



## **Doing Business in Cyprus: A Country Commercial Guide for U.S. Companies**

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## Chapter 1: Doing Business in Cyprus

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### Market Overview

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#### Government-Controlled Area<sup>1</sup>:

The government-controlled area of Cyprus offers good business and financial services, modern telecommunications, an educated labor force, good airline connections, a sound legal system, and a low crime rate. Cyprus's EU membership, its geographical location, low tax rates, and modern infrastructure make it a natural hub for companies looking to do business within the EU and with the Middle East, Eastern Europe, the former Soviet Union and North Africa. A liberal investment regime has also helped increase the flow of direct investment in Cyprus in recent years. The inflow of total direct investment in Cyprus reached USD 1.50 billion in 2006, compared with USD 1.18 billion in 2005. Intellectual property is protected under modern copyright and patent legislation, although better enforcement of these laws is needed.

Economic growth remained strong at around 4.0 percent in 2007 (from 3.8 percent the year before) comparing favorably against the Eurozone's average of 2.6 percent. The main drivers of growth were property development and financial intermediation services as well as transport, storage and communication services. The sectoral allocation of GDP in 2007 was as follows: primary sectors (agriculture, fishing and mining) 3.2 percent; secondary sectors (manufacturing, utilities and construction) 19.2 percent; and tertiary (services) sectors, including tourism, 77.6 percent.

In 2007, Cyprus had the third-lowest unemployment rate among the EU27 at around 4.8 percent, and kept inflation in check at 2.2 percent. Cypriot Public finances have also improved considerably in recent years. The fiscal deficit, which had peaked at 6.3 percent of GDP in 2003, was eliminated by 2007. A fiscal surplus of 1.5 percent of GDP was realized in 2007, with a 0.5 percent surplus projected for 2008. Concurrently, the public debt declined to around 60 percent of GDP in 2007, from 65.2 percent the year before.

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<sup>1</sup> Since 1974, the southern part of Cyprus has been under the control of the Government of the Republic of Cyprus, while the northern part has been administered by a Turkish Cypriot administration, which proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC") and has not been recognized by any country except for Turkey. A substantial number of Turkish troops remain on the island. A buffer zone or "green line," patrolled by the U.N. Peacekeeping Force in Cyprus (UNFICYP), separates the two parts. The United States recognizes the Republic of Cyprus as the Government of Cyprus. It is also U.S. policy to ease the isolation of Turkish Cypriots and to promote economic growth and opportunity in the Turkish Cypriot economy in order to pave the way for a comprehensive settlement and reunification. For clarity of presentation, this report outlines the different circumstances that pertain in these separately administered parts of the island.

Cyprus is one of ten countries to have joined the European Union (EU) on May 1, 2004. Even though the entire island entered the union, the EU *acquis communautaire* -- the body of common rights and obligations -- applies only to the government-controlled areas and is suspended in the area administered by Turkish Cypriots. The process of harmonization with the EU in the run-up to accession has transformed the economy of the government-controlled area, making it more open, liberal, and competitive. Among the many reforms which have already taken place are the following: liberalization of trade and interest rates, abolition of investment restrictions for EU residents and liberalization of the general investment regime for all non-EU investors, abolition of price controls, introduction of private financing for the construction and operation of infrastructure projects, and liberalization of utilities. Naturally, some of these changes take time to bear fruit. For example, the dominant position of semi-government organizations, which until recently monopolized utilities such as telecommunications or power generation, continues to inhibit competition in these sectors. Cyprus obtained very few derogations from the EU *acquis*, one of which limits the acquisition of land by EU residents until 2009.

As of January 1, 2008, the Euro has replaced the Cyprus Pound as Cyprus' national currency. Joining the Eurozone was a major accomplishment for the Cypriot economy, promising to result in such benefits as a higher degree of price stability, lower interest rates, reduction of currency conversion costs and exchange rate risk, and increased competition through greater price transparency. Commercial banks locally will exchange Cyprus pound banknotes and coins free of charge until June 30, 2008. The Central Bank will exchange national coins free of charge until the end of 2009 and national banknotes until the end of 2017. Dual pricing in Cypriot pounds and Euros is mandatory from September 1, 2006 until July 31, 2008. The final conversion exchange rate between the Cypriot pound and the Euro was one Euro per 0.585274 Cyprus pounds. The following website offers additional information on the mechanics of Cyprus's adoption of the Euro: <http://www.euro.cy/>

Area Administered by Turkish Cypriots:

The self proclaimed "Turkish Republic of Northern Cyprus," is only recognized by Turkey and controls about one-third of the island's area and around a fifth of the population. Implementation of the EU *acquis communautaire* has been suspended in the area administered by Turkish Cypriots until political conditions permit the reunification of the island.

Turkish Cypriot real GDP growth fell in 2006 to an estimated -2.5%, according to Turkish Cypriot statistics, down from 13.2% in 2006, 10.6% in 2005, 15.4% in 2004 and 11.4 percent in 2003. This strong growth had been fuelled by the relative stability of the Turkish Lira, a large construction boom, the expansion of Turkish Cypriot universities -- which cater mainly to Turkish and other international students -- and the employment of around 4,000 Turkish Cypriots in the government-controlled area. As a result, the income gap between the Turkish Cypriot and Greek Cypriot communities has narrowed. Per capita GDP in the area administered by Turkish Cypriots is now around 40 percent of that in the government-controlled area (unofficial statistics in the area administered by Turkish Cypriots show a per capita GDP of USD 14,047 and a GNP of 4,624,400,000 YTL for 2007). The abrupt turn to negative growth in 2007 was a result of the bursting of the real estate bubble and a concomitant tightening of liquidity.

The New Turkish Lira is the main currency, although Sterling and Euros are widely used. Like the government-controlled area, the area administered by Turkish Cypriots is heavily dependent on imports. Agriculture is still a major sector in terms of employment, exports, and consumption, although its share of GDP is decreasing annually. In 2006 (last available information), the agricultural sector employed 4.8 percent of the working population and accounted for 35.0 percent of total exports. Processed agricultural goods accounted for another 38.2 percent of total exports.

Most businesses in the north are family-run and tend to be very small. Manufacturing is limited mainly to food and beverages, furniture and fixtures, construction materials, metal and non-metal products, textiles and clothing. In 2006, unemployment was estimated at 9.4%. In 2006, the total workforce was reported at 92,000 people. The minimum wage is currently USD 890 per month.

With hundreds of miles of coastline, medieval castles and antiquities, tourism is a major potential growth industry. Tertiary education is also one of the strongest sectors in the north. There are currently six universities attended primarily by students from Turkey. According to the "State Planning Organization," over 40,000 students, of which over 80 percent are foreign, registered for the 2006-2007 academic year.

The absence of a political settlement and the lack of international recognition for the "TRNC" pose an inherent risk for the foreign investor interested in buying or leasing property in the area administered by Turkish Cypriots. Potential investors should be cautious and check out all the facts concerning purchasing or leasing property in the north. Unless the property in question was in Turkish Cypriot hands prior to 1974, it will be very unlikely that the title to the land will be free and unchallengeable. Property issues will be a key issue for any settlement of the Cyprus problem and will involve the return of property and/or compensation to pre-1974 owners. Estimates of the percentage of land in the north that belonged to Greek Cypriots pre-1974 run as high as 85 percent. Foreign buyers or lessees of land may face legal challenges from those displaced in 1974 either in Republic of Cyprus courts or courts in their country of residence.

## **Market Challenges**

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Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the internationally-recognized Government of the Republic of Cyprus. The northern part of the island is administered by a Turkish Cypriot administration. In 1983, that administration proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC"). The "TRNC" is not recognized by the United States or by any other country except Turkey. The two parts are separated by a buffer zone patrolled by United Nations forces. A substantial number of Turkish troops remain on the island.

There has been no serious inter-communal violence since 1974, other than an isolated incident in 1996 resulting in the deaths of two Greek-Cypriot civilians during a demonstration in the buffer zone. The partial lifting of travel restrictions between the two parts of the island in April 2003 has allowed movement of persons – over eleven million crossings to date -- between the two parts of the island with no significant interethnic

incidents. In August 2004, new EU rules allowed goods produced in the north to be sold in the south provided they met EU rule of origin and sanitary/phyto-sanitary requirements. In May 2005, the Turkish Cypriot "authorities" adopted a new regulation "mirroring" the EU rules and allowing certain goods produced in the south to be sold in the north. Nevertheless, trade between the two communities remains limited. Suppliers of imported products in the government-controlled area cannot directly serve the Turkish Cypriot market and vice versa.

A plan for the reunification of the island, negotiated under the auspices of the UN, was submitted to the two communities for approval in separate but simultaneous referenda on April 24, 2004. The plan was approved by the majority of Turkish Cypriots but rejected by the majority of Greek Cypriots.

From a strictly business perspective, the biggest challenge is the relatively small size of the market in both communities, with less than a million residents on the island. In the government-controlled area, this problem is somewhat cushioned by the relatively high standard of living (per capita GDP reached USD 27,260 in 2007, corresponding to 93.7 percent of the EU27 average, on a purchasing power parity system) and around 2.4 million tourist arrivals per year. In the area administered by Turkish Cypriots, per capita GDP was only USD 8,095 in 2004 and grew to an estimated USD 14,047 in 2007.

## **Market Opportunities**

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### Government-Controlled Area:

Best prospects for U.S. firms generally lie in services, high technology sectors, such as computer equipment and data processing services, financial services, environmental protection technology, medical and telecommunications equipment, and tourism development projects such as casinos, marinas, and golf courses. Moreover, alternative energy sources and the energy sector in general, are attracting an increasing amount of attention, while the possible existence of natural gas and petroleum reserves off the southern and eastern coast of Cyprus opens up new prospects. U.S. food franchises and apparel licensors are also finding fertile ground for expansion in Cyprus.

The gradual liberalization of foreign direct investment regulations has made Cyprus an increasingly attractive destination for U.S. investors in recent years. Traditionally, U.S. direct investment in Cyprus consisted of relatively small projects, mostly by Greek-Cypriot expatriates. It should also be noted that the abolition of restrictions on investment originating from the EU allows U.S. investors to benefit as well, provided they work through subsidiaries in the EU.

### Area Administered by Turkish Cypriots:

No detailed statistics on investment are available in the area administered by Turkish Cypriots. However, most foreign direct investment in north Cyprus since 1974 has come from Turkey – both from the government and private sector. Tourism has attracted most investment. In February 2006 the "State Planning Organization" released a Guide for Foreign Investors available at <http://www.devplan.org>.

Over the past three years, construction of vacation and retirement villas (aimed mainly at the UK market) and, to a lesser extent, hotels have boomed. Turkish and Turkish Cypriot businesspeople plan to finish construction of several hotels, a marina, and a golf course in the coming months. Construction of several new hotels and the golf course was completed in 2007. Tourist arrivals increased by 27 percent in 2004 and another 10.1% in 2005. Most tourists come from Turkey and, to a lesser extent, the UK. In 2006, the overall number of arrivals increased a further 9.6% although the number of non-Turkish arrivals decreased 13%. In 2007, total number of arrivals increased a further 10.51%, and the number of non-Turkish arrivals decreased a further 0.25%.

Other potential growth opportunities include agribusiness (especially in citrus, potatoes, and carob – which can be used as a chocolate substitute in health foods) and the export to north Cyprus of cereals and animal feed.

Please see the caveats on property in the above sections.

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5376.htm>

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Cyprus joined the European Union on May 1, 2004. For an online report on general European Union Laws, Rules, and Regulations for all EU countries (the EU Country Commercial Guide), please see

[http://www.buyusa.gov/europeanunion/country\\_commercial\\_guide\\_2006.pdf](http://www.buyusa.gov/europeanunion/country_commercial_guide_2006.pdf)

For more information you can also contact the U.S. Commercial Section at the U.S. Mission to the EU in Brussels. Their website is:

<http://www.buyusa.gov/europeanunion/>

**Using an Agent or Distributor**

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#### **Distribution and Sales Channels; Use of Agents/Distributors; Finding a Partner**

Government-Controlled Area:

It is relatively easy to find qualified Cypriots to serve as agents and distributors. Hundreds of U.S. companies are already represented here on an agency/representative basis. Cypriot agents/representatives normally market U.S. products and services under binding agency agreements based on commissions. In general, the Embassy's experience has been that Cypriot agents are reliable and pursue their work objectives aggressively and with a keen business sense. In Cyprus, a Commercial Agent must register with the Council of Commercial Agents and receive a license with a registration number.



Area Administered by Turkish Cypriots:

Cooperation with a Turkish Cypriot businessperson or entity is recommended for those interested in doing business in the area administered by Turkish Cypriots. For information on how to get in touch with prospective agents or distributors, please contact the Turkish Cypriot Chamber of Commerce. The TCCC has a list of members with their respective line of business and contact information. Please click on the following link for detailed information on the TCCC: <http://www.ktto.net>

Other contact details:

Tel.: +392-228-3760, +392-228-3645

Fax: +392-228-3089

Email: [ktto@ktto.net](mailto:ktto@ktto.net)

Postal address: 90 Bedreddin Demirel Cad.  
Nicosia

## Establishing an Office

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Government-Controlled Area:

The Ministry of Commerce, Industry, and Tourism recently launched the Foreign Investors Service Center, which is designed to serve as a resource to those interested in doing business in Cyprus. Information about investment opportunities and procedures is available at the Center's website: <http://www.investincyprus.gov.cy>. To promote Cyprus as a business center, the Government will launch in February 2008 the Cyprus Investment Promotion Agency (CIPA); a non-profit private limited company, with the Government being the sole shareholder.

Cyprus, a full EU member since May 1, 2004, has a liberal climate for foreign investment. On October 1, 2004, the GOC lifted most investment restrictions for non-EU residents, completing earlier reforms (introduced in January 2000) concerning EU investors. Through this decision, the GOC has lifted most capital restrictions and limits on foreign equity participation/ownership, thereby granting national treatment to foreign investors. Non-EU investors (both natural and legal persons) may now invest freely in Cyprus in most sectors, either directly or indirectly (including all types of portfolio investment in the Cyprus Stock Exchange). The only exceptions concern the acquisition of property and, to a lesser extent; restrictions on investment in the sectors of tertiary education, mass media, and construction (see Chapters 5 and 6).

Under the new policy, there is no mandatory screening of foreign investment. Foreign investors can register a company directly at the Registrar of Companies through qualified accountants or lawyers, a procedure that is exactly the same for local residents. Similarly, foreign investors may now acquire shares in an existing Cypriot company directly, without earlier authorization by the Central Bank. They are expected, however, to inform the Registrar of Companies about the change in ownership status. Naturally, foreign investors are expected to abide by the same regulations as Cypriot investors and obtain all the necessary permits under Cypriot law to do business in Cyprus. For example, they may need to obtain a municipal permit to set up a kiosk or abide by prevailing health standards to own and operate a catering company, etc. Furthermore,

non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department.

Non-resident investors can establish a legal presence in Cyprus through a selected professional (attorney or accountant) licensed to practice in Cyprus. The professional will establish the type of legal presence required (i.e. company, branch, partnership, joint venture, etc.) through the Registrar of Companies. This process usually takes about a month to complete and costs between USD 2,000 and USD 4,000.

Cypriot legislation imposes significant restrictions on the foreign ownership of real property. Persons not ordinarily resident in Cyprus may purchase only a single piece of real estate (not to exceed 3 donum or roughly one acre) for private use (normally a holiday home). The restriction on property acquisition for EU residents who are not permanent residents of Cyprus will expire in May 2009. (Cyprus received a five-year derogation from the EU *acquis communautaire* on this issue.) The restriction will continue to apply, however, to non-EU residents, including U.S. nationals. (A full description of Cypriot policy on property acquisition is given in Chapter 6.)

Non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department. Employment permits are issued to the senior executives of companies as well as to other foreign personnel when administrative or technical staff of the same caliber cannot be found in Cyprus, or when the employment of the non-EU resident is absolutely necessary for conducting the business of the enterprise. Since the island's accession to the EU (May 1, 2004), it has become increasingly harder for non-EU blue-collar workers to obtain work permits in Cyprus. Other restrictions may also apply, such as for setting up educational institutions on the island with non-EU participation.

Area Administered by Turkish Cypriots:

Foreigners can select one of the following three options in order to establish a company in the area administered by Turkish Cypriots:

(a) Establish a new company in the north. In this case, there is a requirement for minimum capital of USD 100,000 (previously USD 30,000). There is no requirement for "Ministerial Council" approval although the applicant must obtain all the necessary permits and documents from the police, "Ministry of Interior". For the registration of a local company with foreign capital participation, the following documents have to be presented to the Official Receiver and Registrar: Articles of Association, M.S. 1,2,3 Forms, Revenue Stamp, Good character certificate, Tax payment guarantee certificate, approved photocopy of passport or ID Card, certificate of the deposit of the foreign capital share at a local bank; or

(b) Establish a branch of an existing foreign company. The requirements are currently the same as establishing a new company, or

(c) Buy an existing Turkish Cypriot company. In order to do this, the foreign investor must have a Turkish Cypriot partner and invest a minimum of USD 100,000.

Additional information can be obtained directly from the "Ministry of Economy" at tel. (90-392) 228-5204, fax: (90-392) 228-5204; and the "State Planning Organization" at tel. 90-

392) 228-3141, fax: (90-392) 228-5988. In February 2006 the "State Planning Organization" released a Guide for Foreign Investors available online at <http://www.devplan.org>.

## **Franchising**

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Government-Controlled Area:

U.S. franchises, particularly in the food business, have been extremely successful in Cyprus in recent years. Companies that have opened franchise outlets in Cyprus since 1990 include: McDonalds, Burger King, Starbucks, Pizza Hut, Papa John's, Kentucky Fried Chicken, Bennigans, TGI Friday's, Curves and Gold's Gyms. Century 21, Remax and ERA have also opened offices on the island last year. The most recent opening on the island is The Coffee Beanery. Operation of these ventures results in a substantial outflow of capital in the form of licensing fees and royalty payments every year for U.S. and other foreign franchises. Present trends suggest that the franchising sector will continue to grow over the next several years.

Area Administered by Turkish Cypriots:

Gloria Jean's Coffees (Australian) opened in December 2007. There are no U.S. or other international franchises currently established in the area administered by Turkish Cypriots. There is one successful local fast food chain and franchises are a potential growth industry.

