



CYPRUS
INVESTMENT CLIMATE STATEMENT
2015

Table of Contents

Executive Summary

1. Openness To, and Restrictions Upon, Foreign Investment

- 1.1. *Attitude Toward FDI*
- 1.2. *Other Investment Policy Reviews*
- 1.3. *Laws/Regulations of FDI*
- 1.4. *Industrial Strategy*
- 1.5. *Limits on Foreign Control*
- 1.6. *Privatization Program*
- 1.7. *Screening of FDI*
- 1.8. *Competition Law*
- 1.9. *Investment Trends*
 - 1.9.1. *Tables 1 and if applicable, Table 1B*

2. Conversion and Transfer Policies

- 2.1. *Foreign Exchange*
 - 2.1.1. *Remittance Policies*

3. Expropriation and Compensation

4. Dispute Settlement

- 4.1. *Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. *Bankruptcy*
- 4.3. *Investment Disputes*
- 4.4. *International Arbitration*
 - 4.4.1. *ICSID Convention and New York Convention*
- 4.5. *Duration of Dispute Resolution*

5. Performance Requirements and Investment Incentives

- 5.1. *WTO/TRIMS*
- 5.2. *Investment Incentives*
 - 5.2.1. *Research and Development*
- 5.3. *5.3 Performance Requirements*
- 5.4. *Data Storage*

6. Right to Private Ownership and Establishment

7. Protection of Property Rights

7.1. Real Property

7.2. Intellectual Property Rights

8. Transparency of the Regulatory System

9. Efficient Capital Markets and Portfolio Investment

9.1. Money and Banking System, Hostile Takeovers

10. Competition from State-Owned Enterprises

10.1. OECD Guidelines on Corporate Governance of SOEs

10.2. Sovereign Wealth Funds

11. Responsible Business Conduct

11.1. OECD Guidelines for Multinational Enterprises

12. Political Violence

13. Corruption

13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery

14. Bilateral Investment Agreements

14.1. Bilateral Taxation Treaties

15. OPIC and Other Investment Insurance Programs

16. Labor

17. Foreign Trade Zones/Free Ports/Trade Facilitation

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

19. Contact Point at Post for Public Inquiries

Executive Summary

Strategically located at the crossroads of Europe, Asia, and Africa, Cyprus offers much promise and opportunity to U.S. investors. Best sectors are in the energy, shipping, services, and high technology sectors, though smaller, niche investment opportunities exist in food processing and franchises. Investors should not miss new opportunities created by efforts to develop renewable energy and offshore energy resources, expand tourism infrastructure, and reform the healthcare sector. Cyprus offers a low tax business environment, skilled and English-speaking professionals, and excellent infrastructure for doing business in the Eastern Mediterranean. US citizens traveling with a US passport may enter Cyprus without a visa for up to 90 days (for more information, please see www.travel.state.gov, and then search for "Cyprus.")

Doing business in Cyprus is not without its challenges. The Cypriot economy contracted by 2.8 percent in 2014 and is expected to register near zero growth in 2015. At the height of the March 2013 financial crisis, Cyprus agreed to a bail-in of depositors (converting deposits to equity). The government of the Republic of Cyprus (ROC) engaged the Troika composed of the; European Commission, International Monetary Fund (IMF), and European Central Bank for financial assistance that was contingent on several important policy reforms, including the restructuring of the banking sector and cutting down on government spending. Cyprus' sovereign credit ranking has improved since the crisis, although it is still below investment grade. In early 2015, the ROC unveiled a new growth action plan to reform the economy and address investment climate challenges. The plan focuses on public administration reform which will simplify procedures, promote entrepreneurship, reduce bureaucracy, and stimulate investment, while seeking to open key sectors like tourism, shipping, green energy, and generic pharmaceuticals.

Area Administered by Turkish Cypriots

Since 1974, the southern two-thirds of Cyprus has been under the control of the government of the Republic of Cyprus (ROC), while the remaining area in the north has been administered by Turkish Cypriots. In 1983, the Turkish Cypriot-administered area declared itself the "Turkish Republic of Northern Cyprus" ("TRNC"), but this has not been recognized by any country other than Turkey. While the unresolved conflict has implications for all potential investment on the island, companies considering investments in the Turkish Cypriot administered area should be particularly aware of complications that arise from the lack of international recognition and the absence of a comprehensive political settlement in Cyprus. Turkish Cypriot businesses are interested in working with American companies in the fields of processed agriculture, renewable energy, and franchises. The accession of the Republic of Cyprus to the European Union (EU) in 2004 also had important consequences for the northern part of Cyprus. Although the EU suspended implementation of the *acquis communautaire* (AC) in the area administered by Turkish Cypriots, EU funded technical programs are being used to bring Turkish Cypriot goods and services into compliance with EU standards and norms.

The single greatest catalyst for island-wide Cypriot economic growth and prosperity lies in the efforts of both communities to achieve a settlement of Cyprus' long-standing political problem. According to many analysts, prospects for a settlement, combined with benefits from exploiting the island's offshore hydrocarbons potential, hold the promise of doubling Cyprus' GDP by 2035.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Republic of Cyprus

The Republic of Cyprus' (ROC) favorable climate towards foreign investment is derived from its strategic geographic location, low corporate and personal tax rates, its 55 double taxation avoidance treaties (including the United States), excellent telecommunications and transportation infrastructure, and its highly-educated English-speaking labor force. A good but unintended consequence of the 2013 financial crisis is that Cypriot businesses are actively pursuing foreign investors for projects that span from expanding and broadening tourism-related infrastructure to the modernization of the ports, as well as opportunities to invest in the banking sector. In most sectors, both local and foreign investors may establish a business in Cyprus with equal benefits. For more information:

One Stop Shop & Point of Single Contact
Ministry of Commerce, Industry & Tourism
13-15 Andreas Araouzou
1421 Nicosia, Cyprus
Tel. +357 22 409318 or 321
Fax: +357 22 409432
Email1: onestopshop@mcit.gov.cy
Email2: psccyprus@mcit.gov.cy
Website: www.businessincyprus.gov.cy

Area Administered by Turkish Cypriots

Turkish Cypriots welcome foreign investment and are eager to attract investments that include the potential of transferring of advanced technology and technical skills. Priority is also given to investments in export-oriented industries. The "Turkish Cypriot Investment Development Agency" ("YAGA") is a one stop shop for all investors.

