Cyprus is an island country in the Middle East in the Eastern Mediterranean Sea. Nearby countries include Turkey, Syria, and Lebanon. Geographically, Cyprus is a central plain with mountains to the north and south. The government system is a republic; the chief of state and head of government is the president. Cyprus has a market economy system in which the prices of goods and services are determined in a free price system. Cyprus is a member of the European Union (EU).

**Key Economic Facts**

- **Income Level (by per capita GNI):** High Income
- **Level of Development:** Developed
- **GDP, PPP (current international $):** $45.39 billion (2022)
- **GDP growth (annual %):** 5.63% (2022)
- **GDP per capita, PPP (current international $):** $49,930.87 (2022)
- **Manufacturing, value added (% of GDP):** 5.72% (2022)
- **Current account balance (BoP, current US$):** -$2.63 billion (2022)
- **Inflation, consumer prices (annual %):** 8.40% (2022)
- **Labor force, total:** 675,104 (2022)
- **Unemployment, total (% of total labor force) (modeled ILO estimate):** 6.98% (2022)
- **Imports of goods and services (current US$):** $26.13 billion (2022)
- **Exports of goods and services (current US$):** $26.03 billion (2022)

**GDP Composition %**

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2</td>
</tr>
<tr>
<td>Services</td>
<td>72</td>
</tr>
<tr>
<td>Industry</td>
<td>13</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

**Rankings**

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>51 / 178</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>44 / 141</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>47 / 136</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>44 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>45 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>47 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>14 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>40 / 139</td>
</tr>
</tbody>
</table>

**Risk Assessment (Provided by Coface)**

**Country rating:** B - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.

**Business Climate rating:** A3 - The business environment is relatively good. Although not always available, corporate financial information is usually reliable. Debt collection and the institutional framework may have some shortcomings. Intercompany transactions may run into occasional difficulties in the otherwise secure environments rated A3.

**Strengths**

- Central geographical location between Europe, Asia and Africa favours the transshipment industry
- Offshore finance hub
- Rich, unexploited offshore natural gas deposits
- Skilled, English-speaking workforce
- Relatively successful pandemic management

**Weaknesses**

- Divided territory, increasingly tense geopolitical neighbourhood
- Small domestic market, isolated from the rest of Europe
- Highly dependent on Russia and the UK as export markets and sources of financing (Brexit risk)
- Slow legal process, poor enforcement of contracts
- Heavy debt load for the state, banks, companies, and households
- Weak industrial diversification (tourism, construction, natural gas, finance)

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