## **Direct Marketing**

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Government-Controlled Area:

Direct Marketing has been a growth industry for Cyprus in recent years, to the point where many local firms offer their services to customers in the region. Advertising methods for the local market have become sophisticated and the choice of available media is approaching those available in other developed countries.

Area Administered by Turkish Cypriots:

Marketing and advertising are not used extensively in the north at this time. Most campaigns and advertising materials come directly from Turkey. With the recent developments in the north (construction, tourism-related projects, etc.), this sector will eventually grow to accommodate promotional needs mostly to foreign investors and prospective buyers. The Internet is more widely used in promotion efforts. However, there is no reliable access to broadband Internet service at this time.

## **Joint Ventures**

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Government-Controlled Area:

In the case of most large tender projects, Cypriot companies join forces with foreign companies to prepare and submit bid proposals. The expertise of foreign companies in certain sectors is necessary and their cooperation with local companies gives them an edge as well in terms of the locals' knowledge and expertise in the Cypriot market.

Area Administered by Turkish Cypriots:

It is required that foreign companies have a local partner if they wish to participate in a tender in the area administered by Turkish Cypriots. Foreign companies can also participate by establishing a local company.

## **Selling to the Government**

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European Union:

Cyprus joined the European Union on May 1, 2004. The EU's body of law currently applies only to the government-controlled area.

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent of the total value of the goods constituting the tender, or are entitled to apply a 3 percent price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: [http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

#### Government-Controlled Area:

The procurement practice of the government is to announce international or local tenders, depending on the size of the procurement. With EU accession, the procurement law has been amended to comply with EU laws and regulations. Tender documents are typically released in the Greek language, which is an official EU language. In most cases, U.S. companies may bid directly or through a local agent on any tender.

With the new procurement law, power on evaluating and awarding tenders has shifted from a Central Tender Board to each Ministry's tender board. A Tenders Review Authority is also established to examine complaints from bidders and to ensure that project awards are not mishandled.

Information on upcoming tenders is available through the Department of Commerce in Washington, through the Internet: <http://www.stat-usa.gov>, or the U.S. Embassy in Nicosia, Commercial Section (e-mail: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov), Internet site: <http://www.buyusa.gov/cyprus>). Also through <http://www.export.gov>.

Ministry technical committees evaluate government tenders. Bids are usually evaluated first on technical merit and then on cost depending on the value of the project. Bidders on government contracts are advised to offer products/services that meet tender specifications to the dot. "Overbidding" -- providing additional technical capabilities or services -- only adds to the cost, thus risking low ranking by the financial committee. A number of U.S. firms have had their bids disqualified by quoting prices in currencies not listed in the tender documents.

#### Area Administered by Turkish Cypriots:

The "Central Tenders Commission" (CTC), which is under the "Ministry of Finance", handles all "Government" tenders released in the area administered by Turkish Cypriots. This is not the case with "municipalities" however; where each "municipality" has its own tender board and follows its own regulations and procedures.

Tenders are announced in the "Official Gazette" or in a minimum of two local Turkish language newspapers. International tenders are also announced abroad as per the 1986 "By-Laws Governing State Tenders." Most large tenders permit participation from international companies. International companies can participate through an agent or with a partner in the area administered by Turkish Cypriots if the tender specifications clearly state that the tender is open for international participation. The agent or partner must be fully registered in the area administered by Turkish Cypriots in order to represent any international company.

## **Distribution and Sales Channels**

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#### Government-Controlled Area:

Most imported products and services are handled through agents and distributors. Although most agent agreements may not be exclusive, most distributor agreements are. In some cases, a distributor may obtain an agreement to represent a company in both Cyprus and Greece and sometimes in countries of Eastern Europe as well.

Most companies in Cyprus are relatively small and family-owned and operated, although there are some notable exceptions. A recent trend has been for foreign investors and companies, especially from Greece, to enter the market by purchasing existing corporations on the island. There are several major local and European supermarket chains and a few department stores. There are also many small family-owned stores. The hours that stores can be open and what products they can carry are regulated by the state in an effort to protect smaller operations.

Area Administered by Turkish Cypriots:

The market structure in the area administered by Turkish Cypriots is similar to the government-controlled area in that there are mostly small and family-owned and operated businesses. Imports are also handled by agents and distributors and are usually imported through Turkey.

## **Electronic Commerce**

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European Union:

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2008.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: [http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

Government-Controlled Area:

The Ministry of Commerce is trying to promote E-Commerce in Cyprus as an innovative way of doing business on the island. Although Internet access is widespread, Web-

based trade remains relatively small but is growing. Most companies have their own website.

Online banking is becoming increasingly popular and Cypriots are becoming accustomed to this method of financial services.

The Ministry of Commerce has also created a website that provides specific information to foreign companies on how to invest in Cyprus: <http://www.investincyprus.gov.cy>

The Government is also improving its websites and offers more services and information through the Web. The Government's main website is:

<http://www.cyprus.gov.cy>

Area Administered by Turkish Cypriots:

As in the south, E-commerce is limited but growing. Online banking services are advanced, as competition is fierce from Turkey-based banks. Most "government" offices and "ministries" have a website and some are starting to offer services, however, in general, the Turkish Cypriot authorities continue to lag behind the private sector in this regard.

## Trade Promotion and Advertising

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Government-Controlled Area:

Besides traditional advertising media like television and radio, direct marketing techniques that involve telephone calls to prospective customers and direct-mail to households have been used in recent years. Telemarketing (advertising through TV, with call-in numbers to order directly) is also frequently used. Cable and satellite television are expanding their reach and offer another advertising medium. Advertising through the Internet has grown significantly over the past few years as the number of Internet users in Cyprus has taken off. Several Internet providers specialize in designing web pages.

More traditional advertising channels, such as billboards or the print media, are also used extensively. General and product-specific trade shows take place year-round (see Chapter 9). Most newspapers are affiliated with particular political parties. The major Greek language newspapers are Phileleftheros, Alithia, Simerini, O Politis, and Haravghi. The major English language newspapers are the Cyprus Weekly, Cyprus Mail and the Cyprus Financial Mirror. There are numerous radio stations and seven broadband television channels: two government-owned, three private, and two paid subscription TV channels. There are also six local TV stations on the island. Digital television is also present in Cyprus. Two companies offer cable digital TV; the Cyprus Telecommunications Authority (CyTA) through its pre-existing cable network – called MiVision – and NV Cable Communications Systems, a strategic collaborator of the Electricity Authority of Cyprus, through the EAC's existing fiber optics. Another option for viewers is NOVA satellite that services both the market of Greece and Cyprus.

There are many advertising, public relations, and promotion agencies on the island. Most of them are partnered up with major agencies abroad (for example: DeLeMa / McCann Erickson; Telia & Pavla / BBDO; Leo Burnett / Innovation; Pandora / Ogilvy & Mather; Partners / Young & Rubicam).

Area Administered by Turkish Cypriots:

The advertising sector in the area administered by Turkish Cypriots is not as developed as in the government-controlled area. Most advertising material comes directly from Turkey. The few advertising agencies that exist, generally do not undertake complex advertising issues or campaigns.

TV Stations: BRT (1 & 2), Kanal T, Genc TV, Akdeniz TV, Avrasya TV, Kibris TV, GAU TV, YDU TV

Radio Stations: Acik Radio, Akdeniz FM, BRT (Bayrak Radio 1, Bayrak FM, Bayrak International, Bayrak Classic) Kibris FM, Sim FM, Radyo Guven, Dance FM, First FM, Radio Vatan, Near East FM, Radyo Dogu Akdeniz, Kuzey FM, GAU FM, Radyo Mayıs.

Newspapers: Kibris, Yeniduzen, Gunes, Kibrisli, Ortam, Demokrat Bakis, Vatan, Afrika, Halkin Sesi, Cyprus Observer, Cyprus Times, Cyprus Today, Volkan, Sozcu, Star Kibris. As in the government-controlled area, most newspapers are affiliated with particular political parties.

## **Pricing**

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Government-controlled area:

As of January 1, 2008 Cyprus adopted the Euro as its official currency and has eliminated the use of the Cyprus pound as of January 31, 2008. The intense effort to harmonize the Cypriot economy with that of the EU in recent years is making the Cypriot marketplace more open and competitive. For example, over the last three years the government has abolished price controls on all products. Additionally, the implementation of the Uruguay Round agreement since January 1, 1996, resulted in the abolition of import permits, quantitative restrictions, and other non-tariff barriers to trade.

When considering pricing strategy (and this applies to both the government-controlled area and the area administered by Turkish Cypriots), U.S. exporters should remember that the Cyprus market is small and orders are usually in limited quantities. The usual method of transaction is by letter of credit, with 90-day terms.

## **Sales Service/Customer Support**

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U.S. companies bidding on various projects in Cyprus should bear in mind that a local representative is usually recommended. When evaluating tenders, government and semi-government organizations will take into consideration the reliability and reputation of the local agent/representative. Also taken into consideration are after-sales service, maintenance contracts, and the availability of spare parts. The Commercial Section of the U.S. Embassy in Nicosia can help U.S. firms locate reputable local agents.



## Introduction

Several general principles are important for effective management of intellectual property rights in Cyprus. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Cyprus than in the U.S. Third, rights must be registered and enforced *in* Cyprus, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Cyprus. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Cyprus require constant attention. Work with legal counsel familiar with Cyprus laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Cyprus or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Cyprus American Business Association (CyABA)
- Pharmaceutical Association of Research and Development Companies of Cyprus (KEFEA)

## IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

## IPR Climate in Cyprus

### Government-Controlled Area

IPR legislation in Cyprus is, on the whole, modern and comprehensive, although enforcement should be further improved. Cyprus has harmonized its IPR regime with EU requirements as part of its accession to the EU in 2004. According to industry sources, the level of DVD and CD piracy continues at roughly 50 percent. Software piracy, largely fueled by small personal computer assembly and sale operations, has declined to 53 percent but is still significantly above the European average. Internet piracy is a growing concern. Contact information for local IPR registration and enforcement offices can be found at: <http://www.wipo.int/directory/en/urls.jsp>.

### Area Administered by Turkish Cypriots

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots. Current legislation is antiquated and rarely enforced.

### European Union:

#### Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of

databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

The on-line copyright Directive (2001/29/EC) addresses the vexed problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

Key Link: [http://ec.europa.eu/internal\\_market/copyright/index\\_en.htm](http://ec.europa.eu/internal_market/copyright/index_en.htm)

## Patents

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However these national patents have to be validated, maintained and litigated separately in each Member State. EPO's web site is <http://www.european-patent-office.org/>.

Key Link: [http://ec.europa.eu/internal\\_market/indprop/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/index_en.htm)

## Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks. On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

Key Links: <http://oami.eu.int/en/default.htm>  
<http://www.wipo.int/madrid/en>

## Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.

Key Links: <http://oami.eu.int/en/design/default.htm>

### Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price Regulation. Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.

Key Link: [http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm)

### **Due Diligence**

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In an effort to assist U.S. companies with their due diligence efforts on the island, the Commercial Section offers the International Company Profile (ICP) report service. This report is a background check into the particulars of potential business partners in Cyprus, including information on key officers, financial health, sales volume and reputation.

The cost for each International Company Profile report in Cyprus is US\$500 and is delivered within 30 working days. For more information on our ICP service, please check the Commercial Section's website: <http://www.buyusa.gov/cyprus>.

### **Local Professional Services**

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#### Government-Controlled Area:

A local attorney must prepare the Articles of Incorporation of the company and submit the application for registration to the Registrar of Companies. A list of local attorneys registered with the U.S. Embassy in Nicosia is available from the Embassy's Consular

Section, Tel.: +357-22-393939, Fax: +357-22-776841. The list is also available on the Embassy website: <http://cyprus.usembassy.gov/> under American Citizen Services and under Commercial Information. A full list of attorneys registered in Cyprus (more than 1,600) is available from the Cyprus Bar Association website:

[http://www.cyprusbarassociation.org/news\\_en.php](http://www.cyprusbarassociation.org/news_en.php)

Area Administered by Turkish Cypriots:

The Turkish Cypriot Chamber of Commerce can provide a list of professional services available as well as contact information. <http://www.ktto.net>

## Web Resources

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The official website of the U.S. Embassy in Nicosia, Cyprus  
<http://cyprus.usembassy.gov>

The official website of the U.S. Embassy, Commercial Section in Nicosia, Cyprus  
<http://www.buyusa.gov/cyprus>

Government-Controlled Area:

The Government of Cyprus official website includes information on ministries and all branches of the government. This website was recently reconstructed and is now more user-friendly.  
<http://www.cyprus.gov.cy>

For Information on Cypriot Companies by name or sector and for detailed information regarding Associations registered with the Chamber of Commerce and Industry.  
<http://www.ccci.org.cy>

The Cyprus – American Business Association is dedicated to promoting bilateral trade relations between Cyprus and the U.S. and has a very close cooperation with the U.S. Embassy in Nicosia.  
<http://www.cyaba.com.cy>

To find out if a company is registered in Cyprus check the website of the Department of the Registrar of Companies and Official Receiver. The website also provides statistics on companies registered in Cyprus and other services.  
[http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index\\_en/index\\_en?opendocument](http://www.mcit.gov.cy/mcit/drcor/drcor.nsf/index_en/index_en?opendocument)

Cyprus Bar Association  
[http://www.cyprusbarassociation.org/news\\_en.php](http://www.cyprusbarassociation.org/news_en.php)

Area Administered by Turkish Cypriots

The official website of the Turkish-Cypriot Chamber of Commerce  
<http://www.ktto.net>

The Turkish Cypriot Chamber of Industry website

<http://www.kktcsanayiodasi.org/>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

- [Commercial Sectors](#)
- [Opportunities for Investment](#)

### Commercial Sectors

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Showcase Europe provides U.S. exporters a broad perspective on Europe. Organized around eight key sectors with the greatest market potential for U.S. exporters, Showcase Europe provides a framework for coordination and cooperation among the U.S. Department of Commerce's U.S. Commercial Service offices throughout Europe. Sectors include aerospace, automotive, energy/power generation, environmental technologies, information and communication technologies, medical and pharmaceutical, safety/security, and travel and tourism.

In addition, the Quicktake Program provides an overview of market potential for a U.S. company's products from market specialists across Europe. Surveys cover current and future demand, competition, and suggested next steps.

Key Links:

<http://www.buyusa.gov/europe>

<http://www.buyusa.gov/quicktake>

### Opportunities for Investment

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Government-Controlled Area:

Current tenders/Investment Opportunities:

#### 1. Oil and Gas Exploration – Licensing Applications (Second Round) (OGS)

The Republic of Cyprus, represented by the Ministry of Commerce, Industry and Tourism, will conduct the Second Hydrocarbon Exploration Licensing Round offshore Cyprus in the second half of 2008 – possibly July – (the upcoming Presidential elections might change the tentative dates of the second round). The Government has two blocks available for bids in addition to the remaining eight (out of eleven) offshore blocks that did not receive any interest during the first round. According to Ministry of Commerce officials, recent 3D seismic studies in one of the blocks in the Cyprus EEZ have shown the existence of hydrocarbon deposits.

#### 2. Energy Center / Regasification Facility (OGS)

The Government of Cyprus (GOC) plans to construct a major energy center in the Vasilikos area (near Limassol) to support plans to begin importing natural gas and to meet EU requirements regarding the storage of 90-day strategic reserves of petroleum and natural gas. The GOC's original plan was to construct under Built/Operate/Transfer

(BOT) terms a center that would include a petroleum-related products reserve tank, a terminal to offload liquefied natural gas (LNG) from ships, and an LNG regasification and storage facility. The cost of the energy center project was estimated at CY£400-450 million (US\$850-950 million). The winning bidder would pay the initial cost for the works and then, once the project was completed, the winning bidder would operate the energy center facilities on behalf of the government for the next 20 to 25 years. However, the GOC is now considering other options such as importing Compressed Natural Gas (CNG) instead of LNG. It is also considering other options besides BOT. The speed at which bidders will be able to deliver the new facility will be an important consideration. The Ministry is expected to release tender specifications within the next several months (after the Presidential elections of February 2008). The position of the semi-governmental Electricity Authority of Cyprus will have an effect on the final decision on what the tender should include.

For more information, please contact the Ministry of Commerce, Industry, and Tourism, Energy Department:

Mr. Solon Kassinis  
Director of Energy  
Tel.: +357-22-409303  
Fax: +357-22-375120

### 3. Renewable Sources of Energy (OGS – REQ)

Projects for renewable sources of energy are still pending, specifically in the following sectors: 1) solar photovoltaic electricity generation; 2) wind turbines electricity generation; 3) biomass for the production of electricity from organic waste; and 4) replacement of existing solar hot water heaters. The GOC must comply with EU targets, which stipulate that Cyprus should cover up to 6 percent of electricity production through renewable sources of energy by 2010. Not many projects have been implemented so far, making it extremely difficult for the Government to achieve the 6% target on time even though it is offering selected subsidies in an effort to promote renewable sources of energy.

Companies interested in the renewable energy sector, can contact the office of the Energy Commission:

Cyprus Energy Regulatory Authority  
P.O. Box 24936  
1355 Nicosia  
Cyprus  
Tel.: +357-22-666363  
Fax: +357-22-666353

### 4. Casino Construction (ACE – CON – BLD)

The GOC is considering providing licenses for the construction and operation of 2-3 casinos on the island. Currently casinos are not permitted in the government-controlled area. No decision on amending the relevant laws is expected until after the February 2008 Presidential election. Nevertheless, several Cypriot companies are already looking for international partners in preparation for a possible licensing round in 2008 or 2009.



For more information on the Cyprus Tourism Organization (CTO) studies and casino construction possibilities, please contact:

Ms. Loukia Antoniadou-Pantazi  
Officer  
Cyprus Tourism Organization  
19 Lemesou Ave.  
Nicosia  
Tel: 357 22 691 130  
Web: <http://www.visitcyprus.biz>

Interested U.S. companies can also contact the Embassy Commercial Section through Ms. Ephie-Yvonne Charalambidou at [Charalambidouey@state.gov](mailto:Charalambidouey@state.gov) for information about possible Cypriot partners in any future casino projects.