"Registrar of Companies Office" statistics indicate that as of March 2014, there were 32,012 registered companies of which:
17, 437 Turkish Cypriot majority-owned limited liability companies;
340 foreign companies; and
333 offshore companies (increase in numbers resulted from new reporting practices.)

For more information and requirements on establishing a company, licenses and doing business visit:

"North Cyprus Investment Development Agency"
Tel: (+90) 392 - 22 82317
Website: <http://www.investinnorthcyprus.org>
E-mail: mehmet.yildirim@investinnorthcyprus.org

Turkish Cypriot Chamber of Commerce

<http://www.ktto.net/english/index.asp>

Tel:(+90) 392 - 228 37 60 / 228 36 45

Fax:(+90) 392 - 227 07 82

Other Investment Policy Reviews

Republic of Cyprus

Cyprus has been a member of World Trade Organization (WTO) since 30 July 1995. As of 1 May 2004 it is a member State of the European Union. The government of ROC is scheduled to undergo a WTO Trade Policy Review under the EU on July of 2015. Cyprus has not undergone investment policy reviews by the Organization for Economic Cooperation and Development (OECD) or United Nations Committee on Trade and Development (UNCTAD).

Laws/Regulations of Foreign Direct Investment

Republic of Cyprus

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

<http://www.cypruslawdigest.com/topics/foreign-investments/item/149-protection-of-foreign-investments>

<http://www.investcyprus.org.cy/media-center/publications/>

Area Administered by Turkish Cypriots

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

Industrial Promotion

Republic of Cyprus

Information is sometimes available:

http://www.cipa.org.cy/easyconsole.cfm/page/media_section

<http://www.investcyprus.org.cy/en/cyprus-investment-promotion-agency>.

Area Administered by Turkish Cypriots

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

Limits on Foreign Control

Republic of Cyprus

The following restrictions apply to investing in the ROC:

- Non-EU entities (persons and companies) may purchase only two real estate properties for private use (two holiday homes or a holiday home and a shop or office). This restriction does not apply if the investment property is purchased through a domestic company or as a corporation elsewhere in the EU.
- Non-EU entities also cannot invest in the production, transfer, and provision of electrical energy. Additionally, the Council of Ministers may refuse granting a license for investment in hydrocarbons prospecting, exploration, and exploitation to a third-country national or company if that third country does not provide similar treatment to Cyprus or other EU member states.
- Individual non-EU investors may not own more than 5 percent of a local TV and radio station, and total non-EU ownership of a local TV or radio station is restricted to a maximum of 25 percent.
- The right to register as a building 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.
- Non-EU entities cannot invest in private tertiary education institutions.
- Provision of healthcare services on the island is also subject to certain restrictions, applying equally to all non-residents.
- Finally, 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.

Area Administered by Turkish Cypriots

According to the "Registrar of Companies Office," foreign ownership of construction companies is restricted to 49 percent. Currently the travel agency sector is closed to foreign investment.

Privatization Program

Republic of Cyprus

The ROC has undertaken to a privatization program aimed at raising EUR 1.4 billion (USD 1.5 billion) by 2018. A summary of the 2014 Privatizations Law, along with a privatizations roadmap, is available:

<http://www.mf.gov.cy/mof/mof.nsf/All/C86131D7D834ACF1C2257C850046D13F?OpenDocument&highlight=privatisation>.

According to the privatizations roadmap, the main SOEs slated for privatization are:

- Cyprus Telecommunications Authority (CyTA): CyTA has already been converted into a private company with the state as the only shareholder. By 2015, CyTA employees and the union of workers will be offered the first right of refusal to buy shares, after which strategic investors will have an opportunity to buy shares of the telecom company.
- Electricity Authority of Cyprus (EAC): by June 30, 2015, the electricity company's various business streams will be unbundled into separate legal entities. EAC will be turned into a private company (or companies) with the state as the only shareholder by December 31, 2015. A share of the equity will be offered to workers by March 31, 2016. The government plans to complete the sale of shares of EAC September 30, 2017.
- Cyprus Ports Authority (CPA): The Ministry of Communications and Works invited tenders for a consultation study on how to privatize Limassol port operations in March 2014. The government plans for CPA to remain a regulator, but management of port commercial activities will be transferred to the private sector. This public-private partnership model is already being implemented for Larnaca port. The government plans to issue a tender and grant a long-term license for an operator of Limassol port by December 31, 2015.
- The Cyprus Stock Exchange: Details forthcoming, privatization targeted for June 30, 2016;
- Cyprus State Fairs Authority: Details are forthcoming, target privatization date is June 30, 2016;

The newly-established office of the Commissioner of Privatizations gave the following presentation on progress so far with privatizations in February 2015:

<http://www.cyprusinvestorssummit.com/wp-content/uploads/2015/02/Cyprus-Privatisation-Programme-Progress-so-far-and-the-road-ahead-Mr.-Constantinos-Herodotou-Privatisation-Commissioner-Cyprus.pdf>

Area Administered by Turkish Cypriots

There have been some discussions about privatizing the electricity authority, "Kib-Tek."

Screening of FDI

Republic of Cyprus

The ROC does not pre-screen foreign investment, and its processes comply with EU directives.

Area Administered by Turkish Cypriots

There are no pre-screening requirements.

Competition Law

Republic of Cyprus

The oversight agency for competition is the Commission for the Protection of Competition:
www.competition.gov.cy

Area Administered by Turkish Cypriots

The relevant agency for competition is the “Competition Board”: www.rekabet.gov.ct.tr

Investment Trends

Republic of Cyprus

Cyprus has a relatively liberal and transparent investment climate; however, the 2013 financial crisis has brought to the surface several underlying structural and institutional obstacles to investment, ranging from delays in obtaining building permits and court judgments, to difficulties in starting a business, and limited access to financing. The authorities have prioritized addressing these issues.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	31 of 175	transparency.org/cpi2014/results
World Bank’s Doing Business Report “Ease of Doing Business”	2015	64 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	30 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 25,210	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Area Administered by Turkish Cypriots

The Turkish Cypriot Chamber of Commerce (TCCC) publishes an annual Competitiveness Report on the Turkish Cypriot economy, based on the World Economic Forum methodology. The TCCC 2014-2015 Competitiveness Report ranked the northern part of Cyprus 114th among 144 economies. For more information on the TCCC Competitiveness Report, contact the Turkish Cypriot Chamber of Commerce (<http://www.ktto.net/english/index.asp>) Tel:(+90) 392 - 228 37 60 / 228 36 45 or Fax:(+90) 392 - 227 07 82.

