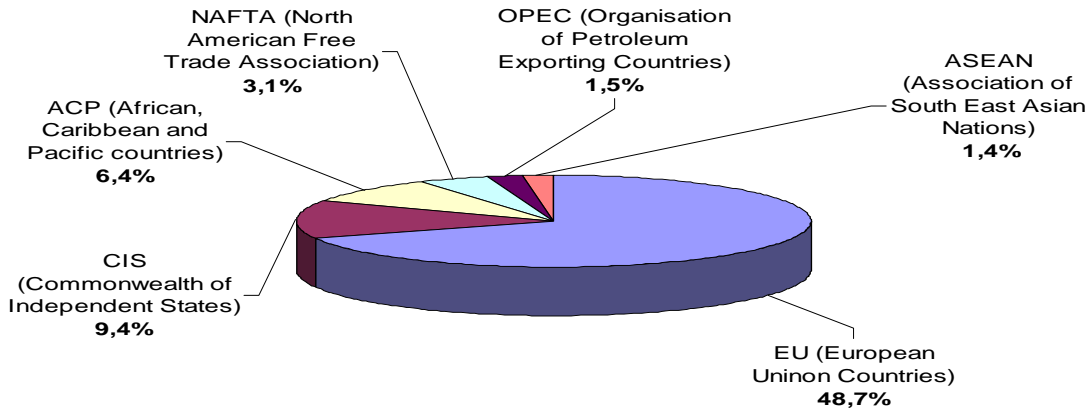
The leading investor countries during 2009 were the U.K., Panama, Netherlands and Russia. Chart 4 and table 3 depict the percentage share by leading countries which have invested in Cyprus during that particular year.



The U.K. was Cyprus's largest source of foreign investment. During 2009 1.229,8 million or approximately 34% of the flows of FDI in Cyprus, originated from the U.K., Panama, has been Cyprus's second major source for 2009, with €675,7 million or about 19% of the flows of FDI. It was followed by Netherlands and the Russian Federation accounting for about 9% of the 2009 flows respectively.

The EU was by far Cyprus's largest regional bloc source of FDI for 2009, accounting for about 49% of the total flows. The CIS, the ACP and NAFTA countries followed with 9%, 6% and 3%.

**Chart 5: Flows of FDI in Cyprus by country groups, 2009**



Foreign investment flows by economic activity, (Sectoral distribution), during 2009.

As shown in Chart 6 and table 4, FDI in Cyprus during 2009 have mainly been directed to the financial intermediation sector which in that particular year absorbed 82% of the flows directed into Cyprus. The real estate and trade and repairs sectors followed with a share of 7,8% and 7,5% respectively.