#### 5. Construction of a Nicosia Ring-Road (ACE – CON – BLD)

The Government of Cyprus (GOC), through its Ministry of Communications and Works (Public Works Department) is planning the construction of a new Nicosia ring-road. On May 30, 2007 the Public Works Department signed a contract with “Denco-Trademco-Tekem-ASCE Consultants” to conduct an environmental impact study and to prepare the construction designs for the ring road. This is a major infrastructure project aimed at easing the current traffic congestion. A four-lane, 32 km, ring road will connect the Nicosia-Limassol highway to the Nicosia-Troodos motorway, as well as, serve as an outlet for the secondary road network. The construction plan includes 23 km of linking roads and a 4.5 km tunnel within the Lakatamia municipality in Nicosia. Also in the plans are 15 roundabouts, underpasses and flyovers.

Construction designs and the environmental impact study are expected by mid-2009. The first phase of the project should be ready and operational by 2011 according to the initial schedule. It will service an estimated 33,000 cars per day, mainly from the southwestern side of Nicosia – drivers who wish to get to the following areas: Anthoupolis, Lakatamia, Deftera, Tseri, Dali, Larnaca, and Limassol – but also all the residents of Strovolos and Engomi areas.

#### 6. Fire Fighting Helicopters for Lease / Purchase of Search & Rescue helicopters and Aircraft (AIR)

Following the collapse of a Ministry of Agriculture (Forestry Department) tender for the purchase of two fire-fighting helicopters, the Government will need to lease helicopters to deal with any emergency forest fire situations this coming summer. The Ministry of Justice, Police Department, which expected to use these helicopters as well, will now prepare tender specifications for the purchase of Search & Rescue (S&R) helicopters, as well as, one S&R aircraft. As with all other pending projects, any moves from the Ministry of Justice will come following the February Presidential elections.

#### 7. Traffic Cameras Supply (AUV)

The Ministry of Communications and Public Works, Department of Electromechanical Services, plans to re-release an international tender for the purchase of approximately

400 traffic cameras (out of which 40 have to be mobile units and the remaining stationary). The current traffic camera system was deactivated on September 21, 2007 after the government pulled out of a contract with the supplier, (Electromatic Consultants Ltd) when negotiations to fix technical problems fell through. The case is now in the courts but the Ministry is trying to proceed with a new contract as soon as possible.

#### 8. Electronic Passports (E-Passports) (PGA – PHT – CPT)

In May 2006, the tender for the production of new Cypriot Biometric passports (E-passports) was delayed because the decision was disputed by the runner-up, Giesecke & Devrient GmbH. The latter filed an appeal with the Tenders Review Authority (TRA) and won the appeal. Following the Attorney General's clarifications to the Ministry of Interior that the bids were expired and the procedure had to restart because they were given the wrong deadline by the Director of the Civil Registry and Migration Department, the Ministry cancelled the tender and plans to re-release it within 2008. This delay puts Cyprus behind its European Union obligations, which call for Member States to have the ability to store biometric information in their newly issued passports no later than June 2009.

#### 9. Health Sector Opportunities (HCS – DRG – MED)

The Ministry of Health announced six strategic targets for implementation in 2008. These are the following:

1. Initiation of the National Health Insurance Scheme (NHIS) by the end of 2008
2. Restructuring of the Ministry of Health
3. Promoting cooperation between interested parties in making public hospitals autonomous
4. The introduction of a Risk Management Quality System in all public and private hospitals/clinics
5. The introduction of Information Technology systems in all public hospitals and health centers
6. Emphasis on the role of Preventative Medicine.

The Government is now in the process of switching to a National Health Insurance Scheme (NHIS) that will cover all citizens through both the public and private sector. To implement this strategy, the Government created the semi-governmental Health Insurance Organization (HIO). The costs of implementation are estimated at over US\$1 billion.

The HIO will be required to perform six core business processes: management of beneficiaries, management of healthcare providers, management of healthcare information, claims management and reimbursement, collection of funds, fund management and data analysis and information generation.

One of the fastest growing sectors is IT-healthcare, especially now with the formation of the NHIS. The number one buyer for this sector is currently the HIO, which is in discussions with a few well-known companies (including U.S.), for the following (information listed below provided by the HIO):

- o Development, implementation, and integration of IT systems for Health Payer Organizations.

- Operation and support of IT infrastructure and applications provided as an outsourced service.
- Operation of the following business processes: a. Healthcare Claims Management, b. Call Center
- Service provision of the Healthcare industry in the area of information management based on the development and implementation of an Electronic Patient Record.

Area Administered by Turkish Cypriots:

1. The management of Gecitkale Airport (MCS)

The Turkish Cypriot authorities would like to rent the Gecitkale Airport for a 15 year period for packaging and cargo activities and aircraft maintenance work.

Overview:

According to unofficial Turkish Cypriot statistics, the area administered by Turkish Cypriots imported over USD 1.3 billion worth of goods during 2007, primarily from Turkey and the EU. Of this USD 1.3 billion, less than USD 10 million came from the U.S.

Leading Imports from the U.S. to the north for 2006 (USD) (based on Turkish Cypriot statistics) [2007 stats not yet available]

Vehicles	1,362,310
Cigarettes	1,068,424
Distillation Devices	479,637
Soy Bean Residue	451,724
Cigars	352,773
Whiskey	315,200
Gaming Machines	296,651
Plastic Raw Materials	228,836
Lawnmowers	226,410
Almonds (shelled)	211,412
Computer Parts	203,131
Corn	183,076
Total Imports from the U.S.	9,273,918

Source: unofficial statistics provided by the Turkish Cypriot “Department of Trade”

Agribusiness is a potential growth industry in the area administered by Turkish Cypriots. The north produces surplus citrus, potatoes, and carob that could be processed into finished products for the local market and potentially exported abroad. The export to the area administered by Turkish Cypriots of cereals and animal feed (chickens, cows, and goats/sheep) are also possible growth markets for U.S. exporters.

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Government-Controlled Area:

Cyprus Government Official Gazette, which provides information on current tender opportunities (all listings in Greek).

<http://www.cygazette.com>

The Cyprus Telecommunications Authority (CyTA) website, which lists all its current tenders and new tender opportunities.

<http://www.cytanet.com.cy/cyta/tenders.html>

The Electricity Authority of Cyprus (EAC) website that provides information regarding new and ongoing tender opportunities mostly in the energy sector.

<http://www.eac.com.cy>

Area Administered by Turkish Cypriots:

"State Planning Organization"

<http://www.devplan.org/>

"TRNC" website

<http://www.trncgov.com>

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## Chapter 5: Trade Regulations and Standards

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Note: The narrative under each of the subheadings above covers, where applicable, practices and regulations applying, firstly, in the EU as a whole; secondly, in the Government-Controlled Area of Cyprus; and, thirdly, in the Area Administered by Turkish Cypriots.

### Import Tariffs

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Government-Controlled Area:

After more than a decade of progressive adjustments in its tariff regime, Cyprus adopted fully the EU's Common Customs Tariff (CCT) for third countries upon joining the EU on May 1, 2004. EU products enjoy a natural advantage in Cyprus due to the application of zero tariff rates. More so, now that Cyprus has adopted the Euro as its official currency. Applicable tariff rates for third countries can be reviewed at the following website (under "TARIC"):

[http://europa.eu.int/comm/taxation\\_customs/dds/en/](http://europa.eu.int/comm/taxation_customs/dds/en/)

Area Administered by Turkish Cypriots:

Tariff rates in north Cyprus tend to be higher than in the government-controlled area, depending on the product, and do not conform to the CCT. Tariffs are applied based upon the origin of the goods and are divided into two categories. Goods from Turkey and EU Member States are charged lower rates than goods from all other countries (including the United States).

### Trade Barriers

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Background on the EU

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the

following website: <http://www.ustr.gov/> or <http://www.useu.be/> or <http://useu.mission.gov>. Information on agricultural trade barriers can be found at the following website: <http://www.useu.be/agri/usda.html>. To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>

Furthermore, member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

#### Government-Controlled Area:

In the run-up to EU accession, Cyprus progressively dismantled trade barriers, becoming a more open and competitive economy. On the whole, this process has made Cyprus a more attractive place for U.S. business. For example, under the CCT, Cyprus now applies tariffs on U.S. products, which are considerably lower than under the earlier regime. (An exception to this rule concerns cereals and other agricultural products.) Another example was the abolition of the 20 percent price preference granted to locally produced goods and services for public tenders. This provision, deemed contrary to EU practice and the WTO's Government Procurement Agreement, has been abolished since April 30, 2003. Furthermore, Cyprus has eliminated quantitative restrictions and other non-tariff barriers to trade since January 1, 1996, when it started implementing fully the Uruguay Round agreement.

Despite the general progress, there are still certain areas where Cyprus could make further changes in the direction of investment and trade liberalization. Some of the main issues are outlined below:

#### -- Market Access Restrictions for U.S. Pharmaceuticals

The Cypriot pharmaceuticals market suffers from several distortions that have resulted in barriers to trade and retail shortages of many pharmaceuticals. An example of the resulting distortion is, of the 3,300 drugs sold in Cyprus prior to May 1, 2004, only around 2,200 were available at the end of 2006.

The Government of Cyprus (GOC) introduced reference prices for certain private sector pharmaceuticals, since its accession to the EU on May 1, 2004 resulting in retail price cuts of around 20 percent, on average. The mechanism used by the GOC to set pharmaceutical retail prices has proved rather controversial, both in terms of the countries used as a benchmark, and the drugs selected. Local representatives of pharmaceutical companies believe the selected benchmark countries are not representative, and that the government has avoided using reference prices for drugs that stood to increase in price. Additionally, the government included inexpensive, over-the-counter drugs in the reference pricing list, a practice that is not common in other EU countries.

Furthermore, the government discriminates against new, innovative drugs when procuring pharmaceuticals for the public health sector. Innovative, cutting-edge drugs are generally left off the government's procurement list until competing original drugs or cheaper generic substitutes become available.

In May 2007, the government launched a pilot "co-payment" program, making expensive, innovative drugs more available to public healthcare patients on an optional basis, by allowing them to shoulder part of the cost. Currently, the government pays only about 25-40 percent of the cost of the selected drugs and patients are asked to pay the remaining 60-75 percent. Local representatives of research and development companies have welcomed the concept but believe that the patients' contribution should decline considerably and that there should be more transparency in the selection of pharmaceuticals and patients covered by this program. Cyprus is currently overhauling its national health scheme, aiming to upgrade public health care by 2008. The process may result in reforms to the current government procurement system.

#### -- Agricultural Biotechnology Products

Cyprus has emerged as one of the countries leading the anti-biotech charge within the EU. For example, Cyprus has voted consistently against any applications for new biotech crops before the EU Standing Committee. On July 12, 2007, the Cypriot House of Representatives passed a controversial law (the first of its kind in the EU) requiring local stores to place any and all biotech products (defined as products with a biotech content above 0.9 percent) on separate shelves, under a sign clearly declaring them as GMO products. President Papadopoulos has referred this legislation to the Cypriot Supreme Court for a ruling on procedural grounds. (Cyprus had failed to give advance notice to the European Commission of its plan to introduce this law, in violation of European Commission Directive on food labeling and advertising 2000/13/EC.) The GOC has declared several areas as "GMO-free" area under the Natura 2000 project (corresponding to 11.5 percent of the land area of the island). Local environmentalists and others apply constant pressure on the GOC to declare the whole of Cyprus as GMO-free. Largely as a result of this pressure, the GOC commissioned in September 2007 a study aimed at establishing that co-existence between biotech and conventional crops is impossible within the context of Cyprus. Meanwhile, GOC application requirements for new agricultural biotechnology crops are more arduous than in other EU countries. Additionally, permits for such crops must be renewed every five years. Biotechnology products already licensed in the EU may circulate in Cyprus freely. However, biotechnology organisms must be approved, even if they are already licensed in other EU countries.

#### -- Intellectual Property Rights

IPR legislation in Cyprus is, on the whole, modern and comprehensive, although enforcement should be further improved. Cyprus has harmonized its IPR regime with EU requirements as part of its accession to the EU in 2004. According to industry sources, the level of DVD and CD piracy continues at roughly 50 percent. Software piracy, largely fueled by small personal computer assembly and sale operations, has declined to 53 percent but is still significantly above the European average. Internet piracy is a growing concern.

## -- Energy Market Access

According to the Attorney General's Office, Cyprus seems to satisfy the requirements of Directive 2003/55/EC, articles 22 and 28 and is now considered an emerging and protected market for Natural Gas (NG). This reinforces the dominant position of the Electricity Authority of Cyprus (a semi-governmental organization), which is still a monopoly in many ways. The GOC recently established a new Public Company for Natural Gas (PCNG) with a monopoly on the importation of NG for the 10-12 year period permitted under the Directive. The GOC will own 51 percent, the EAC 39 percent (if it agrees to the terms set by the GOC), and private owners only 10 percent – which is now still owned by the GOC. The EAC also wants to participate in the construction and operation of a land-based LNG unit (an immediate and urgent need for the Cyprus energy market).

## -- Property Acquisition

Cypriot law imposes significant restrictions on the foreign ownership of real property. Persons not ordinarily resident in Cyprus (whether of EU or non-EU origin) may purchase only a single piece of real estate (not to exceed three donum or roughly one acre) for private use (normally a holiday home). Exceptions can be made for projects requiring larger plots of land (i.e., beyond that necessary for a private residence) but they are difficult to obtain and are rarely granted. The restriction on property acquisition for EU citizens not normally resident in Cyprus will expire in May 2009. (Cyprus received a temporary derogation from the EU *acquis communautaire* on this issue, lasting for five years after accession). The restrictions will continue to apply, however, to non-EU residents, including U.S. nationals.

## -- Tertiary education

Cypriot legislation on foreign investment in tertiary education distinguishes between colleges and universities. Investment in universities, defined as institutions with no fewer than 1,000 students enrolled in a sufficiently diverse range of classes and curricula, is encouraged. Foreign (including non-EU) investors can set up or acquire a university in Cyprus by simply registering a company on the island and following a set of non-discriminatory criteria. By contrast, non-EU investment in colleges is discouraged. Non-EU investors can set up or acquire a local college by registering a company in Cyprus or elsewhere in the EU provided that the company has EU-origin shareholders and directors. As a consequence, non-EU investors are not allowed to participate whether as directors or shareholders in the administration of local colleges.

## -- Media Companies

Cyprus also restricts non-EU ownership of local mass media companies to 5 percent or less for individual investors and 25 percent or less for all foreign investors in each individual media company.

## -- Construction

Under the Registration and Control of Contractors Laws of 2001 and 2004, the right to register as a construction contractor in Cyprus is reserved for citizens of EU Member States. Non-EU entities are not allowed to own a majority stake in a local construction



company. Non-EU physical persons or legal entities may bid on specific construction projects, but only after obtaining a special license by the Council of Ministers.

#### -- Professional Recognition of Real Estate Agents

The current law licensing real estate agents to practice in Cyprus was last amended in 2007 and acts as a protectionist measure, creating significant barriers to entry into the profession. Despite the passing of a new Real Estate Law in 2004 and the most recent amendments in 2007, the Cypriot law still recognizes only licensed individuals (not companies) to act as authorized real estate entities and licenses are only granted to individuals who have served as apprentices to licensed individuals for up to five years (recently amended from eight years). There is also no mention in the amended law on whether and how Franchises can operate or not. It is simply assumed that they can. Existing real estate agents are trying to use the law to restrict new entrants to the local real estate market. To get a license to practice real estate in Cyprus, one has to go through the Licensing Board, which is made up of seven members, four of which are real estate agents. The law states that four members form a quorum and make decisions – including whether or not to issue licenses to new entrants. The government, following EU indications, may have to re-amend the Real Estate Law due to the implementation of the EU “Professions Directive.”

#### -- Professional Recognition of Medical Doctors

Concerns about the transparency of legislation concerning state recognition and accreditation of medical doctors have been addressed through more modern legislation and regulations. As of October 2007, Cyprus complies fully with EU Directive 2005/36, allowing doctors from other EU member states to register in Cyprus. However, under the same law, Doctors from non-EU countries can register only in "extreme cases."

### **Import Requirements and Documentation**

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#### Background on the EU

#### Import Licenses

The Integrated Tariff of the Community, referred to as TARIC (acronym for "Tarif Intégré de la Communauté"), applies rules to specific products imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The TARIC is updated annually.

It is important to note that the World Customs Organization has released the third update in more than 20 years to the HS Code. There are major production classification revisions to chapters 84 and 85. This affects not just the EU, but all 121 contracting parties to the HS starting January 2007.

In addition, many EU Member States maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to Member State import licenses, please consult the relevant Member State Country Commercial Guide.

Key Link: [http://ec.europa.eu/taxation\\_customs/common/databases/taric/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm)

## Import Documentation

### Non-agricultural Documentation

The official model for written declarations to customs under "Normal Procedure" is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57).

Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

The person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;  
20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

## Batteries

New EU battery rules came into force on 26 September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66) in the EU's Official Journal. This new Directive replaces the original Battery Directive of 1991 (Directive 91/157). The new Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. EU Member States must implement the EU Directive into their national law by September 26, 2008. For more information, see our market research report: [http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

## WEEE & RoHS

EU rules on waste electrical and electronic equipment (WEEE), while not requiring specific customs or import paperwork, may require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the hazardous substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. U.S. exporters seeking more information on WEEE and RoHS Regulations should visit: <http://www.buyusa.gov/europeanunion/weee.html>

## Agricultural Documentation

**Phytosanitary Certificates:** Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

**Sanitary Certificates:** For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many of these certificates are uniform throughout the EU, but the harmonization process has not been finalized yet. During this transition period, certain Member State import requirements

continue to apply. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.useu.be/agri/certification.html>.

Sanitary Certificates (Fisheries): Since April 2006, the EU has accepted the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. EU Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for shellfish are covered by Commission Decision 1996/333/EC and must be used for gastropods, bivalve mollusks, tunicates and echinoderms. The two competent Authorities for issuing sanitary certificates are the FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/USDC).

Since May 1, 2004, aquaculture products coming from the United States are subject to specific animal health legislation, i.e. Regulations 2003/804/EC and 2003/858/EC. An animal health certificate, in addition to a public health certificate, must accompany shipments of aquaculture live bivalve mollusks and finfish. This animal health certificate is not required in the case of live bivalve mollusks intended for immediate human consumption. For further information, please contact the NOAA Fisheries office at the U.S. Mission to the EU.