2. Conversion and Transfer Policies

Foreign Exchange

Republic of Cyprus

The ROC relies on the Euro and adheres to EU guidelines on conversion and transfer policies. Known as banking union and resulting from the 2008 financial crisis, the European Commission undertook several initiatives aimed at creating a safer and sounder financial sector. These initiatives, which include stronger prudential requirements for banks, improved depositor protection and rules for managing failing banks, form a single rulebook for all financial actors in the 28 Member States of the European Union. The single rule book is the foundation of the Banking Union.

Area Administered by Turkish Cypriots

There are essentially two separate financial systems within the island. As a result, the financial crisis in the government-controlled area has had little impact on capital transfer policies in the area administered by Turkish Cypriots. The financial system in the area administered by Turkish Cypriots is linked closely with that of Turkey. The Turkish Lira (TL) is the main currency in use although use of the Euro, U.S. dollar, and British Pound is commonly accepted. The vast majority of business borrowing is derived from domestic and Turkish sources.

Any kind of devaluation of the TL in Turkey against foreign exchange rates (or the opposite), has an effect on the economy of the area administered by Turkish Cypriots. Wages across sectors are generally paid in TL, and almost all real estate, electronic white goods, vehicles, and other products are sold in foreign currencies. Banks in the Turkish Cypriot administered areas provide low interest rate loans to customers who seek foreign exchange loans in Euros or British Pounds, but interest rates are higher in TL. Foreign investors are authorized to repatriate all proceeds from their investments and business.

Special Note: In late 2013 and resulting from a move to strengthen their own anti money laundering operating procedures, some U.S. banks decided to stop offering U.S. dollar correspondent facilities to banks in certain jurisdictions, this includes Cyprus. Bankers and politicians in both the government-controlled and the Turkish Cypriot administered areas have expressed concerns about the impact such business decisions could have on bilateral money flows.

Remittance Policies

Republic of Cyprus

There are no specific remittance policies that differ from general conversion and transfer policies.

Area Administered by Turkish Cypriots

There are no specific remittance policies that differ from general conversion and transfer policies.

3. Expropriation and Compensation

Republic of Cyprus

The ROC expropriates private property for public purposes in a non-discriminatory manner and in accordance with EU norms and established principles of international law. Investors and lenders to expropriated entities receive compensation in the currency in which the investment was 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.

Area Administered by Turkish Cypriots

Private property may be expropriated for public purposes. The expropriation process entitles investors to proper compensation. Foreign investors may claim damages resulting from an act of illegal expropriation by means other than litigation.

In the cases involving private owners, these are notified; the property is then inspected, and if an agreement is reached regarding the amount, then the owner is compensated. In cases where the owner declines the compensation package, the case is turned over to local courts" a final decision.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Republic of Cyprus

Cyprus is a common law jurisdiction and as such applies English Common Law. These principles apply with regard to both substantive and procedural matters. Cyprus inherited many elements of its legal system from the United Kingdom, including the presumption of innocence, the right to due process and the right to appeal. The right to a fair public trial is provided for in law and generally accorded in practice. The Courts in Cyprus possess the necessary powers to enforce compliance by parties who fail to obey judgments and orders made against them. There is a very high level of public confidence in the Cyprus legal system.

International disputes are resolved through litigation in Cypriot courts or by alternative dispute resolution methods such as mediation or arbitration. Businesses often complain of court gridlock and judgments on cases generally taking years to be issued, and even more for claims involving property foreclosure. As a result of past inefficiencies, the number of non-performing loans has grown, in the aftermath of the financial crisis, to around 50 percent of the national portfolio. Recent reforms of foreclosure and insolvency laws seek to address earlier shortcomings.

Area Administered by Turkish Cypriots

Foreign investors can make use of all the rights guaranteed to Turkish Cypriots. Alternative dispute resolution mechanisms are not available in the Turkish Cypriot-administered area. The resolution of commercial or investment disputes through the "judicial system" takes can take several years.

Bankruptcy

Republic of Cyprus

The ROC parliament recently passed new bankruptcy legislation.

Investment Disputes

Republic of Cyprus

The agreed to a bail-in of depositors (converting deposits to equity) in March 2013 sparked a flurry of legal disputes against ROC, many are still ongoing.

International Arbitration

Republic of Cyprus

In early 2015, the ROC's newly-established office of the Financial Ombudsman started offering mediation and arbitration services between banks and their customers. Under the Arbitration Law of Cyprus, if the parties are unable to reach a settlement an arbitrator can be appointed. Arbitration rulings are fully enforceable and the court may enforce an arbitral award in the same way as a judgment. Mediation is not fully enforceable.

- The Financial Ombudsman's office can be reached through their website at: www.financialombudsman.gov.cy.
- The Cyprus Chamber of Commerce and Industry (CCCI, <http://www.ccci.org.cy/>) offers arbitration and mediation. A 2012 law sanctions international and domestic mediation and designates the following three bodies to act as mediators: the Cyprus Bar Association, CCCI, and the Scientific and Technical Chamber of Cyprus. For more info: www.jurisint.org/en/ctr/62.html
- The Cyprus Arbitration and Mediation Centre (CAMC): www.cyprusarbitration.com.cy/default.asp?pid=28 www.triantafyllides.com/highlights-of-cyprus/86/24; and
- The Euro-Mediterranean Alternative Dispute Resolution Centre: www.neocleous.biz/gr/download/busop_ccica.htm www.neocleous.com/index.php?pageid=49&pageaction=neo&modid=102&newid=1524

ICSID Convention and New York Convention

Republic of Cyprus

Cyprus is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Cyprus is also a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention)

Duration of Dispute Resolution

Republic of Cyprus

As previously noted above, Cyprus' judicial system is seen as independent but businesses often complain that judgments generally take too long – i.e. between three and five years for most cases, and even more time when the case involves property foreclosure.

5. Performance Requirements and Investment Incentives**WTO/TRIMS**

The ROC is in compliance with its WTO Trade-related Investment Measures (TRIMs) obligations.