**Chart 6: Foreign Direct Investments (Flows) by economy activity, 2009**

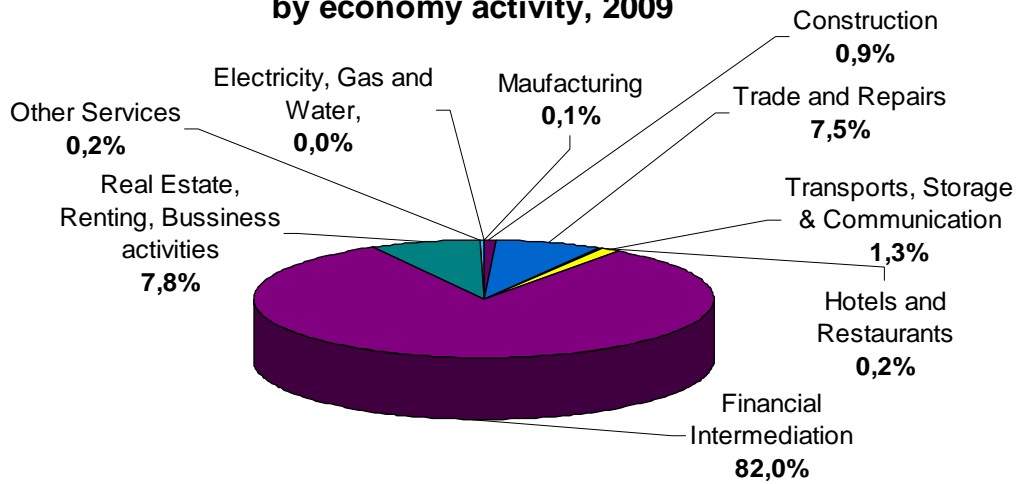


Table 1: Stock of FDI in Cyprus by major markets (levels), 2009

	EUR million		
	up to 2009	% share of total	Rank
<b>Major</b>			
Greece	3.974,4	23,6	1
Russian Federation	2.589,5	15,4	2
United Kingdom	1.812,8	10,8	3
Luxembourg	1.175,3	7,0	4
Guernsey	1.172,0	7,0	5
Germany	1.147,8	6,8	6
Netherlands	963,5	5,7	7
United Arab Emirates	737,9	4,4	8
Virgin Islands, British	603,7	3,6	9
Netherlands Antilles	277,1	1,6	10
Gibraltar	191,8	1,1	11
Switzerland	175,1	1,0	12
USA	170,4	1,0	13
Bulgaria	153,8	0,9	14
Romania	144,7	0,9	15
Ukraine	134,0	0,8	16
Belarus	128,2	0,8	17
Armenia	89,0	0,5	18
Austria	71,5	0,4	19
France	69,4	0,4	20
<b>Country Groups</b>			
EU (European Union Countries)	9.756,5	57,9	
CIS (Commonwealth of Independent states)	2.958,7	17,6	
ACP (African, Caribbean and Pacific countries)	219,8	1,3	
NAFTA (North American Free Trade Association)	206,8	1,2	
OPEC (Organization of Petroleum Exporting Countries)	838,7	5,0	
ASEAN (Association of South East Asian Nations)	2,2	0,0	
<b>Geographic Regions</b>			
Europe	14.313,6	85,0	
America	1.198,1	7,1	
Asia	1.167,4	6,9	
Africa	165,9	1,0	
Oceania	1,8	0,0	
<b>World</b>	<b>16.846,8</b>	<b>100,0</b>	

Source: Central Bank of Cyprus

Table 2: Foreign direct investments level (Stocks ) by economy activity, 2009

code	Type of economic activity	EUR Millions	
		up to 2.009,0	% share of total
595	Agriculture and Fishing	0,0	0,0
1495	Mining and Quarrying	0,0	0,0
3995	Manufacturing	117,5	0,7
4195	Electricity, Gas and Water,	9,9	0,1
4500	Construction	96,0	0,6
5295	Trade and Repairs	1.806,3	10,7
5500	Hotels and Restaurants	28,3	0,2
6495	Transports, Storage & Communication	371,4	2,2
6895	Financial Intermediation	8.856,0	52,6
7395	Real Estate, Renting, Business activities	5.492,7	32,6
9995	Other Services	65,1	0,4
9996	Not allocated	3,6	0,0
9999	Total foreign direct investments in Cyprus	16.846,8	100,0

Source: Central Bank of Cyprus

Table 3: Flows of FDI in Cyprus by major markets , 2009

	EUR Million		
	2009	% share of total	Rank
<b>Major</b>			
United Kingdom	1.229,8	33,8	1
Panama	675,7	18,6	2
Netherlands	329,9	9,1	3
Russian Federation	317,3	8,7	4
India	142,5	3,9	5
USA	110,2	3,0	6
Seychelles	83,5	2,3	7
Virgin islands, British	74,9	2,1	8
Romania	73,2	2,0	9
Switzerland	59,0	1,6	10
Belize	58,2	1,6	11
Singapore	49,5	1,4	12
United Arab Emirates	47,5	1,3	13
Denmark	42,2	1,2	14
St Kitts and Nevis	39,3	1,1	15
Bulgaria	38,5	1,1	16
Mauritius	33,4	0,9	17
Israel	33,1	0,9	18
Marshall Islands	27,5	0,8	19
Ukraine	25,8	0,7	20
<b>Country Groups</b>			
EU (European Union Countries)	1.771,1	48,7	
CIS (Commonwealth of Independent States)	343,3	9,4	
ACP (African, Caribbean and Pacific countries)	232,9	6,4	
NAFTA (North American Free Trade Association)	112,1	3,1	
OPEC (Organization of Petroleum Exporting Countries)	56,3	1,5	
ASEAN (Association of South East Asian Nations)	50,9	1,4	
<b>Geographic Regions</b>			
Europe	2.231,4	61,4	
America	949,1	26,1	
Asia	273,7	7,5	
Africa	148,3	4,1	
Oceania	33,9	0,9	
<b>World</b>	<b>3.636,4</b>	<b>100,0</b>	

Source: Central Bank of Cyprus



Table 4: Foreign direct investments (Flows) by economy activity, 2009

code	Type of Economy activity	EUR Millions	
		2009	% share of total
595	Agriculture and Fishing	0,0	0,0
1495	Mining and Quarrying	0,0	0,0
3995	Manufacturing	2,5	0,1
4195	Electricity, Gas and Water,	1,2	0,0
4500	Construction	31,2	0,9
5295	Trade and Repairs	271,8	7,5
5500	Hotels and Restaurants	9,0	0,2
6495	Transports, Storage & Communication	46,9	1,3
6895	Financial Intermediation	2.980,8	82,0
7395	Real Estate, Renting, Business activities	285,2	7,8
9995	Other Services	7,8	0,2
9996	Not allocated	0,0	0,0
9999	Total	3.636,4	100,0

Source: Central Bank of Cyprus

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