On November 20, 2006, the Commission published an amendment to Regulations 2003/804/EC and 2003/858/EC. Decision 2006/767/EC, in force as of November 27, 2006, modifies the conditions of imports of aquaculture live bivalve mollusks as well as fishery products for human consumption.

A new EU Hygiene law has been in force since January 1, 2006. This new set of Regulations aims to simplifying existing rules and at guaranteeing safer food. To facilitate the implementation of the revised rules, the Commission recently published implementing measures and transitional arrangements that are also effective as of January 1, 2006. These guidelines can be found below:

[Commission Regulation 2073/2005](#)

[Commission Regulation 2074/2005](#)

[Commission Regulation 2076/2005](#)

From May 1, 2007, a second set of new hygiene laws will be in place. They will greatly modify import requirements for animal and animal products.

For detailed information on import documentation for seafood, please see the following web sites: <http://www.nmfs.noaa.gov/ocs/tradecommercial> or <http://www.cfsan.fda.gov/>.

Government-Controlled Area:

The GOC Department of Customs requires the following documents for clearing products originating from non-EU countries: delivery order for the goods, an invoice and a packing list. Various other documents according to the nature of each import will be required. A health certificate and ingredients list is required for imported food products.

Area Administered by Turkish Cypriots:

Firms wishing to engage in the import business in the area administered by Turkish Cypriots must register with the Chamber of Commerce or with the Chamber of Industry. They must also obtain an import permit from the "Department of Trade" in the "Ministry of Economy and Tourism."

## **U.S. Export Controls**

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Exports of U.S. military goods to Cyprus are prohibited. Additionally, exports of some U.S. dual-use goods are restricted.

## **Temporary Entry**

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Government-Controlled Area:

The temporary entry of goods allows for importation without payment of duty. This facility is extended to motor vehicles, goods for processing or repair prior to their re-exportation, goods for exhibition, and commercial samples, provided they do not change their form or character. The initial temporary entry permit, obtained at the time of importation, is valid for three months and can be extended by application to Customs headquarters.

## **Labeling and Marking Requirements**

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Background on the EU

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available on <http://www.export.gov/mrktresearch/index.asp>

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes for a variety of products. Please note that this legislation is currently being reviewed in an effort to simplify it.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31980L0232:EN:HTML>

### *The Eco-label*

EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 7 product groups: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than such similar products. This “green label” also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and Regulations.

The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/year for the use of the label, with a reduction of 25 percent for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

Key Links: [http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)  
[http://ec.europa.eu/comm/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/comm/environment/ecolabel/index_en.htm)  
<http://www.eco-label.com/>.

In June 2005, the European Commission tabled a Communication designed to launch a debate on the best way ahead regarding the eco-labeling of fisheries products. This initiative follows the growing interest by environmental Non-Governmental Organizations and increased public interest in food products associated with considerations related to environmental sustainability. A number of eco-labeling schemes have already been established with regard to fisheries products and other initiatives are being developed. It is not always easy to establish how reliable some eco-labeling claims are. International guidelines on eco-labeling have recently been adopted by the [Food and Agriculture Organization \(FAO\)](http://www.fao.org) ([www.fao.org](http://www.fao.org)) and discussions on these issues and their potential effects on free trade areas are progressing in other international fora such as the [World Trade Organization \(WTO\)](http://www.wto.org) ([www.wto.org](http://www.wto.org)).

Companies selling a broad range of electrical goods in Europe are required to comply with the Waste Electrical and Electronic Equipment Directive (WEEE) and since July 2006 they need to conform to the Restriction of Use of certain Hazardous Substances Directive (RoHS). One of the requirements is that electrical goods be marked so that consumers do not put them in with municipal waste. For details on WEEE and RoHS requirements and implementation, please see the following website:  
<http://www.buyusa.gov/europeanunion/weee.html>.

Manufacturers and distributors should be aware of specific requirements regarding the labeling and traceability of foodstuffs, including seafood, which are covered by several EU Regulations:

- Regulation 178/2002/EC
- Directive 2000/13/EC, last amended by Directive 2003/89/EC as regards indication of the ingredients present in foodstuffs.
- Commission Directive 2005/26/EC.
- Council Regulation 104/2000/EC (seafood)
- Commission Regulation 2065/2001/EC (seafood, only for retail channels)

#### Government-Controlled Area:

Since 1997, food products in Cyprus must comply with a strict law on the labeling of food products, requiring that the product name, ingredients, net contents, and country of origin be in the Greek language, in line with EU norms. A sticker with a Greek translation on the product is acceptable, provided it does not conceal the original label and it has the approval of the Ministry of Commerce, Industry, and Tourism. Additional information may be obtained directly from the Ministry of Commerce, Industry, and Tourism website:

[http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex\\_en/dmlindex\\_en?OpenDocument](http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex_en/dmlindex_en?OpenDocument)

The "Safety of Consumer Products Law" of 1994 outlines the legal responsibilities of those involved in the production or distribution of consumer products requiring safety warnings (including household appliances, pharmaceuticals, and many other products). One of these responsibilities concerns the proper labeling and packaging of consumer products to render them completely safe to the public. This includes having the necessary safety warnings for consumer products in Greek. The Government has re-doubled efforts for stricter enforcement of the law.

#### Area Administered by Turkish Cypriots:

Labeling and marking requirements are much looser in north Cyprus than in the government-controlled area and are not yet in line with EU norms. For example, mandatory labeling in Turkish is not a requirement for imported products, as long as the label is in English or one of the other main European languages.

### **Prohibited and Restricted Imports**

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#### Background on the EU

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check column five of the TARIC for that product for the following codes:

#### CITES Convention on International Trade of Endangered Species

PROHI      Import Suspension

RSTR      Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: [http://ec.europa.eu/taxation\\_customs/common/databases/taric/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm)

Government-Controlled Area:

The importation of certain items is prohibited. The principal ones are listed below:

- Rifles and repeating firearms, automatic and semi-automatic, repeating and semi-repeating shotguns, air guns, air rifles, and air pistols of a caliber exceeding 0.177 inches;
- Narcotics;
- Seditious publications;
- Counterfeit or false coins or currency notes;
- Goods bearing a false trade mark;
- Agricultural products, such as fresh vegetables, fruits, and plants without a phytosanitary certificate by the Ministry of Agriculture; and
- Dogs, cats, tropical fish, parrot and other birds may be imported into Cyprus after the issuance of a special permit from the Director of the Veterinary Services.

Area Administered by Turkish Cypriots

Importation of the following items is prohibited:

- Rifles and repeating firearms, automatic and semi-automatic, repeating and semi-repeating shotguns;
- Narcotics;
- Products containing asbestos;
- Counterfeit or false coins or currency notes;
- Agricultural products also grown or produced in north Cyprus, such as in-season fresh produce, dairy products (such as yogurt or halloumi cheese) and poultry. Turkish Cypriot authorities will allow importation of fresh produce not grown domestically or out of season, provided the shipment has a certificate of origin;
- UK origin animal products are subject to restrictions due to concerns about mad cow disease;
- Domesticated animals may be imported subject to a brief quarantine period.

The Turkish Cypriot authorities have banned all imports of birds and raw poultry from October 2005 to guard against the spread of Avian Influenza.

**Customs Regulations and Contact Information**

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Background on the EU



Regulation 648/2005 is the "Security Amendment" to the Customs Code (Regulation 2913/92) and outlines the implementing provisions for Authorized Economic Operators, risk management procedures, pre-departure declarations, and improved export controls.

Tariffs and Import Taxes: Information on customs valuation is contained in Title II, Chapter Three, of Council Regulation (EEC) 2913/92, establishing the Community Customs Code, titled, "Value of Goods for Customs Purposes" (Articles 28 through 36). The primary basis for determining customs value set out in Articles 29 is:

"... the transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Community..."

Article 29 lists the following conditions, which must be met in determining customs value:

There are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which are imposed or required by a law or by the public authorities in the community, limit the geographical area in which the goods may be resold, or do not substantially affect the value of the goods;

The sale or price is not subject to some conditional consideration for which a value cannot be determined with respect to the goods being valued;

No part of the proceeds of any subsequent resale disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 32; and

The buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes.

The "price actually paid or payable" in Article 29 refers to the price for the imported goods. Thus the flow of dividends or other payments from the buyer to the seller that do not relate to the imported goods are not part of the customs value.

Articles 32 and 33 provide for adjustments to the value for customs purposes. Article 32 lists charges that are added to the customs value, such as, commissions and brokerage, costs of containers, packing, royalties and license fees, and the value of goods and services supplied directly or indirectly by the buyer in connection with the production and sale for export of the imported goods. Article 33 lists charges that are not included in the customs value, such as, charges for transport, charges incurred after importation, charges for interest under a financing arrangement for the purchase of the goods, charges for the right to reproduce imported goods in the Community, and buying commissions.

Effective July 1, 1995, the Commission amended Article 147(1) of Regulation 2454/93 of the Customs Code which affects valuation in the case of successive sales. This amendment "defaults" valuation to the last sale, but allows the value of an earlier sale if it can be demonstrated that such a sale took place for export to the EU. The evidentiary requirements to support the bona fides of any earlier sales will be based upon commercial documents such as purchase orders, sales contracts, commercial invoices, and shipping documents.

Key Link: [http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

For contact information at national customs authorities, please visit:

[http://ec.europa.eu/taxation\\_customs/common/links/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm)

#### Government-Controlled Area:

Customs duties are regulated by a tariff system based on the Harmonized Commodity Description and Coding system (HS). Goods are classified according to their composition, description and purpose, and carry various rates of duty. In addition to tariffs, the following products are subject to relatively steep excise taxes: fuel products, cars and motorcycles, fizzy soft drinks, smoked salmon, caviar, fur clothing, water faucets made of or coated by precious metals, crystal and porcelain products, imitation cheese (e.g. cheese made of soy substitutes). Notably, excise taxes apply to the above products regardless of origin (i.e. whether they originate from the EU or not, as well as for products made in Cyprus). Additionally, Cyprus imposes a 15 percent value added tax (VAT) on most goods and services. The GOC Department of Customs has the following website:

[http://www.mof.gov.cy/mof/customs/\\_bccj6ap3geg\\_nsf/Main?OpenFrameSet](http://www.mof.gov.cy/mof/customs/_bccj6ap3geg_nsf/Main?OpenFrameSet)

#### Area Administered by Turkish Cypriots

The harmonized system is also used in the area administered by Turkish Cypriots. However, tariffs in north Cyprus are not harmonized with the EU's CCT and they tend to be higher. A 16 percent VAT is imposed on most goods and services. The "Department of Customs" (The "Ministry of Finance") has the following website:

<http://www.kktcmaliye.com/>

Additional information on customs procedures in the area administered by Turkish Cypriots can be obtained from Mr. Mesut Ulas, Head of Customs Department, "Ministry of Finance," tel. 00-90-392-2273083.

### Standards

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### Overview

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#### Background on the EU

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment.

Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 25 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that Regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

The European Union is currently undertaking a major revision of the New Approach which will enhance some aspects, especially in the areas of market surveillance. To follow the revision, please visit

[http://ec.europa.eu/enterprise/newapproach/review\\_en.htm](http://ec.europa.eu/enterprise/newapproach/review_en.htm)

### Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://useu.usmission.gov/agri/>

### Government-Controlled Area:

Cyprus, as a member of the EU, is obliged to adopt all European directives and standards. As part of the harmonization process prior to accession, Cyprus has adopted 15,000 European standards, covering the whole spectrum of the local economy, from goods to services. Cyprus has also transposed many EU directives into national law, such as the banking or patent legislation. Additionally, several semi-government organizations, such as the Cyprus Telecommunications Authority and the Electricity Authority of Cyprus, generally require tendering companies to meet applicable International Standards Organization (ISO) standards.

### Area Administered by Turkish Cypriots

The area administered by Turkish Cypriots lags far behind the government-controlled area in terms of harmonization with EU standards and directives.

## **Standards Organizations**

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### Background on the EU

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-

governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.org/Cenelec/Homepage.htm>)
- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/index.htm>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical Regulations. In the last year, the Commission began listing their mandates on line and they can be seen at [http://ec.europa.eu/enterprise/standards\\_policy/mandates/](http://ec.europa.eu/enterprise/standards_policy/mandates/). All the EU harmonized standards, which provide the basis for CE marking, can be found on <http://www.newapproach.org/>.

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its business development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Bulgaria, Croatia, FYR of Macedonia, and Turkey. Another category, called "partner standardization bodies" includes the standards organizations of Bosnia and Herzegovina, Egypt, Serbia and Montenegro, Russia, Tunisia, the Ukraine and Australia, which are not likely to join the EU or CEN any time soon, but have an interest in participating in specific CEN technical committees. They agree to pay a fee for full participation in certain technical committees and agree to implement the committee's adopted standards as national standards. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as smaller programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its

database. ETSI's portal ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp>.

#### Government-Controlled Area:

In 2002, the GOC introduced the Standardization, Accreditation and Technical Information Law (N.156 (I)/2002), assigning standardization activities to the Cyprus Organization for Standardization (CYS). This new law aimed at ensuring the impartiality and integrity of the local system, while, at the same time, harmonizing with EU directives. The CYS is an autonomous organization, registered under private law, with the state as the only shareholder. A seven-member- Board governs it, with participation from the government as well as the private sector.

The CYS is a full member of the ISO and the three main European standards organizations, i.e.:

CENELEC – European Committee for Electro Technical Standardization:  
<http://www.cenelec.org>

ETSI –European Telecommunications Standards Institute:  
<http://www.etsi.org>

CEN – European Committee for Standardization, handling all other standards:  
<http://www.cenorm.be/>

Additional information on CYS and its activities can be obtained from its website:  
<http://www.cys.org.cy>

#### Area Administered by Turkish Cypriots

The “Cyprus Turkish Standards Institution” is in charge of standards in the area administered by Turkish Cypriots. No website is available yet but Director Mrs. Ayse Cosar can provide additional information on tel. 00-90-392-2279639 or 40.

### **Conformity Assessment**

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#### Background on the EU

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate

acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Government-Controlled Area:

To date, the GOC has not yet designated a notified body. The Cypriot organization tasked with conformity assessment issues is the Cyprus Organization for the Promotion of Quality. The following website provides additional information on this body and its scope:

<http://www.cys.mcit.gov.cy>

Additional information can be obtained also from:

<http://www.cys.mcit.gov.cy/eu/NAD>

## **Product Certification**

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Government-Controlled Area:

The leading domestic certification body in Cyprus is the Cyprus Certification Company, a subsidiary of the CYS. The following website provides additional information on this body:

<http://www.cycert.org.cy/>

Additionally, the following international quality system registration bodies have offices or affiliates in Cyprus (as listed in the ISO website:

[\[http://www.iso.org/iso/en/info/ISODirectory/Country/country\\_CY.html\]](http://www.iso.org/iso/en/info/ISODirectory/Country/country_CY.html)

- EUROCERT S.A. (Based in GREECE)
- GLC (Based in GERMANY)
- NQA (Based in UNITED KINGDOM)
- SGS-ICS (Based in SWITZERLAND)

Pursuant to the Single European Act, which was created to facilitate the free movement of goods and services within the EU but also with the rest of the world, the EU has issued a series of directives. Each of these directives covers a range of products and sets out the essential safety requirements that products (including imported products) must satisfy before they may be sold anywhere in the EU. Products covered by these directives, must meet the requirements set out in the directives together with the

standards issued under the authority of the directive. CE marking (Note: CE stands for "Communaute Europeenne") is a declaration that the product meets all the appropriate provisions of the relevant legislation implementing certain European directives. The following site offers additional information:

[http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index\\_en.html](http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index_en.html)

Cyprus follows closely and participates in the EU effort to harmonize standards for the internal market through the New Approach, which is still an ongoing project. All EU harmonized standards can be found on:

<http://www.newapproach.org>

Additional information on CE marking and European as well as third-country notified bodies could be obtained from:

<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>

U.S. companies interested in exporting to the EU are required to comply with CE marking requirements, wherever applicable, depending on the product. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. Navigating the complexities of the CE marking system is not easy – expert advice and local knowledge, in the form of a local agent, is often indispensable. The following background as how the present system has evolved may offer some help.

In the eighties, the EU launched the so called "New Approach" to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The Commission mandates the three regional European standards organizations, CEN, CENELEC and ETSI, to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

Interestingly, the CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Area Administered by Turkish Cypriots:

There is no requirement for CE marking in the area administered by Turkish Cypriots.