Investment Incentives

Republic of Cyprus

In the aftermath of the 2013 financial crisis, the ROC stepped up efforts to promote Cyprus as an investment destination. Cyprus offers investors one of the lowest corporate tax rates in the EU at 12.5 percent. Cyprus' other tax advantages include:

- one of the EU's lowest top statutory personal income tax rates at 30 percent;
- an extensive double tax treaties network with 55 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; and
- low Tonnage Tax for shipping

Additionally, Cyprus offers the option of fast-tracking investments (soon to be enhanced through dedicated legislation) and obtaining Cypriot citizenship through investment. Recently, Cyprus harmonized and enhanced all its regulations regarding investment funds, becoming a more attractive jurisdiction for managing and home-basing investment funds.

Research and Development

Republic of Cyprus

The Embassy is not aware of any restrictions against U.S. and other foreign firms participating in government-financed and/or subsidized research and development programs.

Performance Requirements

Republic of Cyprus

The ROC does not have a rigid system of performance requirements for foreign investment and is a signatory to the WTO's Trade-Related Investment Measures (TRIMS) agreement.

Area Administered by Turkish Cypriots

There are no performance requirements on investments and offers incentives such as:

- No limitations on transferring proceeds;
- Exemption from "Custom Duties";
- Zero rate "VAT" on imported and locally purchased machinery and equipment.

For a full description of investment incentives, visit:

North Cyprus Investment Development Agency

Tel: 0090 392 228 9378

Website: www.investinnorthcyprus.org

E-mail: mehmet.yildirim@investinnorthcyprus.org

Or: info@InvestInNorthCyprus.org

Data Storage

Cyprus does not follow a 'forced localization' policy, and does not require foreign IT providers to turn over source code or provide access to surveillance for encryption. The EU Data Protection Directive (95/46/EC) has been transposed into local legislation since 2003, designating the Commissioner for Personal Data Protection (www.dataprotection.gov.cy) as the competent authority for handling data storage issues.

6. Right to Private Ownership and Establishment

Republic of Cyprus

Foreign investors, like domestic business owners, can register a company directly with the Registrar of Companies. Foreign investors may acquire shares in an existing Cypriot company. Foreign investors, and domestic investors, are required to inform the Registrar of Companies about any changes in ownership to any Cyprus-registered company. 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.

Local and foreign investors may establish any of the following legal entities or businesses in the Republic of Cyprus:

- Companies (private or public);
- General or limited partnerships;
- Business/trade name;
- European Company (SE);
- Branch of overseas companies.

This process involves completing an application for approval/change of name, followed by several steps outlined in the following link:

<http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/All/A2E29870C32D7F17C2257857002E18C9?OpenDocument>

Area Administered by Turkish Cypriots

Registered foreign investors may buy property for investment purposes. Foreign natural persons also have the option of forming private liability companies and foreign investors can form mutual partnership with one or more foreign or domestic investors.

7. Protection of Property Rights

Real Property

Republic of Cyprus

EU nationals and companies domiciled in any EU country are not subject to any restrictions when buying property in Cyprus. By contrast, Cypriot law imposes significant restrictions on the foreign ownership of real estate by non-EU residents. Non-EU persons and entities may purchase a maximum of two real estate properties for private use (defined as a holiday home built on land of up to 4,014 square meters; plus a second home or office of up to 250 square meters, or shop of up to 100 square meters). Exceptions can be made for projects requiring larger plots of land but are difficult to obtain and rarely granted. This restriction applies to non-EU citizens or non-EU companies. A legal entity is deemed to be controlled by non-EU citizens if it meets any of the conditions listed below:

- 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 (50 percent or more) belongs to non-EU citizens;
- Either the company's 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.

For additional information and application forms for the acquisition of property by non-EU residents, please refer to the Ministry of Interior website:

http://www.moi.gov.cy/moi/moi.nsf/index_en/index_en?OpenDocument

Legal requirements and procedures for acquiring and disposing of property in Cyprus are complex but professional help from real estate agents and developers can ease the burden of complying with government requirements. The Government's Department of Lands and Surveys keeps records and follows internationally-accepted procedures. Non-residents are allowed to sell their property and transfer abroad the amount originally paid, plus interest or profits, without restriction.

Area Administered by Turkish Cypriots

Intellectual property rights are not adequately protected in the area administered by Turkish Cypriots. The "laws" in this area are inadequate, antiquated, and most importantly, lack enforcement. Infringing goods imported from Turkey and other sources are a significant concern. For information, please contact the same sources listed above.

Embassy point of contact: George F. Demetriou, email: demetriougf@state.gov

Special Note: Investors are advised to consider the risks associated with investing in immovable property and potential investors are strongly advised to obtain independent legal advice concerning purchasing or leasing property.

In the government-controlled area, there are restrictions on investing in Turkish Cypriot property. The Turkish Cypriot Property Management Service (TCPMS), 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 a comprehensive political settlement is reached. The TCPMS is mandated to administer properties under its custodianship "in the manner most beneficial for the owner." Ownership of Turkish Cypriot properties cannot change (unless for inheritance purposes) except in exceptional cases when this is deemed beneficial for the owner or necessary for the public interest.

For property in the Turkish Cypriot-administered areas, only pre-1974 title deeds are uncontested. In response to the European Court of Human Rights' (ECHR) 2005 ruling in the Xenides Arestis case that Turkey's "subordinate local authorities" in Cyprus had not provided an adequate local remedy for property disputes, Turkish Cypriot authorities established an Immovable Property Commission (IPC) to handle property claimed by Greek Cypriots. In a March 2010 ruling, the ECHR recognized the IPC as a domestic remedy. As of April, 2014, the IPC has received 5853 applications, of which 503 have been concluded through friendly settlements, and 12 through formal hearings. For more info on IPC please visit <http://www.tamk.gov.ct.tr/>. The Republic of Cyprus does not consider the IPC to be legitimate.

On January 19, 2010, the UK Court of Appeal enforced an earlier court decision taken in the Republic of Cyprus in support of a Greek Cypriot person's trespassing claim (the Orams case - <http://curia.europa.eu/juris/liste.jsf?language=en&num=C-420/07> and <http://www.bailii.org/ew/cases/EWCA/Civ/2010/9.html>), effectively voiding the transfers of Greek Cypriot property in the Turkish Cypriot-administered areas. This landmark decision also establishes precedent in cases where foreign investors purchasing disputed properties outside of the government-controlled area can be found liable for damages.

Intellectual Property Rights

Republic of Cyprus

On the whole, IPR protection in the Republic of Cyprus is strong and getting stronger over time. Cyprus was last included on the Special 301 list in 2006. It was last mentioned because the International Intellectual Property Alliance (IIPA) included Cyprus in its special mention category. The newest IPR law passed was 2012 law 207(I), which places the burden of proof on the defendant in cases of intellectual property right infringement. The law also allows the police to assess samples of pirated articles in lieu of the whole shipment and introduces the alternative for out-of-court settlement in some cases. Other important IPR laws include Law 103 (2007) on unfair commercial practices and Law 133(I) (2006) strengthening earlier legislation targeting copyright infringement. In 2014, the Department of Customs confiscated 27,327 counterfeit items, in 78 separated cases, with a total value of around EUR 1.4 million, while the Police confiscated another 7,661 pirated CDs and DVDs.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at: <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Embassy point of contact:

George F. Demetriou
Economic Specialist
U.S. Embassy, Nicosia
Tel: +357-22-393361
Email: demetriougf@state.gov

Local attorneys listed with Embassy: <http://cyprus.usembassy.gov/lawyers.html>

AmCham Cyprus: <http://www.amchamcyprus.com.cy>
Area Administered by Turkish Cypriots

IPR protection in the area administered by Turkish Cypriots is facing serious challenges.

8. Transparency of the Regulatory System

Republic of Cyprus

In the past, U.S. companies competing for ROC government tenders have noted concerns about opaque rules and the possible bias in decisions made by the technical committees responsible for preparing specifications and reviewing tender submissions. Overall, procedures and regulations are transparent and applied in practice by the government without bias.

Most laws and regulations are published only in Greek; obtaining official English translations is often difficult. When passing new legislation or regulations, Cypriot authorities follow the EU *acquis communautaire*. A formal public notice and comment procedure is not required in Cyprus, except for specific types of laws. In general the Republic of Cyprus will seek stakeholder feedback directly. Draft legislation must be published in the Official Gazette before it is debated in the House to allow stakeholders an opportunity to submit comments. The House of Representatives also typically invites specific stakeholders to offer their feedback when debating bills. Draft regulations, on the other hand, do not have to be published in the Official Gazette prior to being approved.

Cyprus' one stop shop helps investors interested in learning more about Cyprus.
http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/eke08_en/eke08_en?OpenDocument

Area Administered by Turkish Cypriots

The level of transparency for "lawmaking" and adoption of "regulations" in the area administered by Turkish Cypriots does not meet EU or U.S. standards.

9. Efficient Capital Markets and Portfolio Investment

Republic of Cyprus

The ROC Stock Exchange (CSE), launched in 1996, is one of the EU's smallest stock exchanges, with a capitalization of just under EUR 2.3 billion (USD 2.4 billion) as of March 2015. The CSE and the Athens Stock Exchange (ASE) have operated from a joint trading platform since 2006, allowing capital to move more freely from one exchange to the other, even though both exchanges retain their autonomy and independence. The joint platform has increased capital available to Cypriot firms and improved the CSE's liquidity, although its small size remains a constraint. The private sector has access to a variety of credit instruments, which has been enhanced through the operation of private venture capital firms. Credit is allocated on market terms to foreign and local investors alike. 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.

Area Administered by Turkish Cypriots

There is no stock exchange in the Turkish Cypriot-administered area.

The “Central Bank” oversees and regulates all branches of local banks, foreign banks, private banks and international banking units. Out of 22 banks, there are 14 Turkish Cypriot banks, seven international branch banks, and one development bank. All banks are required to follow know your customer (KYC) and AML “laws,” are regulated by the “Ministry of Economy,” and supervised by the “Central Bank.” Due to non-recognition issues, Turkish Cypriot banks encounter practical difficulties as a result of not qualifying for an international SWIFT number (SWIFT code is a standard format of Bank Identifier Codes (BIC)). Therefore, Turkish Cypriots and foreigners making international transfers depend on Turkish banks for assistance. Turkish Cypriot banks access international markets via Turkey. The total number of deposits, which includes bank, “public,” individual and other was around USD 4.5 billion as of December 2014. More information is available at the “Central Bank” website:

http://www.kktcmerkezbankasi.org/ser/english/index_englishz.htm

Money and Banking System, Hostile Takeovers

Republic of Cyprus

The ROC banking sector is currently in a process of restructuring, following the March 2013 haircut of uninsured deposits, and depositor confidence remains fragile, undermining bank funding bases. Operating conditions for Cypriot banks remain stressed, in the near zero growth environment of 2015. Non-performing Loans (NPLs) are currently at just over 50 percent but it is hoped that the introduction of new foreclosures legislation in October 2014 will help address this problem over time. After raising additional capital over the past 18 months, Cypriot banks are now adequately funded, meeting the European Central Bank’s October 2014 stress-testing criteria.

http://www.centralbank.gov.cy/nqcontent.cfm?a_id=13890&lang=en

In order to open a new bank account, a foreigner must establish residency status and provide information on employment status.

10. Competition from State-Owned Enterprises

Republic of Cyprus

The government of the ROC maintains exclusive or majority-owned stakes in more than 40 State-owned enterprises (SOE's) some of which are slated for privatization (see sections on Privatization and OECD Guidelines on Corporate Governance for SOEs).

OECD Guidelines on Corporate Governance of SOEs

Republic of Cyprus

OECD Guidelines on Corporate Governance are not mandatory for ROC SOEs, although some of the larger SOEs have started adopting elements of corporate governance best practices in their operating procedures. Each of the 40-plus SOEs is subject to dedicated legislation. Most are

governed by a board of directors, typically appointed by the government at the start of its term, and for the duration of its term in office. SOE board chairs are typically technocrats, affiliated with the ruling party. Representatives of labor unions and minority shareholders contribute to decision making. Although they enjoy a fair amount of independence, they report to the relevant minister. SOEs are required by law to publish annual reports and submit their books to the Auditor General.

Sovereign Wealth Funds

Republic of Cyprus

The Fiscal Responsibility and Budget Systems Law, in force since February 21, 2014, reforms Public Financial Management in line with best international practices. It introduces stricter fiscal discipline and establishes a National Investment Fund (NIF), the Cypriot equivalent of a sovereign wealth fund that will handle hydrocarbons revenue. This law was published in the Official Gazette as Law 20(I) of 2014:

http://www.cylaw.org/nomoi/arith/2014_1_20.pdf.