## **Accreditation**

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Government-Controlled Area:

The Cyprus Organization for the Promotion of Quality handles conformity assessment issues and national accreditation systems. The following website provides additional information on this organization and its scope:

[http://www.cys.mcit.gov.cy/en\\_main.html](http://www.cys.mcit.gov.cy/en_main.html)

## **Publication of Technical Regulations**

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The Cyprus Organization for the Promotion of Quality website offers useful information on technical regulations and notifications:

[http://www.cys.mcit.gov.cy/en\\_main.html](http://www.cys.mcit.gov.cy/en_main.html)

## **Trade Agreements**

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Government-Controlled Area:

Since joining the EU on May 1, 2004, Cyprus has adopted all trade agreements between the EU and third countries. The European Commission's website offers additional information:

<http://europa.eu.int/comm>

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see:

[http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

## **Web Resources**

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General:

Office of the U.S. Trade Representative



<http://www.ustr.gov/>

U.S. Mission to the EU (USEU) website

<http://www.useu.be> or <http://useu.usmission.gov/>

Foreign Agricultural Service website, USEU

<http://www.useu.be/agri/usda.html>

Trade Compliance Center

<http://www.trade.gov/tcc>

U.S. Mission to the European Union

<http://www.buyusa.gov/europeanunion>

USDA Audit, Review & Compliance

<http://www.ams.usda.gov/lsg/arc/audit.htm>

EC's TARIC – online customs tariff database

[http://ec.europa.eu/comm/taxation\\_customs/common/databases/taric/index\\_en.htm](http://ec.europa.eu/comm/taxation_customs/common/databases/taric/index_en.htm)

Batteries

[http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

WEEE & RoHS

<http://www.buyusa.gov/europeanunion/weee.html>

Harmonized import requirements

<http://www.useu.be/agri/certification.html>

EU Hygiene guidelines

[Commission Regulation 2073/2005](#)

[Commission Regulation 2074/2005](#)

[Commission Regulation 2076/2005](#)

National Marine Fisheries Service's Trade & Commercial Services website

<http://www.nmfs.noaa.gov/ocs/tradecommercial>

USDA Center for Food Safety and Applied Nutrition

<http://www.cfsan.fda.gov/>

EU mandatory and voluntary labeling and marking requirements

<http://www.export.gov/mrktresearch/index.asp>

EC Taxation and Customs Union

[http://ec.europa.eu/comm/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/comm/taxation_customs/customs/index_en.htm)

National customs authorities

[http://ec.europa.eu/taxation\\_customs/common/links/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm)

EC Regulation on animal by-products

<http://ec.europa.eu/scadplus/leg/en/lvb/f81001.htm>

Major Revision of the New Approach

[http://ec.europa.eu/enterprise/newapproach/review\\_en.htm](http://ec.europa.eu/enterprise/newapproach/review_en.htm)

EC Certification of Animal Products

<http://useu.usmission.gov/agri/certification.html>

EU-approved U.S. Establishments

<http://useu.usmission.gov/agri/estab.html>

EU Marketing Standards for Fruits & Vegetables

<http://useu.usmission.gov/agri/Fruit-Veg.html>

Non-Hormone Treated Cattle (NHTC) Program

<http://www.ams.usda.gov/lsg/arc/nhtc.htm>

Organic Foods Legislation

<http://useu.usmission.gov/agri/organic.html>

CENELEC, European Committee for Electrotechnical Standardization

<http://www.cenelec.org/Cenelec/Homepage.htm>

ETSI, European Telecommunications Standards Institute

<http://www.etsi.org/>

CEN, European Committee for Standardization

<http://www.cen.eu/cenorm/index.htm>

Standardization mandates

[http://ec.europa.eu/enterprise/standards\\_policy/mandates/](http://ec.europa.eu/enterprise/standards_policy/mandates/)

ANSI, American National Standards Institute

<http://www.ansi.org/>

New Approach Legislation and Standardization in the Internal Market

<http://www.newapproach.org/>

ETSI's e-Standardization portal

[http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)

Advisory and coordinating bodies to CEN

<http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp>

Accredited test laboratories in the EU

<http://ec.europa.eu/enterprise/newapproach/nando/>

Government-to-Government Mutual Recognition Agreement Information

<http://ts.nist.gov/Standards/Global/mra.cfm>

European co-operation for Accreditation

[http://www.european-accreditation.org/default\\_flash.htm](http://www.european-accreditation.org/default_flash.htm)

European Union law portal

<http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en>

List of EU Directives and Standards

<http://www.newapproach.org/Directives/DirectiveList.asp>

EC Technical Regulations Information System

<http://ec.europa.eu/comm/enterprise/tris/>

Proposed Foreign Technical Regulations

<http://tsapps.nist.gov/notifyus/data/index/index.cfm>

EC Directive on packaging

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31980L0232:EN:HTML>

EU Eco-label Homepage

[http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)

[http://ec.europa.eu/comm/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/comm/environment/ecolabel/index_en.htm)

<http://www.eco-label.com/>

FAO

[www.wto.org](http://www.wto.org)

[Food and Agriculture Organization \(FAO\)](#)

WTO

[www.wto.org](http://www.wto.org)

[World Trade Organization \(WTO\)](#)

Cyprus-specific websites:

Cyprus Organization for Standardization (CYS)

<http://www.cys.org.cy>

Cyprus Organization for the Promotion of Quality

<http://www.cys.mcit.gov.cy>

Cyprus Certification Company, a subsidiary of the CYS

<http://www.cycert.org.cy/>

Department of Customs

[http://www.mof.gov.cy/mof/customs/\\_bccj6ap3geg\\_.nsf/Main?OpenFrameSet](http://www.mof.gov.cy/mof/customs/_bccj6ap3geg_.nsf/Main?OpenFrameSet)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Government-Controlled Area:

Cyprus, a full EU member since May 1, 2004, has a liberal climate for investments. The sectors of niche tourism, energy and shipping offer excellent potential for inward investment. At the same time, the Government of Cyprus offers incentives in the field of research and technology.

International companies may invest and establish business in Cyprus on equal terms with local investors in most sectors. Foreign investors can register a company directly with the Registrar of Companies, and are eligible to obtain any license, if needed, from the appropriate authority depending on the nature of investment.

On October 1, 2004, the GOC lifted most investment restrictions concerning non-EU residents, completing earlier reforms (introduced in January 2000) for EU investors. Specifically, the GOC has lifted most capital restrictions and limits on foreign equity participation or ownership, thereby granting national treatment to foreign investors. Non-EU investors (both natural and legal persons) may now invest freely in Cyprus in most sectors, either directly or indirectly (including all types of portfolio investment in the Cyprus Stock Exchange). The only exceptions concern primarily the acquisition of property and, to a lesser extent, ownership restrictions on investment in the sectors of

tertiary education, mass media, banking and construction (see "Right to Private Ownership and Establishment").

Under the new policy, there is no mandatory screening of foreign investment. Foreign investors can register a company directly at the Registrar of Companies through qualified accountants or lawyers, a procedure that is exactly the same for local residents. Similarly, foreign investors may now acquire shares in an existing Cypriot company directly, without earlier authorization by the Central Bank. They are expected, however, to inform the Registrar of Companies about any change in ownership status. Foreign investors are required to obtain all permits that may be necessary under Cypriot law to do business in Cyprus. For example, they may need to obtain a municipal permit to set up a kiosk or abide by prevailing health standards to own and operate a catering company, etc. Furthermore, non-EU residents wishing to take up employment in Cyprus must obtain work permits issued by the Migration Department.

In 2007, the GOC established the Cyprus Investment Promotion Agency (CIPA) tasked with attracting foreign investment, advising foreign investors, and providing assistance to them. The CIPA will operate as a private organization reporting to the Ministry of Commerce, Industry, and Tourism and will work in tandem with the Foreign Investors Service Centre, under the same ministry. The CIPA is not fully staffed yet and will be launched officially in 2008. Through these two organizations, Cypriot authorities offer expedited processing by other GOC departments for larger projects (over USD 2.2 million) in line with country-sustainable growth, e.g. benefiting Cyprus' economic development goals and objectives. For example, a proposed Cyprus-U.S. joint venture, involving the establishment of a health spa/residential estate project in the foothills of the Troodos mountains, received the first ever such expedited processing about a year ago. Additional information, including a PDF "Guide for Foreign Investors," and information on expedited treatment of investment applications can be obtained from the two organizations directly:

The Foreign Investors Service Centre  
Ministry of Commerce, Industry & Tourism  
13-15 Andreas Araouzos  
1421 Nicosia  
Cyprus  
Tel. +357-22-409433, 22409322, 22409328  
Fax: +357-22-409432, 22375541  
Email: [onestopshop@mcit.gov.cy](mailto:onestopshop@mcit.gov.cy)  
Website: [www.investincyprus.gov.cy](http://www.investincyprus.gov.cy)

Ms. Marina Theodotou  
Deputy Director  
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Fax: +357-22-441134  
E-mail: [mtheodotou@cipa.org.cy](mailto:mtheodotou@cipa.org.cy)

Area Administered by Turkish Cypriots:

Turkish Cypriot authorities actively encourage foreign investment, giving preference to foreign investments facilitating the transfer of modern technology, know-how and new management technologies, as well as investment in export-oriented industries. There are no particular restrictions for specific sectors, except for projects deemed threatening to "national security." Complications arising, however, from the lack of international recognition of the "TRNC" and the continuing non-resolution of the Cyprus problem, especially regarding property, should be taken into consideration by the foreign investor (see section on "Protection of Property Rights" for additional information.)

### **Conversion and Transfer Policies**

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Government-Controlled Area:

In recent years, Cyprus has progressively lifted restrictions on the transfer of funds in and out of the country pertaining to foreign investors. Currently, there are no restrictions on remittances for investment capital, earnings, loan repayments, lease payments or other business transactions.

### **Expropriation and Compensation**

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The events of 1974 have resulted in a number of outstanding investment disputes involving U.S. persons. Resolution of these disputes prior to a settlement of the Cyprus problem seems unlikely.

Government-Controlled Area:

In the government-controlled area, nationalization has never been government policy and it is not contemplated in the future. Private property is only expropriated for public purposes in a non-discriminatory manner and in accordance with established principles of international law. In cases where expropriation is necessary, due process is followed and there is transparency of purpose. Investors and lenders to expropriated entities receive compensation in the currency in which the investment is made. In the event of any delay in the payment of compensation, the Government is also liable for the payment of interest based on the prevailing 6-month LIBOR for the relevant currency.

For information pertaining to the risks associated with investing in Greek Cypriot property in the north or in Turkish Cypriot property in the government-controlled area, please see the section on "Protection of Property Rights."

Area Administered by Turkish Cypriots:

The "TRNC constitution" guarantees the right of private property in the area administered by Turkish Cypriots and does not discriminate between citizens and aliens. Furthermore, Turkish Cypriot authorities state that nationalization has never been part of their policy and that they do not contemplate any such action in the future. However,

Turkish Cypriot authorities do not grant any protection for Greek Cypriot properties in the north. (See section on "Protection of Property Rights.")

In March 2006, the Turkish Cypriot authorities established a Property Commission to provide a "domestic remedy" to ensure respect for the property rights of Greek Cypriot complainants (after the famous Xenides-Arestis case at the European Court of Human Rights.) The Commission reports that it has settled over 20 property cases through compensation, restitution and exchange since its establishment.

The 1974 events have resulted in a number of claims of U.S. persons in the area administered by Turkish Cypriots, although U.S. interests were not specifically targeted. The most well-known case concerns a U.S. copper mining company that was forced to terminate its operations in 1974. The company's property and assets were confiscated in 1975 without compensation by military and civilian authorities representing Turkey and the Turkish Cypriot administration.

## **Dispute Settlement**

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Government-Controlled Area:

There have been no cases of investment disputes or outstanding expropriation/nationalization cases in recent years. Effective means are available for enforcing property and contractual rights. Under the Arbitration Law of Cyprus, an arbitrator is appointed when the parties' attorneys cannot settle a dispute between the parties to an agreement. The court may enforce an arbitral award in the same way as a judgment. In 1979, Cyprus became a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and a foreign award may be enforced in Cyprus by an action in common law. Cyprus is also a signatory to the Convention on the Settlement of Disputes Between States and Nationals of Other States.

## **Performance Requirements and Incentives**

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Government-Controlled Area:

Cyprus offers many advantages to foreign investors, including a strategic geographical location, favorable business climate, low corporate and personal tax rates, stable macroeconomic environment, modern legal, banking, and financial system, excellent telecommunications and infrastructure, a highly-educated labor force, and widespread knowledge of English. These advantages have encouraged thousands of foreign investors to set up companies in Cyprus, structuring their investments through a holding company on the island or investing here directly. As a result, the number of annual company registrations continues to grow, particularly since EU accession in 2004.

A low level of taxation is one of Cyprus's major advantages. At 10 percent, Cyprus's corporate tax rate is currently the lowest among the EU's 27 countries. Cyprus's other tax advantages include:

-- one of the EU's lowest top statutory personal income tax rate at 30 percent;

- extensive double tax treaties network with over 40 countries, enabling lower withholding tax rates on dividend or other income received from the subsidiaries abroad
- no withholding tax on dividend income received from subsidiary companies abroad under certain conditions;
- no withholding tax on dividends received from EU subsidiaries.

A full description of Cyprus's investment incentives can be downloaded from:

<http://www.investincyprus.gov.cy>

Cyprus does not have a rigid system of performance requirements for foreign investment across the board and has signed the WTO's Trade-Related Investment Measures (TRIMS) agreement. Applications by non-EU residents for investment in Cyprus are judged on their own merit.

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots offers generous incentives for investing on "state property." Specifically, after an initial screening, investments granted an Incentive Certificate may benefit from the leasing of "state-owned" land and buildings at very preferential rates. In 2007, the Turkish Cypriot Investment Development Agency was formed as a one-stop shop for all investment information and access to incentives in the "TRNC."

However, prospective investors should be knowledgeable about the risks associated with the purchase, lease or use of property. The "TRNC Constitution" -- Article 159 (1) (b), May 7, 1985 -- defines "state property" as: "All immovable properties, buildings and installations which were found abandoned on 13 February 1975 when the "Turkish Federated State of Cyprus" was proclaimed or which were considered by law as abandoned or ownerless after the above-mentioned date, or which should have been in the possession or control of the public even though their ownership had not yet been determined ... and ... situated within the boundaries of the "TRNC" on 15 November 1983 ... notwithstanding the fact that they are not so registered in the books of the Land Registry Office."

It must be stressed, though, that the Republic of Cyprus outright rejects the above definition and does not recognize title changes in the north since 1974. As stated under the "Protection of Property Rights" section of this report, potential investors should be cautious and obtain independent legal advice concerning purchasing or leasing property in the north.

The area administered by Turkish Cypriots also offers the following investment incentives:

- Investment Allowance. The "TRNC State Planning Organization (SPO)" offers an investment allowance in the form of Incentive Certificates equivalent to: (a) 200 percent on the initial fixed capital investment for investments in Priority Development Regions,



such as the regions of Guzelyurt (Morphou) and Karpaz (Karpasia) and (b) 100 percent on the initial fixed capital investment in other sectors.

-- Exemption from Custom Duties and Funds. Importation of machinery and equipment for an investment project are exempt from every kind of custom duty, in accordance with the Incentive Certificate. Regulations on importation of raw materials and semi-finished goods are specified by the "Prime Ministry" and subject to the approval of the "Council of Ministers."

-- Zero VAT Rate. Both imported and locally purchased machinery and equipment is subject to a zero VAT rate, in accordance with the Incentive Certificate.

-- Fund Credits. Long term and low rate investment credits are available from the Investment and Export Incentive Fund.

-- Exemption from Construction License Fee and Reduced Mortgage Fees. Investments granted an Investment Certificate are exempt from all kinds of construction license fees and taxes and also benefit from reduced stamp duty and mortgage fees.

-- Other Tax Allowances. (a) A 50 percent allowance is given on the Initial Investment Allowance. This rate can increase up to 100 percent for priority sectors and regions, with a "Council of Ministers" decision. (b) Annual wear and tear allowances for machinery and equipment (10 percent); motor vehicles (15-25 percent); industrial buildings and hotels (4 percent); shops and residences (3 percent), furniture and fixtures (10 percent). (c) Other tax allowances include a VAT exemption for exports of all goods and services and a 20 percent exemption from corporate tax for exports of goods and services.

Contact information:

"North Cyprus Investment Development Agency"

Tel. 90 392 228 9378

e-mail: [ayse\\_donmezer@yahoo.com](mailto:ayse_donmezer@yahoo.com)

## **Right to Private Ownership and Establishment**

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Government-Controlled Area:

Aside from property acquisition issues, outlined in the next section, several other restrictions infringe on the foreign investor's right to private ownership and establishment in Cyprus. For example, existing Cypriot legislation distinguishes between investment in colleges and universities. Investment in universities, defined as institutions with no fewer than 1,000 students enrolled in a sufficiently diverse range of classes and curricula, is encouraged. Foreign (including non-EU) investors can set up or acquire a university in Cyprus or set up in Cyprus a campus of an existing university abroad by simply registering a company on the island and following a set of non-discriminative criteria. By contrast, non-EU investment in colleges is discouraged. Non-EU investors can set up or acquire a local college by registering a company in Cyprus or elsewhere in the EU provided that the company has EU-origin shareholders and directors. In other

words, non-EU investors are not allowed to have any participation, whether as directors or shareholders, in the administration of local colleges.

Current Cypriot legislation also restricts non-EU ownership of local mass media companies to 5 percent or less for individual investors and 25 percent or less for all foreign investors in each individual media company.

Furthermore, under the Registration and Control of Contractors Laws of 2001 and 2004, the right to register as a constructor in Cyprus is reserved for citizens of EU member states. Non-EU entities are not allowed to own a majority stake in a local construction company. Non-EU physical persons or legal entities may bid on specific construction projects but only after obtaining a special license by the Council of Ministers.

Finally, there is a restriction, applying equally to Cypriot as well as foreign investors, regarding investment in the banking sector. The Central Bank's prior approval is necessary before any individual person or entity, whether Cypriot or foreign, can acquire over 9.99 percent of a bank incorporated in Cyprus (whether listed on the Cyprus Stock Exchange or not).

## **Protection of Property Rights**

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Government-Controlled Area:

The Acquisition of Real Estate (Aliens) Cap and the Amending Laws of 2003, in force since May 1, 2004, places important restrictions on the acquisition of real property in Cyprus by non-EU persons and entities. The same law also distinguishes between EU persons and entities that are permanent residents of Cyprus and those who are not, placing certain restrictions on the latter group, albeit, less severe than restrictions on non-EU persons and entities. Specifically, this law provides the following:

1. EU nationals permanently residing in the Republic of Cyprus, and EU registered legal entities with jurisdiction, central management or primary place of business in the Republic of Cyprus may acquire real estate (of any type or size) without prior approval by the District Administration Offices.
2. EU nationals not permanently residing in the Republic of Cyprus and EU registered legal entities with jurisdiction, central management or primary place of business in any EU member State other than Cyprus may acquire land (without any structures on it) of any size without prior approval by the District Administration Offices. However, if there is any building on this land, the approval of the District Administration Offices needs to be obtained. Approval is granted routinely for one holiday home (but not for multiple homes). This derogation from the EU acquis will expire on May 1, 2009. After that time, all EU nationals and companies will be treated in the same manner, regardless of whether they are permanent residents of Cyprus or not.
3. Non-EU member State citizens, legal entities registered in non-EU countries, and EU registered legal entities controlled by non-EU citizens (as per the definition below), can acquire real estate subject to the approval of the relevant District Administration Offices. In case the real estate concerned exceeds two donums (one donum = 1338 square meters), approval may be granted only for residential purposes (not exceeding an area of three donums), professional or commercial premises, and industrial sectors deemed

beneficial for the Cypriot economy and relate to the production of products or the utilization of new technology and/or technological know-how.

The definition of a legal entity controlled by non-EU citizens is as follows:

- 50 percent or more of its board members are non-EU citizens;
- 50 percent or more of its share capital belongs to non-EU citizens;
- control belongs by 50 percent or more to non-EU citizens;
- Either its Memorandum or Articles of Association provides authority to a non-EU citizen securing that the company's activities are conducted based on his/her will during the real estate acquisition period. In the case that the authority is provided to two or more persons, a legal entity is considered to be controlled by non-EU citizens if 50 percent or more of the people granted such authority are non-EU citizens.

Cypriot legislation limiting the acquisition of land in Cyprus by EU residents is not in accord with EU requirements. The EU granted Cyprus a temporary derogation from the EU *acquis communautaire* on this issue, lasting for five years after accession (i.e. until May 2009).

For additional information and application forms for the acquisition of property by non-EU residents, the various District Administration Offices can be contacted through the Ministry of Interior website: <http://www.moi.gov.cy/da>

The legal requirements and procedures for acquiring and disposing of property in Cyprus are complex but professional help by real estate agents and developers can ease the burden of dealing with the GOC bureaucracy. This procedure involves Central Bank verification that funds from abroad are to be used by non-EU residents to purchase real estate. It also involves final approval by the Council of Ministers, which is given routinely for holiday homes.

The Government's Department of Lands and Surveys prides itself in keeping meticulous records and in following internationally-accepted procedures (which have changed little since British colonial times). Non-residents are allowed to sell their property and transfer abroad the amount originally paid, plus interest or profits without restriction.

On the intellectual property front, Cyprus has a modern set of laws, which it continues to upgrade. Enforcement is typically quite diligent, although it can be improved further. The Adoption of the Copyright Law on January 1, 1994 and the subsequent adoption of the Patents Law on April 2, 1998 were important legal milestones in this context, helping Cyprus comply with its obligations under the WTO TRIPS agreement.

Property claims across the buffer zone constitute one of the thorniest aspects of the Cyprus problem. As a result, investors are well-advised to consider the risks associated with Greek Cypriot property in the north and Turkish Cypriot property in the government-controlled area. Several high-profile cases have already been brought before the European Court of Justice and other international bodies, while other cases are still pending.

The UK Foreign and Commonwealth Office website ([www.fco.gov.uk](http://www.fco.gov.uk)) notes:

"Property issues are closely linked to the political situation. There are a number of potential practical, financial and legal implications, particularly for those considering buying property in the north. These relate to the non-recognition of the "Turkish Republic of Northern Cyprus", the suspension of EU law in northern Cyprus, the possible consequences for property of a future settlement, and the many thousands of claims to ownership from people displaced in 1974. There is also a risk that purchasers would face legal proceedings in the courts of the Republic of Cyprus, as well as attempts to enforce judgments from these courts of the Republic of Cyprus elsewhere in the EU, including the UK.

Separately, potential purchasers should also ensure that they are fully aware of the specific rules imposed by the administration on foreigners purchasing property in the north including the requirement to obtain consent to the transfer of property.

On 20 October 2006 a criminal code amendment relating to property came into effect. Under the amendment, buying, selling, renting, promoting or mortgaging a property without the permission of the owner (the person whose ownership is registered with the Republic of Cyprus Land Registry, including Greek Cypriots displaced from northern Cyprus in 1974), is a criminal offence. This also applies to agreeing to sell, buy or rent a property without the owner's permission. The maximum prison sentence is 7 years. Furthermore, the amendment to the law states that any attempt to undertake such a transaction is a criminal offence and could result in a prison sentence of up to 5 years. This law is not retrospective, so will not criminalize transactions that took place before 20 October 2006. Documents relating to the purchase of property in northern Cyprus will be presumed by the Cypriot authorities to relate to the illegal transfer of Greek Cypriot property and may be subject to confiscation when crossing the Green Line. Anyone in possession of these documents may be asked to make a statement to the Cypriot authorities and may face criminal proceedings under the 20 October 2006 amendment. The full implications of this legislation are not yet clear. Any enquiries about its scope should be made to the Cypriot representation in the UK."

The following GOC website provides additional information on the risks of investing in the northern part of Cyprus:

[http://www.mfa.gov.cy/mfa/properties/occupiedarea\\_properties.nsf/index\\_en/index\\_en?OpenDocument](http://www.mfa.gov.cy/mfa/properties/occupiedarea_properties.nsf/index_en/index_en?OpenDocument)

Similarly, there are politically-oriented restrictions to investing in Turkish Cypriot property in the government-controlled area of Cyprus. The Turkish Cypriot Property Management Service, established in 1991, administers properties of Turkish Cypriots who are not ordinarily residents of the government-controlled area. This service acts as the temporary custodian for such properties until termination of the abnormal political situation. The TCPMS is mandated to administer properties under its custodianship "in the manner most beneficial for the owner." Most importantly, ownership of TC properties cannot change (unless for inheritance purposes) except in exceptional cases when this is beneficial for the owner or necessary for the public interest.

Area Administered by Turkish Cypriots:

Property remains one of the key outstanding issues that constitute the Cyprus problem.

The absence of a political settlement and the lack of international recognition for the "TRNC" pose an inherent risk for the foreign investor interested in buying or leasing property in north Cyprus. Potential investors should be cautious and obtain independent legal advice concerning purchasing or leasing property in the north. Unless the property in question was in Turkish Cypriot hands prior to 1974, it will be very unlikely that the title to the land will be free and unchallengeable. Property issues will be at the heart of any settlement of the Cyprus problem and will involve the return of property and/or compensation to those displaced in 1974. The Republic of Cyprus does not recognize title changes in the north since 1974. Estimates of the percentage of land in the north that belonged to Greek Cypriots pre-1974 run as high as 85 percent. Determining the history of land in the north can be difficult. Foreign buyers of land may also face legal challenges from those displaced in 1974 either in Republic of Cyprus courts or courts in their country of residence.

Expectations for a comprehensive settlement associated with the Annan Plan led to an unprecedented boom in the property market of north Cyprus in 2004. However, since then, property sales have deflated by at least 25 percent and construction activity has declined accordingly. There are reports of foreign buyers of property who have been unable to secure title to a property even after having made full payment under a purchase agreement. A group called the "Homebuyer's Pressure Group" has formed to seek means to mediate disputes between property sellers and buyers in the north. Their website is: <http://www.hbpg-trnc.net>

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots. Laws are inadequate and antiquated and enforcement sorely lacking.

## **Transparency of Regulatory System**

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Government-Controlled Area:

In the government-controlled area, existing procedures and regulations affecting business (including foreign investment regulations, outlined in section A.1.) are generally transparent and applied in practice without bias. In some cases, U.S. companies competing on government tenders have expressed concerns about lack of transparency and the appearance of bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender submissions. The U.S. Embassy monitors these tenders closely to ensure a level playing field for U.S. businesses.

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots has made strides in recent years in terms of adopting a more transparent regulatory system. However, the level of transparency still lags behind European or U.S. standards. A common complaint among businessmen in north Cyprus is that the court system is overloaded, resulting in long delays.

## **Efficient Capital Markets and Portfolio Investment**

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## Government-Controlled Area:

Cyprus has modern and efficient legal, banking and financial systems, ensuring optimum allocation of financial resources to product and factor markets. EU accession on May 1, 2004 was instrumental in establishing an efficient capital market in Cyprus, through the abolition of such restrictions as the interest rate ceiling in 2001, and exchange controls for residents.

Credit to foreign and local investors alike is allocated on market terms. The private sector has access to a variety of credit instruments, which has been enhanced through the successful operation of private venture capital firms. The banking sector is sound and well-supervised.

The Cyprus Stock Exchange (CSE), launched officially in 1996, has recovered completely from the boom-and-bust cycle of 1999-2001, recording impressive gains over the last three years and offering currently excellent potential for portfolio investment. After recording gains of 52 percent in 2005, the CSE index rose by an additional 128 percent in 2006, and 24 points in 2007, making it one of the EU's top-performing stock exchanges. The CSE is currently the EU's third-smallest stock exchange, ahead of Malta and Slovakia, with a capitalization of around USD 29.0 billion as of January 1, 2008.

Furthermore, the launch of a joint trading platform between the CSE and the Athens Stock Exchange (ASE) on October 30, 2006 signified the beginning of a new era in the turbulent 10-year history of the CSE. The platform now allows capital to move freely from one exchange to the other, even though both exchanges retain their autonomy and independence. The joint platform has increased the capital available to Cypriot firms and improved the CSE's liquidity.

Foreign investors may acquire up to 100 percent of the share capital of Cypriot companies listed on the CSE with the notable exception of companies in the banking sector. The Central Bank's prior approval is necessary before any individual person or entity, whether Cypriot or foreign, can acquire over 9.99 percent of a bank incorporated in Cyprus (whether listed on the CSE or not).

On January 1, 2008, Cyprus, along with Malta, became the 14th and 15th states to join the Eurozone, adopting the Euro as their national currencies. The Eurozone now covers 320 million people out of the EU's total population of 495 million. For a small country like Cyprus, joining the Eurozone has many significant long-term economic benefits, including a higher degree of price stability, lower interest rates, reduction of currency conversion costs and exchange rate risk, and increased competition through greater price transparency.

The transition to the Euro has gone quite smoothly for Cyprus. The main concern was, and continues to be, keeping price increases in check during the transition. The final exchange rate was set at one Euro equals CP 0.585274. Cyprus will allow both the Euro and the Cyprus Pound to circulate on the island until the end of January 2008. Commercial banks will exchange Cyprus pound banknotes and coins free of charge until June 30, 2008. The Central Bank will exchange national coins free of charge until the end of 2009 and national banknotes until the end of 2017. Dual pricing in Cypriot pounds and Euros will continue to be mandatory until July 31, 2008. The following

website offers additional information on the mechanics of Cyprus's adoption of the Euro:

<http://www.euro.cy>

Area Administered by Turkish Cypriots:

The financial system in the area administered by Turkish Cypriots is linked closely with that of Turkey. The New Turkish Lira (YTL) is the main currency in use although the Euro, U.S. dollar and British Sterling are frequently used. The vast majority of borrowing comes from domestic sources and Turkey. There is no stock exchange in the area administered by Turkish Cypriots.

## **Political Violence**

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There have been no incidents of politically-motivated serious damage to foreign projects and or installations since 1974. However, it behooves the foreign investor who is interested in Cyprus to have at least a basic understanding of the existing political situation on the ground.

Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the internationally recognized Government of the Republic of Cyprus. The northern part of the island is administered by a Turkish Cypriot administration. In 1983, that administration proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC"). The "TRNC" is not recognized by the United States or by any other country except Turkey. The two parts are separated by a buffer zone patrolled by United Nations forces. A substantial number of Turkish troops remain on the island.

There has been no serious inter-communal violence since 1974, other than an isolated incident in 1996 resulting in the deaths of two Greek-Cypriot civilians during a demonstration in the buffer zone. The partial lifting of travel restrictions between the two parts of the island in April 2003 has allowed movement of persons -- almost 14 million crossings to date -- between the two parts of the island. In August 2004, new EU rules allowed goods produced in the north to be sold in the south provided they were produced or "substantially transformed" in the north. Shortly thereafter, the Turkish Cypriot "authorities" adopted a new regulation "mirroring" the EU rules and allowing certain goods produced in the south to be sold in the north. Nevertheless, trade between the two communities remains rather limited. For the period August 2004 to November 2007, north-to-south sales reached USD 13 million, while south-to-north sales reached only USD 2.9 million. Neither side permits finished goods produced outside of Cyprus to cross the Green Line.

A plan for the reunification of the island, drafted under the auspices of the UN and dubbed "the Annan Plan," was submitted to the two communities for approval in separate but simultaneous referenda on April 24, 2004. The plan was approved by the majority of Turkish Cypriots but rejected by the majority of Greek Cypriots.

On May 1, 2004, the Republic of Cyprus joined the European Union as a full member. The EU *acquis communautaire* has been temporarily suspended in the northern part of the island due to the unresolved political situation.

**Government-Controlled Area:**

In the government-controlled area of Cyprus, corruption, both in the public and private sectors, constitutes a criminal offense. Furthermore, under Cyprus's Constitution, the Auditor General controls all disbursements and receipts and has the right to inspect all accounts on behalf of the Republic. In his Annual Report, the Auditor General identifies specific instances of mismanagement or deviation from proper procedures in the civil service. Since 1991, Cyprus has also introduced the institution of the "Ombudsman," who oversees the acts or omissions of the administration.

Cyprus cooperates closely with EU and other international authorities on fighting corruption and providing mutual assistance in criminal investigations. Cyprus has signed the European Convention on Mutual Assistance on Criminal matters and is in the process of ratifying it. Cyprus also uses the foreign Tribunal Evidence Law, Chapter 12, to execute requests from other countries for obtaining evidence in Cyprus in criminal matters. Additionally, Cyprus is an active participant in the Council of Europe's Multidisciplinary Group on Corruption. As such, it has already signed and ratified (on January 27, 1999 and January 17, 2001 respectively) the Criminal Law Convention on Corruption and has joined the "Group of States Against Corruption-GRECO." Furthermore, it diligently attends GRECO meetings.

Additionally, Cyprus's democratic regime, relatively transparent procedures and open, lively press act as a further deterrent against corruption in the civil service. The Embassy is not aware of any U.S. firms identifying corruption as a significant obstacle to foreign direct investment in Cyprus; however, in some cases, U.S. companies competing on government tenders have expressed concerns about lack of transparency and the appearance of bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender submissions.

**Area Administered by Turkish Cypriots:**

Although the Embassy is unaware of any recent complaints from U.S. businesses involving corrupt practices in the north, anecdotal evidence suggests that corruption and patronage continue to be a factor in the economy, despite recent "government" efforts to introduce standards of transparency in licensing and tendering.

**Government-Controlled Area:**

The Government of Cyprus has 15 bilateral agreements for the encouragement and reciprocal protection of investments with the following countries: Armenia, Belgium, Bulgaria, Belarus, China, Egypt, Greece, Hungary, India, Israel, Lebanon, Poland, Romania, and the Seychelles. Another 40 bilateral investment agreements are currently under negotiation. Cyprus does not have a bilateral investment protection agreement



with the United States; however, the Cypriot Ministry of Foreign Affairs and the U.S. State Department have exchanged letters on the reciprocal protection of investments.

Cyprus has entered into bilateral double tax treaties with a total of 40 countries. The main purpose of these treaties is the avoidance of double taxation of income earned in any of these countries. Under these agreements, a credit is usually provided for tax levied by the country in which the taxpayer resides for taxes imposed in the other treaty country. The effect of these arrangements is normally that the taxpayer pays no more than the higher of the two rates. Cyprus has such agreements with Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, China, the Czech Republic, Denmark, Egypt, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Kyrgyzstan, Malta, Mauritius, Moldova, Norway, Poland, Romania, Russia, Singapore, Slovakia, Slovenia, South Africa, Sweden, Syria, Tajikistan, Thailand, Ukraine, United Kingdom, the United States, and Yugoslavia. Treaties with Algeria, Estonia, and Kazakhstan are at various stages of negotiations.

The Republic of Cyprus has Trade Centers (under the Ministry of Commerce, Industry and Tourism) in eleven locations outside Cyprus, including one in New York City handling trade with the United States of America, Canada, and Latin America. The full list of these offices can be downloaded from:

<http://www.mcit.gov.cy>

Contact details for the New York Trade Centre follow:

Mr. Aristos Constantinou  
Commercial Counsellor  
Cyprus Trade Centre in New York  
13 East 40th Street  
New York, NY 10016  
Tel: 212-213-9100  
Fax: 212-213-2918  
E-mail: [ctcny@cyprustradeny.org](mailto:ctcny@cyprustradeny.org)  
<http://www.cyprustradeny.org>

## **OPIC and Other Investment Insurance Programs**

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The U.S. Overseas Private Investment Corporation (OPIC) is not active in Cyprus, but OPIC finance and insurance programs are open and may be useful when bidding on BOT contracts in the government-controlled area. The Government of Cyprus has started a campaign to attract U.S. corporate investors. Cyprus is a member of the Multilateral Investment Guarantee Agency (MIGA).

## **Labor**

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Government-Controlled Area:

The labor force in the government-controlled area of Cyprus is estimated at 372,800 persons. Of these, 6.5 percent work in agriculture, 0.6 percent in fishing and mining, 10.9 percent in manufacturing and utilities, 9.9 percent in construction, and the remaining 72.1 percent in services (including 28.4 percent in trade and tourism).

Since 1977, the rate of unemployment in Cyprus has not exceeded 4.0 percent of the economically active population, significantly lower than the EU average rate of unemployment. At the end of June 2006, unemployment stood at 3.4 percent, compared with 4.1 percent a year earlier, which makes it the third lowest in the EU.

Cyprus has a high per capita rate of college graduates, including many U.S. graduates, and offers an abundant supply of white-collar workers. English is widely spoken, a legacy of Cyprus's experience as a British colony (until 1960).

In response to labor shortages in recent years, more women have joined the labor force (women are now about 44.0 percent of the labor force, compared with 33.4 percent in 1980) and a growing number of Cypriots are repatriating from abroad. In 2007, Cyprus hosted about 63,000 legally-registered foreign workers, including about 15,000 live-in domestic servants. There are also many illegal workers -- more than 30,000 according to one unofficial estimate --with the rate of illegal immigration increasing.

The legislated minimum wage (effective April 2007) for sales assistants, clerks, paramedical, and child care staff is currently around USD 898 per month, rising to USD 955 after six months' employment. Neither amount is sufficient to provide a decent standard of living for a worker and family. All other occupations, including unskilled workers, are covered under collective bargaining agreements between trade unions and employers within the same economic sector, and the wages set in these agreements are significantly higher than the legislated minimum wage. Existing legislation requires that foreign workers receive at least the minimum wage. The starting minimum wage for foreign domestic servants, however, is USD 330 per month plus USD 88 for lodging if the worker is not a live-in.

Currently, about 71.0 percent of the labor force is unionized (compared to 80.0 percent in 1980), which gives the unions a strong say in collective agreements. Head-on confrontations between management and unions do occur, although long-term work stoppages are rare. A recent study by Harvard University covering 60 countries found that union power in Cyprus was perceived to be "the strongest in the world," while labor relations were perceived to be "relatively peaceful." International business companies are not required to hire union labor. The continued existence and method of calculating the current economy-wide, twice per year, Cost of Living Allowance (COLA) for employees is a contentious issue between unions and employers. Nonetheless, this practice is not expected to change in the near-term.