Every year, the Auditor General, an independent officer, prepares a lengthy Annual Report auditing the central government, public organizations, SOEs, local authorities and other public bodies and funds. The lengthy report (typically, over 1,000 pages) catalogues instances of corruption, mismanagement, and other shortcomings in the broad public sector, including State-Owned Enterprises (SOEs) for the preceding year. The 2013 report, for example, like the ones before it, catalogs hundreds of instances of corruption, inefficiency, political interventions, accountability, illegality, tax evasion, and lack of planning. Auditor General Reports are sometimes used to follow up and tackle identified problems. These reports are submitted to the President of the Republic, the Parliament, and then made public on the Auditor General's website (the reports used to be translated into English up until 2008 but budget-cutting measures have resulted in them being available only in Greek since then):

http://www.audit.gov.cy/audit/audit.nsf/annualrpt_en/annualrpt_en?OpenDocument

Area Administered by Turkish Cypriots

There is no established sovereign wealth fund.

11. Corporate Social Responsibility

Republic of Cyprus

In recent years, responsible business conduct (RBC) awareness among both producers and consumers is growing in Cyprus. Leading foreign and local enterprises tend to follow generally-accepted RBC principles, and firms pursuing these practices tend to be viewed more favorably by the public. The Cyprus Stock Exchange does impose RBC requirements for companies that are publicly-listed on the main market and encourages voluntary RBC for smaller companies

listed on the alternative market. See the CSE website for further information on these requirements prior to seeking to list on the Stock Exchange: <http://www.cse.com.cy/en/>

Area Administered by Turkish Cypriots

In recent years, RBC awareness among both producers and consumers has been growing. Firms pursuing these practices tend to be viewed more favorably by the public.

OECD Guidelines for Multinational Enterprises

Republic of Cyprus

The Cypriot government does not specifically adhere to OECD Guidelines for Multinational Enterprises; however, it is expected that multinationals follow the generally accepted RBC principles.

12. Political Violence

Republic of Cyprus

There have been no incidents of politically-motivated damage to foreign projects and or installations since 1974. U.S. companies have not been the target of violence. There were numerous relatively peaceful protests against the ROC government and the EU focused mainly at the Parliament and Presidential Palace in the early days following the financial crisis of March 2013 and in response to the forced conversion of deposits into equity. Since then, protests against additional austerity measures have been fairly calm. A couple of these demonstrations resulted in minor scuffles with police but most passed without incident.

Area Administered by Turkish Cypriots

There have been no incidents of politically-motivated damage to foreign projects and or installations since 1974.

13. Corruption

Republic of Cyprus

Until recently, there was a general belief that ROC did not have a serious problem with corruption – reflected in relatively high rankings by global authorities. However, a recent outbreak of high-profile scandals on the island has called into question Cyprus' anti-corruption reputation, not least among the local population. In response to increasing public pressure, the government's new growth strategy aims to reduce excessive and complex bureaucracy, while the Attorney General is busily prosecuting corruption scandals that come to the surface.

Corruption, both in the public and private sectors, constitutes a criminal offense. Under Cyprus' Constitution, the Auditor General controls all government disbursements and receipts and has the right to inspect all accounts on behalf of the Republic. Private sector concerns focus on the

inertia in the system, as reflected in the Auditor General's annual reports, listing hundreds of alleged incidents of corruption and mismanagement in public administration that usually remain unpunished or unrectified.

Cyprus cooperates closely with EU and other international authorities to fight corruption and provide mutual assistance in criminal investigations. Cyprus ratified the European Convention on Mutual Assistance in Criminal Matters. 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. Cyprus signed and ratified the Criminal Law Convention on Corruption and has joined the Group of States against Corruption the Council of Europe.

Area Administered by Turkish Cypriots

The Embassy is unaware of any recent complaints from U.S. businesses involving corrupt practices in the area administered by Turkish Cypriots. Corruption, both in the public and private sectors, constitutes a criminal offense. The "Audit Office" controls all disbursements and receipts and has the right to inspect all accounts. In its annual report, this office identifies specific instances of mismanagement or deviation from proper procedures and anecdotal evidence suggests that corruption and patronage continue to be a factor in the economy.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Cyprus is a member of the UN Anticorruption Convention (<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>) but it is not a member of the OECD Convention on Combatting Bribery (<http://www.oecd.org/daf/anti-bribery/countryreportsonteimplementationoftheoecdanti-briberyconvention.htm>).

Resources to Report Corruption

Republic of Cyprus

Government agencies responsible for combating corruption:

Financial Crime Unit
Cyprus Police Headquarters
Athalassa
1478 Nicosia
Tel. +357-22-808080
E-mail: fcu@police.gov.cy
Website: www.police.gov.cy

Unit for Combating Money Laundering (MOKAS)
7 Pericleous Str.
2020 Strovolos
Tel. 357-22-446004

E-mail: mokas@mokas.law.gov.cy

Website: http://www.law.gov.cy/law/mokas/mokas.nsf/index_en/index_en?OpenDocument

Auditor General of the Republic

6 Deligiorgi Str.

1406 Nicosia

Tel. +357-22-401300

E-mail: omichaelides@audit.gov.cy

Website: www.audit.gov.cy

Anti-corruption NGO:

Transparency International (TI) Cyprus

P.O.Box 57082

3022 Limassol, Cyprus

Tel. +357-25 002428

TI Cyprus Hot Line for Reporting Corruption: 70070011

E-mail: info@transparencycyprus.org

Website: www.transparencycyprus.org

14. Bilateral Investment Agreements

Republic of Cyprus

The United States is in negotiations with the EU regarding the Transatlantic Trade and Investment Partnership since Cyprus is a EU member state this would extend any investment incentives, rights and obligations to them once an agreement has been reached.

Cyprus is a party to 27 bilateral investment treaties (BITs), listed here:

http://unctad.org/Sections/dite_pcbb/docs/bits_cyprus.pdf

Bilateral Taxation Treaties

The United States and Cyprus entered into a Tax Convention in 1985, which remains in force today. Under this treaty, residents or citizens of the United States are taxed at a reduced rate, or are exempt from foreign taxes, on certain items of income they receive from sources within Cyprus. This income tax treaty contains what is known as a saving clause, this prevents a citizen or resident of the United States from using the provisions of a tax treaty in order to avoid taxation of U.S. source income. Cyprus has signed bilateral double tax treaties with 55 countries: http://www.mof.gov.cy/mof/ird/ird.nsf/dmldtc_en/dmldtc_en

15. OPIC and Other Investment Insurance Programs

The 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 build, operate, and transfer (BOT) contracts in the government-controlled areas. <https://www.opic.gov/>

Likewise, U.S. exporters should avail themselves of Export-Import Bank financing whenever possible. Please see: <http://www.exim.gov/>

Cyprus is a member of the Multilateral Investment Guarantee Agency (MIGA).