Area Administered by Turkish Cypriots:

The labor force in the area administered by Turkish Cypriots is estimated at around 92,000. The breakdown of employment by sector is as follows:

Agriculture, forestry, hunting, fishing: %4.8  
Mining and Quarrying: %0.1  
Manufacturing: %8.7

Electricity, Gas, Water: %0.7  
Construction, Public Works: %10.5  
Wholesale-Retail Trade: %18.2  
Restaurants, Hotels: %6.3  
Transport, Communication, Storage: %5.7  
Financial Institutions: %3.9  
Property Renting: %3.6  
Public Administration: %16.3  
Education Services: %10.6  
Health Services: %3.2  
Other Community Services: %7.4

The minimum wage effective January 1, 2008 was 1060 new Turkish Lira (YTL) per month (around 890 USD). The rate of unemployment is estimated at around 9.4 percent.

## **Foreign-Trade Zones/Free Ports**

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### Government-Controlled Area:

Cyprus has three Free Zones (FZs). The first two, located in the main seaports of Limassol and Larnaca, are used only for transit trade, while the third, located near the international airport in Larnaca, can also be used for repacking and reprocessing. These areas are treated as being outside normal EU customs territory. Consequently, non-EU goods placed in FZs are not subject to any import duties, VAT or excise tax. FZs are governed under the provisions of relevant EU and Cypriot legislation. The Department of Customs has jurisdiction over all three areas and can impose restrictions or prohibitions on certain activities, depending on the nature of the goods. Additionally, the Ministry of Commerce, Industry and Tourism has management oversight over the Larnaca FZ.

Companies given permission to locate in the Larnaca FZ take advantage of the fact that the FZ operates outside the normal jurisdiction of Cyprus Customs. This allows the company to import raw materials or goods for transshipment without paying the normal import duty and VAT. The only limitation is that the goods must be sold or re-exported strictly outside the EU. If the company wants to do business with the local market, it must obtain permission from Customs and pay the appropriate duties.

The procedure for applying is straightforward. Interested companies apply to the Ministry of Commerce, Industry, and Tourism (contact info given below), laying out their investment plans. The Ministry reviews the application and makes a recommendation. An inter-agency Council, with participation from the Central Bank of Cyprus and the Ministry of Finance, reviews the application and the Ministry of Commerce, Industry and Tourism issues approval. Contact information follows:

Mr. George Michael  
Commerce and Industry Officer A'  
Ministry of Commerce,  
Industry and Tourism  
1421 Nicosia

Tel. 357-22-867235  
Fax. 357-22-375120  
E-mail: [mcindustry2@cytanet.com.cy](mailto:mcindustry2@cytanet.com.cy)  
Website: <http://www.mcit.gov.cy>

## Foreign Direct Investment Statistics

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### Government-Controlled Area:

In the run-up to EU accession (May 1, 2004), Cyprus dismantled most investment restrictions, attracting increased flows of Foreign Direct Investment (FDI), particularly from the EU. According to the latest United Nations Conference on Trade and Development (UNCTAD) "World Investment Report 2007," Cyprus ranks among the world leaders (22nd in 2006) in terms of attracting foreign direct investment on a per capita basis.

In 2006, the inflow of FDI reached USD 1.50 billion, compared with USD 1.18 billion in 2005. The geographic origin of new investment in 2006 was the EU 27.6 percent; non-EU countries in Europe 23.2 percent; and Asia 35.1 percent. In terms of sectoral allocation, incoming FDI in 2006 went to the following sectors: mining and quarrying 1.7 percent; construction 3.9 percent; trade and repairs 17.1 percent; financial intermediation 14.6 percent; real estate and business activities 35.0 percent; and other services 27.7 percent.

The flow of U.S. investment in Cyprus reached USD 51.9 million in 2006 or 3.4 percent of Cyprus' total inward FDI. The stock of U.S. investment in the island was USD 298.9 million at the end of 2006. U.S. investment in 2006 was focused in real estate and business activities (USD 27.9 million) as well as mining and quarrying (USD 22.2 million). Projects involving U.S. investment in recent years have included a well-known U.S. coffee retailing franchise, a university, an information technology firm, an equestrian center, a hair products manufacturing unit, a firm trading in health and natural foodstuffs, and a financial services company. U.S. investors may benefit from Cyprus's abolition of EU-origin investment restrictions, provided they operate through EU subsidiaries.

Additional information, with graphs, on foreign direct investment statistics can be obtained from:

[http://www.investincyprus.gov.cy/mcit/iic.nsf/dmlstatistics\\_en/dmlstatistics\\_en?OpenDocument](http://www.investincyprus.gov.cy/mcit/iic.nsf/dmlstatistics_en/dmlstatistics_en?OpenDocument)

### Area Administered by Turkish Cypriots:

No detailed statistics on investment in the area administered by Turkish Cypriots are available. However, it is clear that most foreign direct investment in north Cyprus since 1974 has come from Turkey – both from the government and the private sectors. The sectors, which have attracted most investment, are tourism and real estate. Currently, there are plans for several large hotels in coastal areas in the north and one large marina. Several of these hotels, as well as a golf course, were built and opened in 2007. The marina is currently under construction.

Government-Controlled Area:

American Embassy in Nicosia

<http://www.americanembassy.org.cy>

Commercial Section in Nicosia

<http://www.buyusa.gov/cyprus>

Ministry of Foreign Affairs

[http://www.mfa.gov.cy/mfa/properties/occupiedarea\\_properties.nsf/index\\_en/index\\_en?OpenDocument](http://www.mfa.gov.cy/mfa/properties/occupiedarea_properties.nsf/index_en/index_en?OpenDocument)

Ministry of Commerce, Industry, and Tourism

<http://www.mcit.gov.cy>

Foreign Investors Service Centre (FISC)

<http://www.investincyprus.gov.cy>

Ministry of Interior

<http://www.moi.gov.cy/da>

Ministry of Finance

<http://www.mof.gov.cy/mof/mof.nsf/Main?OpenFrameset>

Central Bank of Cyprus

[http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=37](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=37)

Department of Merchant Shipping

<http://www.shipping.gov.cy>

Cyprus Bar Association

[http://www.cyprusbarassociation.org/news\\_en.php](http://www.cyprusbarassociation.org/news_en.php)

Area Administered by Turkish Cypriots:

"TRNC State Planning Organization"

<http://www.devplan.org/>

Turkish Cypriot Chamber of Commerce

<http://www.ktto.net/english/about.html>

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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The usual method of payment for business transactions is by letter of credit, with 90-days credit.

### How Does the Banking System Operate

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Government-Controlled Area:

The standard of banking services in the government-controlled area of Cyprus compares well with European countries and the United States. The Central Bank of Cyprus supervises private banks closely and requires them to meet Bank for International Settlements (BIS) standards as well as corresponding directives by the European Union. Bank financial statements are in compliance with international standards and audited by internationally recognized auditors. The Banking Law of 1997 provided for a properly funded deposit insurance scheme. The House approved the specific provisions and regulations for this scheme in 1999.

Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots went through a severe banking crisis from 1999 to 2001, which resulted in the closure of several banks and in financial losses for hundreds of local depositors. The crisis was fuelled mainly by the Turkish financial crisis but also by inadequate supervision. Banking supervision in the north has improved significantly in the past few years, but still does not meet minimum international standards. The "Central Bank" oversees and regulates the 24 on-shore banks, many of which have correspondence relationship with foreign banks. Two of the five members of the "Central Bank's" "Board of Directors" are from Turkey as is the "Central Bank Governor." Turkish Cypriot banks do not have access to the SWIFT system.

### Foreign-Exchange Controls

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In both the government-controlled area and the area controlled by Turkish Cypriots there are no restrictions on either incoming or outgoing foreign exchange remittances for legitimate business purposes. However, the following restrictions apply to carrying cash in local or foreign currency in or out of the country.

#### Government-Controlled Area:

Travelers both in and out of Cyprus, whether residents or non-residents, may carry local or foreign currency up to €12,500 (about USD 18,500) without any questions asked. Sums over this threshold must be declared to the Department of Customs at the port of entry/exit. When this currency was obtained through a bank, the traveler must display a copy of the bank transaction.

#### Area Administered by Turkish Cypriots

Travelers exiting the area administered by Turkish Cypriots - whether residents or non residents - may carry up to USD 10,000 in local or foreign currency, without prior permission. Travelers must obtain authorization from the Turkish Cypriot "Central Bank" for sums over this threshold and declare the money to the "Department of Customs" at the port of exit. There is no restriction for the import of currency into the area administered by Turkish Cypriots.

### **U.S. Banks and Local Correspondent Banks**

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#### Government-Controlled Area:

Cyprus currently hosts a total of 43 banks, seventeen of which are incorporated locally. The remaining 26 banks are branches of foreign-incorporated banks and conduct their operations mainly with non-residents. These banks offer all types of services, including deposit accounts, lending advances, leasing, credit card facilities, and automatic banking machines. Some of them have subsidiaries dealing with insurance services, investment banking, and other related services. Most of these banks, particularly, those incorporated domestically, have correspondent arrangements with U.S. banks. Cypriot domestic banks have relatively high ratings from international rating agencies. Following is a list of all banks currently operating in Cyprus from the Central Bank of Cyprus website:

[http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=29](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=29)

#### Area Administered by Turkish Cypriots:

The area administered by Turkish Cypriots has a total of 24 domestic banks, most of which have correspondent facilities with the United States. The full list of domestic banks in the area administered by Turkish Cypriots can be obtained from the following website:

<http://www.kktcmb.trnc.net/ENGLISH/defaultENG.htm>

### **Project Financing**

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#### Government-Controlled Area:

There are no significant problems with credit availability in the government-controlled area of Cyprus. The lifting of foreign borrowing restrictions since 2001, has encouraged many residents to turn to lower-interest, Euro-denominated loans. Cyprus enjoys an

excellent credit rating internationally. Most international credit rating organizations raised Cyprus' credit rating, after the island's inclusion in the Eurozone on January 1, 2008. For example, Moody's Investors Service now rates Cyprus 'Aa3', up one notch from 'A1' before, with a stable outlook. Banks in Cyprus employ all modern methods of cross-border financing, including letters of credit, bills for collection, documentary credit, and cash against documents. U.S. EXIM Bank financing could also be applied in Cyprus for U.S. source equipment purchases. EXIM Bank is open for short- and long-term trade financing. Cyprus graduated from World Bank borrowing in 1992.

Area Administered by Turkish Cypriots:

Credit availability is more of a problem in the area administered by Turkish Cypriots and domestic banks charge much higher interest rates than banks in the government-controlled area. Due to north Cyprus's relative economic isolation and issues arising from the "TRNC's" lack of international recognition, both domestic banks and businesses currently have very limited access to international capital. U.S. EXIM Bank financing may be available for U.S. source equipment purchases and trade financing involving the private sector. EXIM Bank financing is not available for projects involving the public sector.

## **Web Resources**

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Export-Import Bank of the United States

<http://www.exim.gov>

Country Limitation Schedule

[http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC

<http://www.opic.gov>

Trade and Development Agency

<http://www.tda.gov/>

SBA's Office of International Trade

<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation

<http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development

<http://www.usaid.gov>

Central Bank of Cyprus

[http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=1](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=1)

"Central Bank" of the "TRNC"

<http://www.kktcmb.trnc.net/ENGLISH/defaultENG.htm>



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## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Web Resources](#)

### Business Customs

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Business customs in Cyprus are not very different from the U.S. Despite the long and hot summer, the conventional business dress code usually calls for a suit and tie for men and conservative attire for women. More casual wear is usually worn when entertaining business guests, depending on the venue.

### Travel Advisory

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Cyprus enjoys a low crime rate, good hygienic conditions, and a modern array of goods and services. Visitors may obtain travel advisory information from the Embassy's website: <http://cyprus.usembassy.gov>. Any foreigner arriving in Cyprus must possess a valid passport except EU passengers who can enter the island with only their ID.

### Visa Requirements

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U.S. citizens do not need visas to enter Cyprus. Persons arriving with the intention to work must obtain special work permits. For more information contact the Consular Section of Embassy Nicosia at +357-22-393939. Information is also available on the Embassy website: <http://cyprus.usembassy.gov>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Area Administered by Turkish Cypriots:

U.S. citizens do not need visas to enter the area administered by Turkish Cypriots. U.S. citizens can enter the area administered by Turkish Cypriots either directly (through the Ercan and Gecitkale airports and the Kyrenia and Famagusta seaports) or from the government-controlled area (at one of the four current crossing points over the UN-patrolled green line). Since 1974, the Cypriot government has designated Larnaca and Paphos international airports, and the seaports of Limassol, Larnaca, and Paphos, as the only legal points of entry into and exit from Cyprus. These ports are all in the government-controlled southern part of the island. The Government of Cyprus considers entry or exit via any other air or seaport an illegal act. Until recently, visitors choosing to arrive at “non-designated” airports and seaports in the north were not allowed to cross the United Nations-patrolled “green line” to the government-controlled area in the south. In June of 2004, however, Cypriot authorities implemented new EU-related crossing regulations that allowed Americans (and citizens of most other countries) to cross freely regardless of their port of entry into Cyprus. Visitors arriving in the government-controlled area are normally able to cross into the area administered by Turkish Cypriots without hindrance, although on occasion difficulties are encountered at both the Greek-Cypriot and Turkish Cypriot checkpoints. Policy and procedures regarding such travel are subject to change. More information on current procedures may be obtained at the U.N. “Buffer Zone” Ledra Palace checkpoint in Nicosia.

## **Telecommunications**

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### Government-Controlled Area:

The island's telecommunications system is quite advanced and efficient. More than 190 countries can be reached through fully automatic direct dialing. Installation services are usually offered within a few days notice. Telefax service is available, as is the Internet. Cyprus uses GSM cellular phone technology on European frequencies and standards. Both the Cyprus Telecommunications Authority (CyTA – a semi-governmental organization) and MTN (previously Areeba) provide cellular phone services. MTN also offers Blackberry services. PrimeTel offers fixed line services, as well as, internet lines. All telecommunication services are controlled by the Office of the Commissioner of Telecommunications and Postal Regulations.

### Area Administered by Turkish Cypriots:

The “Telecommunications Authority” in the north provides telephone, telex, fax and telegram transmission services. The telephone service is integrated into the Turkish market and uses the Turkish country code. Two private companies, Turkcell and Telsim (now owned by the British Vodafone Company in Turkey) provide GSM-Mobile services. While Internet services are widely available, broadband services are not, and the Internet is especially slow during peak hours.

## **Transportation**

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### Government-Controlled Area:

Traveling within Cyprus is by taxi and bus service or rental car. Taxis are metered. The cost for a taxi from the airport to Nicosia is around Euro 45.00 (depending on the current rate of conversion, approximately USD 67.00). To rent a car - depending on the season and depending on the car - prices range from Euro 30.00 to 50.00 (approximately USD 45.00 - 74.00) per day with unlimited mileage.

Air traffic is served through the island's two international airports situated in Larnaca and Paphos. Cyprus Airways is the national carrier of Cyprus, which also operates chartered flights through its subsidiary, Eurocypria. Many international airlines including Cyprus Airways offer daily flights to major destinations in Europe and the Middle East. The port of Limassol serves the country's external trade and sea borne passenger traffic, acting also as transshipment center for the region.

Area Administered by Turkish Cypriots:

Means of public transportation in the north is by bus or taxi. Rental cars services are also available. The distances are relatively short and the roads are in fairly good condition. Because the Government of Cyprus actively discourages the use of its air space for flights into Ercan airport (an airport it considers illegal), only Turkish and Turkish Cypriot carriers fly to the area administered by Turkish Cypriots, and all flights must currently touch down in Turkey. The two ports of Famagusta and Kyrenia are used for cargo and passenger transportation respectively. Most goods destined for the area administered by Turkish Cypriots are transhipped through the Turkish post of Mersin -- significantly increasing the cost of shipping cargo to north Cyprus.

## Language

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The official languages in Cyprus are Greek, Turkish, and English. Greek and English are widely spoken in the government-controlled area of the island. Press is available in many languages (European and other). English is usually preferred in business dealings. Turkish is widely spoken in the area administered by Turkish Cypriots.

## Health

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Cyprus has a general hospital in every city and several private clinics. Most facilities provide adequate medical care and are equipped with modern equipment and trained medical professionals. There are many English-speaking doctors and dental specialists in Cyprus who were trained in Europe or the United States. (For business opportunities in the Health sector, please see Chapter 4).

## Local Time, Business Hours, and Holidays

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Government-Controlled Area:

The list of holidays observed by businesspersons in Cyprus for 2008 is:

January 1                      New Year's Day

January 6	Epiphany Day
March 10	Green Monday - Start of Lent
March 25	Greek Independence Day
April 1	Cyprus National Day
April 25	Good Friday
April 28	Easter Monday
May 1	Labor Day
June 16	Holy Spirit Day
August 15	Assumption Day
October 1	Cyprus Independence Day
October 28	National Day of Greece
December 24	Christmas Eve
December 25	Christmas Day
December 26	Boxing Day

Businesspersons should avoid making appointments on the above dates (holidays that fall on a Saturday or Sunday are not observed on weekdays). The months of July and August are relatively slow months because many businesses are closed for summer vacations. We recommend that you avoid making appointments during Christmas and Easter holidays as well.

#### Government Offices:

Monday – Wednesday:	7:30 –14:30
Thursday:	7:30 –18:00
Friday:	7:30 –14:30

(Note: During the months of July and August, the Government offices are closed on Thursday afternoon).

#### Banking sector:

Monday:	7:30 – 14:30 and 15:00 – 18:00
Tuesday – Friday:	7:30 – 14:30

(Note: From May to August, the banks are closed on Monday afternoon).

Private sector business hours vary. The most common work hours companies follow are from 8:00 to 17:00 with a one-hour break between 13:00 and 14:00. Private sector hours are the same year round.

Business travelers to Cyprus seeking appointments with U.S. Embassy Nicosia officials should contact the Commercial Section in advance. The Commercial Section can be reached by phone at +357-22-393520 or +357-22-393362, by fax at +357-22-393923 or through email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

#### Area Administered by Turkish Cypriots:

Public holidays for 2008 are:

March 20	Prophet's Birthday
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April 23	Children's Day
May 1	Labor Day
May 19	Youth and Sports Day
July 20	Peace and Freedom Day
August 30	Turkish Liberation Day
September 30	Ramadan Bairam
October 1	Ramadan Bairam
October 2	Ramadan Bairam
October 29	Turkish Republic Day
November 15	Proclamation of the "TRNC"
December 8	Kurban Bairam
December 9	Kurban Bairam
December 10	Kurban Bairam
December 11	Kurban Bairam

"Government" Offices: (Monday – Friday)

October – April:	08:00 – 13:00 and 14:00 – 17:00
May – September:	07:30 – 14:00 and 15:30 – 18:00 (on Mondays)
Shops: (Monday – Saturday)	
October – April:	08:30 – 13:00 and 14:00 – 18:00
May – September:	08:00 – 13:00 and 16:00 – 19:00
Banks: (Monday – Friday)	
October – April:	08:30 – 12:00 and 14:00 – 15:30
May – September:	08:30 – 12:30 and 14:15 – 16:15
Factories: (Monday – Friday)	
October – April:	07:30 – 16:00
May – September:	07:30 – 16:00

Business travelers to the area administered by Turkish Cypriots seeking appointments with U.S. Embassy Nicosia officials should contact the Commercial Section in advance. The Commercial Section can be reached by phone at +357-22-393520 or +357-22-393362, by fax at +357-22-393923 or through email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

## Web Resources

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Republic of Cyprus official website  
<http://www.cyprus.gov.cy>

"TRNC" website  
<http://www.trncgov.com/>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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Government-Controlled Area:

Presidential elections are scheduled for late February 2008 therefore, new Ministers may be appointed at the end of February and begin their service by March 1, 2008. The Government of Cyprus and semi-governmental organizations can be accessed through the Internet at the following web addresses: <http://www.cyprus.gov.cy>. Through this Website there are links to all Ministries and independent services related to the Government. All Ministerial level changes will show on their respective Ministry's website. The Cyprus Telecommunications website is: <http://www.cyta.com.cy> and the Electricity Authority of Cyprus website is: <http://www.eac.com.cy>.

Ministry of Foreign Affairs

Minister	Mr. Marcos Kyprianou Tel.: +357-22-300700 Fax: +357-22-661881
Permanent Secretary	Ambassador Alexandros Zenon Tel.: +357-22-300713 Fax: +357-22-461881

Ministry of Finance

Minister	Mr. Charilaos Stavrakis Tel.: +357-22-601106 Fax: +357-22-602741
Permanent Secretary	Mr. Christos Patsalides Tel.: +357-22-601111 Fax: +357-22-602743

Ministry of Commerce, Industry and Tourism

Minister	Mr. Antonis Paschalides Tel.: +357-22-867111 Fax: +357-22-375323
Permanent Secretary	Mr. Efstathios Hamboullas Tel.: +357-22-867196 Fax: +357-22-375120

Ministry of Communications and Works

Minister	Mr. Nicos Nicolaidis Tel.: +357-22-800102 Fax: +357-22-441022
Permanent Secretary	Mr. Makis Constantinides Tel.: +357-22-800104 Fax: +357-22-475024

Ministry of Agriculture and Natural Resources

Minister	Mr. Michalis Polynikis Tel.: +357-22-303815 Fax: +357-22-781156
Permanent Secretary	Mr. Panicos Poulos Tel.: +357-22-300817 Fax: +357-22-781156

Ministry of Health

Minister	Dr. Christos Patsalides Tel.: +357-22-309503 Fax: +357-22-434189
Permanent Secretary	Mr. Yiannos Papadopoulos Tel.: +357-22-400108 Fax: +357-22-434203



Ministry of Interior

Minister	Mr. Neoclis Sylikiotis Tel.: +357-22-867600 Fax: +357-22-676709
Permanent Secretary	Dr. Lazaros Savvides Tel.: +357-22-867629 Fax: +357-22-867696

Ministry of Labor

Minister	Mrs. Sotiroulla Charalambous Tel.: +357-22-401733 Fax: +357-22- 670993
Permanent Secretary	Mr. George Papageorgiou Tel.: +357-22-401742 Fax: +357-22- 670993

Electricity Authority of Cyprus

Chairman	Mr. Charis Thrasou Tel.: +357-22-845000 Fax: +357-22-767658
Chief Executive Officer	Mr. Moisis Stavrou Tel.: +357-22-201004 Fax: +357-22-461881

Registrar of Companies and Official Receiver

Registrar	Mr. Spyros Kokkinos Tel.: +357-22-404301 Fax: +357-22-304887
Deputy Official Receiver	Ms. Stalo Papaioannou Tel.: +357-22-404388 Fax: +357-22-304887

Cyprus Telecommunications Authority

Chairman	Mr. Stavros Kremmos Tel.: +357-22-701200 Fax: +357-22-701500
Deputy Chief Executive Officer	Mr. Photis Savvides Tel.: +357-22-701202 Fax: +357-22-494940

#### Commission of Telecommunications and Postal Regulations

Commissioner	Dr. Vassos Pyrgos Tel.: +357-22-693100 Fax: +357-22-693030
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#### Commission of Energy Regulation

Commissioner	Mr. Costas Ioannou Tel.: +357-22-666363 Fax: +357-22-667763
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#### Cyprus Ports Authority

General Manager	Mr. Yiannakis Kokkinos Tel.: +357-22-817200 Fax: +357-22-374761
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#### Country Trade Associations/Chambers of Commerce

In 1997 the Cyprus-American Business Association (CyABA) was established under the Cyprus Chamber of Commerce and Industry to handle matters related to trade with the United States. The CyABA, which is also a member of the U.S. Chamber of Commerce, has a very useful Internet site at: <http://www.cyaba.com.cy>. CyABA's current President is Mr. Achilleas Demetriades.

#### Contact:

Mr. Achilleas Demetriades, President  
CyABA  
38 Griva Digeni Ave. and Deligiorgis Streets  
P.O. Box 21455  
1509 Nicosia  
CYPRUS  
Tel.: 357-22-889800  
Fax: 357-22-668630

6/13/2008

E-mail: [info@cyaba.com.cy](mailto:info@cyaba.com.cy)

The Cyprus Chamber of Commerce and Industry, with regional chambers in all four major towns, is the major contact for business advice in Cyprus.

Contact:

Mr. Panayiotis Loizides, Secretary General  
Cyprus Chamber of Commerce and Industry  
38 Griva Digeni Ave. and Deligiorgis Streets  
P.O. Box 21455  
1509 Nicosia  
CYPRUS  
Tel.: 357-22-889800  
Fax: 357-22-669048  
E-mail: [chamber@ccci.org.cy](mailto:chamber@ccci.org.cy)  
Homepage: <http://www.ccci.org.cy>

There are also trade associations governing most professions. Most of these associations are housed within the Cyprus Chamber of Commerce and Industry building.

### **U.S. Embassy Trade Personnel**

The Embassy's Commercial Unit is in the main chancery. An American Economic officer is assigned to the Embassy for a three-year tour and supervises the Economic / Commercial Section. One Cypriot Commercial Specialist, a Cypriot Commercial Assistant and a Cypriot Economic Specialist are available to assist U.S. Businesspersons. The Embassy's telephone number is +357-22-393939 and the direct numbers for the Commercial Section are +357-22-393520 or +357-22-393362. The fax number is +357-22-393923. The Commercial Section's website is the following: <http://www.buyusa.gov/cyprus/>. You can also reach the Section through the following e-mail: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov).

### **Washington-Based USG Country Contacts**

Washington-based USG country contacts include the Cyprus Desks at the Department of State (tel.: 202-647-6113) and Department of Commerce (tel.: 202-482-3945), the Overseas Private Investment Corporation (OPIC) (tel.: 202-336-8474), EXIM Bank (tel.: 202-566-8990), and Trade and Development Agency (tel.: 703-875-4357).

Area Administered by Turkish Cypriots:

"Ministries"

<b>"Ministry"</b>	<b>"Minister"</b>	<b>Address</b>	<b>Telephone</b>	<b>Fax</b>
"Prime Ministry"	"Prime Minister" Mr. Ferdi Sabit Soyer	Lefkoşa – "TRNC" Via Mersin 10	(90) (392) 228 31 41	(90) (392) 227 52 81

		Turkey		
“Deputy Prime Ministry and Ministry of Foreign Affairs”	Dr. Turgay Avci	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 32 41	(90) (392) 228 42 90
“Ministry of Economy and Tourism”	Mr. Erdogan Sanlidag	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 16	(90) (392) 228 52 04
“Ministry of Finance”	Mr. Ahmet Uzun	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 16	(90) (392) 227 82 30
“Ministry of Public Works and Transportation”	Mr. Salih Usar	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 36 66	(90) (392) 228 18 91
“Ministry of Interior”	Mr. Ozkan Murat	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 33 44	(90) (392) 228 30 43
“Ministry of Labor and Social Security”	Mr. Sonay Adem	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 227 87 65	(90) (392) 228 64 54
“Ministry of Education and Culture”	Mrs. Canan Oztoprak	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 36	(90) (392) 228 23 34
“Ministry of Agriculture”	Mr. Onder Sennaroglu	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 35 95	(90) (392) 228 69 45
“Ministry of Health and Social Welfare”	Dr. Esref Vaiz	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 228 31 73	(90) (392) 228 38 93
“Ministry of Environment and Natural Resources”	Mr. Asim Vehbi	Lefkoşa – “TRNC” Via Mersin 10 Turkey	(90) (392) 227 87 65	(90) (392) 228 93 78

**“Public and Private Organizations”**

Organization	“Directors”	Address	Telephone	Fax
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Name				
"State Planning Organization"	"Under Secretary": Mrs. Isilay Yilmaz	Lefkoşa – "TRNC" Via Mersin 10 Turkey	(90) (392) 228 31 41	(90) (392) 228 59 88
"Department of Official Receiver and Registrar"	Mr. Kemal Ozcakir	Lefkoşa – "TRNC" Via Mersin 10 Turkey	(90) (392) 228 43 45	(90) (392) 227 22 05
"Central Bank"	"Governor": Mr. Ahmet Tugay	Lefkoşa – "TRNC" Via Mersin 10 Turkey	(90) (392) 228 32 16	(90) (392) 228 86 07
"Development Bank"	Dr. Ahmet Atanel	P.O. Box 29 Lefkoşa – "TRNC" Via Mersin 10 Turkey	(90) (392) 228 84 40	(90) (392) 227 82 55
"Free Port and Zone Administration"	Mr. Adnan Zihni	Magusa – "TRNC" Via Mersin 10 Turkey	(90) (392) 365 11 64	(90) (392) 365 47 75
Cyprus Turkish Chamber of Industry	Chairman: Mr. Salih Tunar	Osman Paşa Caddesi No: 14 Kösklüçiftlik Lefkoşa – "TRNC" Via Mersin 10 Turkey	(90) (392) 228 45 96	(90) (392) 228 45 95
Turkish Cypriot Chamber of Commerce	Chairman: Mr. Hasan Ince	Bedreddin Demirel Caddesi Lefkoşa – "TRNC" Via Mersin 10 Turkey	(90) (392) 228 37 60	(90) (392) 228 30 89

### U.S. Embassy Trade Personnel

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### Market Research

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Recently, the Embassy prepared the following reports (2007):

Unplanned Market Research Reports:

- Construction of new Nicosia ring road
- Energy Center construction projects
- Casino construction possibility

Trade Lead Reports Published:

- Co-Operative Central Bank – Request for the supply of fertilizers
- Dhekelia Power Station ICE Power Plant, pre-qualification stage tender
- Electricity Authority of Cyprus (EAC): supply of combustion systems for boilers
- EAC: Pre-qualification tender for a Combined Cycle Gas Turbine (CCGT) project - unit 5
- EAC: underground cables supply project
- EAC: supply of conductors and cables
- EAC: tender for Dhekelia power station
- EAC: tender for Gasoil supply and delivery
- EAC: tender for the supply of Heavy Fuel Oil (HFO) for 2008
- Floating desalination units project
- Health Insurance Organization (HIO) tender for a competitive dialogue
- HIO: costing of the National Health Insurance Scheme (NHIS) tender
- Limassol desalination project
- Tender for the supply of a spray plane
- Strategic environmental assessment concerning hydrocarbon activities in the Exclusive Economic Zone of Cyprus

For more detailed information on market research reports and to request a report, please click on the following link:

<http://www.buyusa.gov/cyprus/en/tradeleads.html>

Cyprus does not offer Industry Sector Analysis reports (ISAs) at present. However, International Company Profiles (ICP) and Gold Key Services are available through Embassy Nicosia for a fee. Single Company Promotion and Platinum Key services are also available for a fee. Requests for Commodity Reports and Market Briefs should be referred to USDA Washington at the following address:

U.S. Department of Agriculture

6/13/2008

Director, Agricultural Export Services Division  
Foreign Agricultural Service  
Washington DC 20250-1052  
Tel. (202) 690-3424  
Fax: (202) 690-4374

To view market research reports produced by the U.S. Commercial Service please visit the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but is free of charge.

## Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

You can also find information on upcoming trade events in Cyprus through the following link:

<http://www.buyusa.gov/cyprus/en/tradeevents.html>

Government-Controlled Area:

The major annual trade event in Cyprus is the Cyprus International Fair, (a general trade fair with a variety of consumer and industrial products) which is an exhibitor-financed event. The 33<sup>rd</sup> Cyprus International Fair will take place May 23 – June 1, 2008. U.S. firms interested in exhibiting at the U.S. Pavilion in the future, should contact Ms. Anna Agrotou, tel.: +357-22-393520, fax: +357-22-393923, or Ms. Ephie-Yvonne Charalambidou, tel.: +357-22-393362, fax: +357-22-393923, email: [nicosiaecon@state.gov](mailto:nicosiaecon@state.gov)

Additionally, the State Fairs Authority and other organizers have the following specialized exhibitions planned for 2008 at the State Fair Grounds:

Date	Title of Exhibition
February 7 – 10, 2008	Gastronomy exhibition (Organized by Georgallis Fair & Easy Systems)
February 22 – March 3, 2008	Book Fair (Organized by the Nicosia Chamber of Commerce)
February 28 – March 3, 2008	15 <sup>th</sup> International Education Fair (Universities, Colleges, Educational Institutions, Suppliers of Educational Products and Equipment – Organized by the Cyprus State Fairs Authority)

March 14 – 16, 2008	Beauticians' Exhibition and Forum (Organized by the Cyprus Chamber of Commerce and Industry)
March 21 – 23, 2008	"Save Energy" Exhibition & "Envirotec 2008" (Organized by the Federation of Employers and Industrialists and supported by the Cyprus Energy Regulatory Authority and the Ministry of Commerce, Energy Department)
March 27 – 30, 2008	Cyprus Fashion Week (Organized by "Dias")
April 2 – 6, 2008	"Interior" Exhibition – Home Interior (Organized by Synodos)
April 16 – 20, 2008	"Athlitismos" Exhibition and Forum (All about Sports Expo – Organized by the Cyprus State Fairs Authority)
May 9 – 11, 2008	Real Estate Expo (Organized by IMH Creative Solutions)
May 9 – 11, 2008	"Travel" Exhibition (Organized by the Association of Cyprus Travel Agents and Display Art)
May 23 – June 1, 2008	33 <sup>rd</sup> International Cyprus Fair (A general trade fair with a variety of consumer and industrial products – Organized by the Cyprus State Fairs Authority)
September 26 – 28, 2008	2 <sup>nd</sup> Expo of Research and Innovation (Co-organized by the Cyprus State Fairs Authority, Employers and Industrialists Federation, and the Planning Bureau)
September 26 – 28, 2008	Sports Expo (Organized by IMH Creative Solutions)
October 8 – 12, 2008	Ideal Home Exhibition  (1) Furnifair: Furniture and furnishings, lighting fixtures (2) Klimatherm: Heating and cooling equipment, solar energy systems (3) Ecodomica: Building materials and construction equipment



	<p>4) Home Equipment: Kitchenware, chinaware, crystal items, and domestic appliances</p> <p>5) Property Development: Land development companies, housing and hotel apartment companies and organizations</p> <p>(Organized by the Cyprus State Fairs Authority and IMH Creative Solutions)</p>
October 18 – 19, 2008	Home Entertainment and Leisure Expo (Organized by Display Art)
October 23 – 26, 2008	Commercial Cars and Heavy Vehicles Expo (Organized by the Cyprus State Fairs Authority)
October 31 – November 2, 2008	Wedding Planning Expo (Organized by Display Art)
November 8 – 9, 2008	Boyz Staff Expo (Organized by Media Trends)
November 14 – 16, 2008	Mediterranean Food and Drinks Exhibition (Organized by Display Art)
November 21 – 23, 2008	“The Child” Exhibition (Organized by Georgallis Fair and Easy Systems)
November 21 – 23, 2008	Art for Everyone Expo (Organized by the Cyprus State Fairs Authority)

Please click on the links below for information on upcoming trade events:

<http://www.buyusa.gov/cyprus/en/tradeevents.html>

<http://www.export.gov/tradeevents.html>

Area Administered by Turkish Cypriots

All exhibitions are located at the Nicosia Fair Grounds in the area administered by Turkish Cypriots.

Date	Title of Exhibition
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6/13/2008

Jan 17 – 20, 2008	Wedding Fair
Feb 07 – 10, 2008	Auto Show
Feb 20 – 24, 2008	Hotel, Restaurant and Café Supplies Fair
Mar 20 – 30, 2008	Books, Education, Career and Youth Fair
Apr 03 – Apr 06, 2008	Construction Equipment, White Goods Fair, Electric, Office and Communication Technologies Fair
Apr 10 – 13, 2008	“TRNC” Tourism Fair
Apr 25 – May 08, 2008	Unifex Consumer Fair
June 06 – 15, 2008	“TRNC” International Fair
July 03 – 06, 2008	Mother and Baby Fair
Aug 07 – 10, 2008	Environment and Environment technologies Fair
Sept 04 – 07, 2008	North Cyprus Agriculture Fair
Oct 09 – 12, 2008	Agriculture, Dairy Products and Equipment Fair
Oct 23 – 26, 2008	Cars, Motorcycles and by-products Fair
Nov 13 – 16, 2008	Food – Cleaning products and Packaging Fair
Nov 24 – 27, 2008	Trend Show (Sound and Light Systems Fair)

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below:

<http://www.buyusa.gov/cyprus/en/services.html>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.