16. Labor

Republic of Cyprus

Unemployment in the ROC has risen sharply in the lead up to and after the financial crisis, reaching 16.5 percent at the end of 2014, which is well above the EU average of 9.7 percent. Cyprus has a high per capita rate of college graduates, including many U.S. university graduates and offers an abundant supply of English-speaking staff. Cyprus' total labor force is estimated at 356,600 persons. The breakdown is: services, 79.5 percent; industry and construction, 17.7 percent; and agriculture, 2.8 percent. More women are joining the labor force, and their percentage participation has risen from 33.4 percent in 1980 to around 45 percent today. For information, about hiring local employees, contact the Ministry of Labour and Social Insurance: www.mlsi.gov.cy/dlr.

Since the 2013 financial crisis, and bolstered by recent events in Greece, trade unions have been politically active and have wielded their influence over economic policy in the Republic of Cyprus. At the same time the percentage of the labor force belonging to unions as of March 2015 was estimated to be around 50 percent, down from around 70 percent in 2012, and 80 percent in 1980, according to unofficial sources. The same experts predict that this percentage will shrink further to around 30-40 percent over the next few years, on par with EU averages. Head-on confrontations between management and unions in Cyprus are rare. The unions have been vocal opponents to the Troika's reforms of the civil service, privatizations, and general austerity measures. International companies are not required to hire union labor.

Cyprus imposes a minimum wage for certain professions as follows:

- Clerks/secretaries, sales assistants, paramedical, live-in maids/domestic helpers, school assistants/child-carers: EUR 870 (USD 922) per month, rising to EUR 924 (USD 979) after six months' employment.
- Security guards: EUR 4.90 (USD 5.19) per hour, rising to EUR 5.20 (USD 5.51) after six months' employment.
- Cleaning personnel: EUR 4.55 (USD 4.82) per hour, rising to EUR 4.84 (USD 5.13) after six months' employment. Non-EU, live-in domestic servants have a separate minimum wage, set at EUR 460 (USD 515) per month, plus their room and board as of March 2015.

For all other professions, there is no minimum wage, and wages are set by the employer and employee. Collective bargaining agreements between trade unions and employers cover most sectors of the economy. Wages set in these agreements are typically significantly higher than the legislated minimum wage.

Under the single market of the European Union, EU citizens benefit from the right to free movement of workers. New incentives added to the investment for visa/residency scheme can be found here: <http://www.investcyprus.org.cy/images/media/assetfile/Citizenship0002.pdf>. Employers are required to seek work visas for third-country nationals from the Civil Registry and Migration Department. The following directive provides specific guidance: <http://www.cyprusvisa.eu/assets/cyprus-work-permit-ibc.pdf>. The Republic of Cyprus caps the number of third country nationals a company may employ. Some companies have noted that seeking visas for their third country national staff can be lengthy and cumbersome.

Area Administered by Turkish Cypriots

Reliable statistics are often difficult to obtain. The "State Planning Office" ("SPO") estimated the total labor force in 2014 was 103,297. The labor force in the area administered by Turkish Cypriots has a high per capita rate of college graduates, including many from U.S. and European universities and offers an abundant supply of white-collar workers. As of December 2014, estimated unemployment was approximately 9.5 percent. The estimated breakdown of employment by sector at the end of 2014 was: 3.68 percent in agriculture, 8.7 percent in industry, 7.2 percent in construction sector, and 80.4 percent in services (43.8 percent in the "public sector," including trade and tourism). As of the most recent statistics available in 2011, women accounted for roughly 32 percent of the labor force. Around 10 percent of private sector workers and more than 65 percent of "semi-public" and "public sector" workers belong to labor unions. Workers are allowed to form and become members of unions. As of November 2014, the minimum wage was TL 1,675 per month (USD 645).

Foreign persons are required to obtain work permits through their employer. Foreign entities may import their key personnel from abroad and are also permitted to hire trainees and part-time workers. A full-time work week is 40 hours for "public sector" employees.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Republic of Cyprus

The lead government agency handling areas subject to a special customs regime is the Department of Customs and Excise. Specific rules for the two main types of such areas, namely Customs Warehouses and Free Zones, are listed below and are fully harmonized with equivalent EU norms:

<http://www.mof.gov.cy/mof/customs/customs.nsf/All/6D61C14C3E95345CC22572A6003BCBD5?OpenDocument>

There are two types of Free Zones:

- Control Type I Free Zone, in which controls are principally based on the existence of a fence; and
- Control Type II Free Zone, in which controls are principally based on the formalities carried out in accordance with the requirements of the customs warehousing procedure.

Cyprus has two Control Type II Free Zones (FZs) located in the main seaports of Limassol and Larnaca, which are used for transit trade. 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 Republic of Cyprus legislation. The Department of Customs has jurisdiction over both normal zones and FZs 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.

A Customs Warehouse can be set up anywhere in Republic of Cyprus, provided the right criteria are met and with the approval of the Department of Customs. For more information, interested parties may contact:

Director
Department of Customs and Excise
Michali Karaoli Str.
1096 Nicosia
tel. +357-22-601754 or 55
fax: +357-22-302018
website: www.mof.gov.cy/ce
E-mail: headquarters@customs.mof.gov.cy

When larger projects are involved, potential investors interested in establishing their own customs warehouse or seeking to engage existing customs warehouses may also contact the Ministry of Commerce, Industry, and Tourism for guidance on identifying suitable locations. For additional info, please contact:

One Stop Shop & Point of Single Contact
Ministry of Commerce, Industry & Tourism
13-15 Andreas Araouzos
1421 Nicosia
Tel. +357 22 409318 or 321
Fax: +357 22 409432
Email 1: onestopshop@mcit.gov.cy
Email 2: pscycyprus@mcit.gov.cy
Website: www.businessincyprus.gov.cy also
http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/eke08_en/eke08_en?OpenDocument

Additional information on the Limassol and Larnaca FZs can be obtained from:

Cyprus Ports Authority
P.O.Box 22007
1516 Nicosia
23, Kritis Street
1061 Nicosia
tel. +357-22-817200, X-0

fax: +357-22-762050

E-mail: Kokkinos@cpa.gov.cy

Website: <http://www.cpa.gov.cy/>

Area Administered by Turkish Cypriots

Regulated by the "Free-Ports and Free Zones Law," Famagusta has a "free port and zone."

Operations and activities permitted there include:

- Engaging in all kinds of industry, manufacturing, and production.
- Storage and export of goods imported to the "Free Port and Zone."
- Assembly and repair of goods imported to the "Free Port and Zone."
- Building, repair and assembly of all kinds of ships.
- Banking and insurance services.

Information about incentives provided to businesses established there can be accessed at:

<http://www.portisbi.com/news.html>

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$B USD)	2013	24.2	2013	21.9	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A		2013	2,001	
Host country's FDI in the United States (\$M USD, stock positions)	N/A		2013	2,406	http://bea.gov/international/factsheet/factsheet.cfm?Area=304
Total inbound stock of FDI as % host GDP	N/A		2013	2.8%	data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS

Source: Central Bank of Cyprus

Table 3: Sources and Destination of FDI

Republic of Cyprus

Despite its small size, the ROC attracts considerable investment flows, particularly businesses whose real operations are elsewhere, known as "brass plate" companies. Following is a link to the United Nations Conference on Trade and Development (UNCTAD) "2013 World Investment Report":

http://unctad.org/en/publicationslibrary/wir2013_en.pdf

The U.S. Bureau of Economic Analysis (BEA) does not provide data on bilateral investment with Cyprus (it is folded under “other” in the following link:

<http://www.bea.gov/international/di1fdibal.htm>)

Eurostat reports that the total flow of FDI into Cyprus from all countries was 15.6 percent of GDP in 2013, although it does not provide a breakdown by country.

(<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tipsbp90&language=en>). GDP in 2013 was EUR 18.1 billion (USD 24.1 billion).

In 2013, according to Central Bank of Cyprus, the net inflow of FDI (including “brass plate” companies) reached EUR 2,634 million (USD 3,503 million), while the net outflow from Cyprus reached EUR 2,615 million (USD 3,478 million). Economists estimate that over 60 percent of the net inflow in 2013 came from the Russian Federation. In 2013, the stock of FDI in Cyprus reached EUR 46.0 billion (USD 61.2 billion), while the stock of Cypriot investment abroad reached EUR 31.5 billion (USD 41.9 billion). [Note: In line with revised IMF reporting standards (BPM 6), the Central Bank of Cyprus includes “brass-plate” company activities as of 2013, whereas the previous standard (BPM 5) did not fully capture this activity.]

Cyprus' liberal investment climate and potential offshore energy reserves have made it an attractive destination for U.S. investors. Official data for U.S. FDI is unavailable for 2013 because of Central Bank of Cyprus confidentiality rules. However, in 2014, a U.S. investor led a consortium bought EUR 400 million worth of Cyprus' largest bank, marking the largest investment in the island in recent years. In 2012 (last year for which official U.S. FDI data is available), the stock of U.S. FDI on the island reached USD 4,119 million, down from USD 4,430 million in 2011, making up 20 percent of Cyprus' total stock investment. The net inflow of U.S. investment into Cyprus was USD 110.1 million in 2012. Other projects involving U.S. investment in recent years have focused on services, specifically (in order of magnitude): finance and insurance (including re-insurance); management consulting; real estate; professional, scientific and technology/IT consulting; and wholesale trade. Over the next few years, Cyprus is poised to attract additional investment in the field of offshore energy exploration and infrastructure. For more info on Cyprus' FDI stocks and flows, please refer to following links posted by the Central Bank of Cyprus:

http://www.centralbank.gov.cy/nqcontent.cfm?a_id=13911

http://www.centralbank.gov.cy/media/pdf/FDI_report__2013.pdf

http://www.centralbank.gov.cy/nqcontent.cfm?a_id=12490&lang=en

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

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 the Turkish Cypriot-administered area since 1974 has come from Turkey. The sectors that have attracted the most investment are

tourism and real estate. For additional information on foreign direct investment:
<http://www.investinnorthcyprus.org>

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars), 2013								
Total			Equity Securities			Total Debt Securities		
All Countries	11,937	100%	All Countries	4,382	100%	All Countries	7,555	100%
Russian Fed.	2,054	17.2	Russian Fed.	1,395	31.8	Greece	1,604	21.2
Greece	1,675	14.0	Jersey	1,222	27.9	France	770	10.2
Jersey	1,229	10.3	Ireland	264	6.0	Russian Fed.	659	8.7
France	777	6.5	Greece	71	1.6	Ireland	450	5.6
Ireland	713	6.0	France	8	0.2	Jersey	7	0.1

19. Contact for More Information

George F. Demetriou
 Economic Specialist
 U.S. Embassy
 Metochiou & Ploutarchou Streets
 2407 Engomi
 Nicosia, Cyprus
 Tel: +357-22-393361
 Fax: +357-22-780944
 E-mail: DemetriouGF@state.gov

Additional Web Resources

Republic of Cyprus:

American Embassy in Nicosia:
<http://cyprus.usembassy.gov>

Republic of Cyprus ROC Government Portal:
<http://www.cyprus.gov.cy>

Ministry of Foreign Affairs:
http://www.mfa.gov.cy/mfa/properties/occupiedarea_properties.nsf/index_en/index_en?OpenDocument

Point of Single Contact (Ministry of Energy, Commerce, Industry and Tourism):
<http://www.businessincyprus.gov.cy>

Cyprus Investment Promotion Agency:
<http://www.cipa.org.cy>

Ministry of Interior:
<http://www.moi.gov.cy/da>

Ministry of Finance:
<http://www.mof.gov.cy>

Central Bank of Cyprus:
<http://www.centralbank.gov.cy>

Department of Merchant Shipping:
<http://www.shipping.gov.cy>

Cyprus Bar Association:
<http://www.cyprusbarassociation.org>

Green Line Regulation:
http://ec.europa.eu/cyprus/turkish_cypriots/green_line_regulation/index_en.htm

Commission for the Protection of Competition:
http://www.competition.gov.cy/competition/competition.nsf/index_en/index_en?opendocument

The following ROC website provides additional information on the risks of investing in the Turkish Cypriot-administered areas:
http://www.mfa.gov.cy/mfa/properties/occupiedarea_properties.nsf/index_en/index_en?OpenDocument

Area Administered by Turkish Cypriots

"TRNC State Planning Organization":
<http://www.devplan.org/>

Turkish Cypriot Chamber of Commerce:
<http://www.ktto.net>

"North Cyprus Investment Development Agency:"
<http://www.investinnorthcyprus.org>