Cyprus – Showing Signs of Growth? Implementing Reforms

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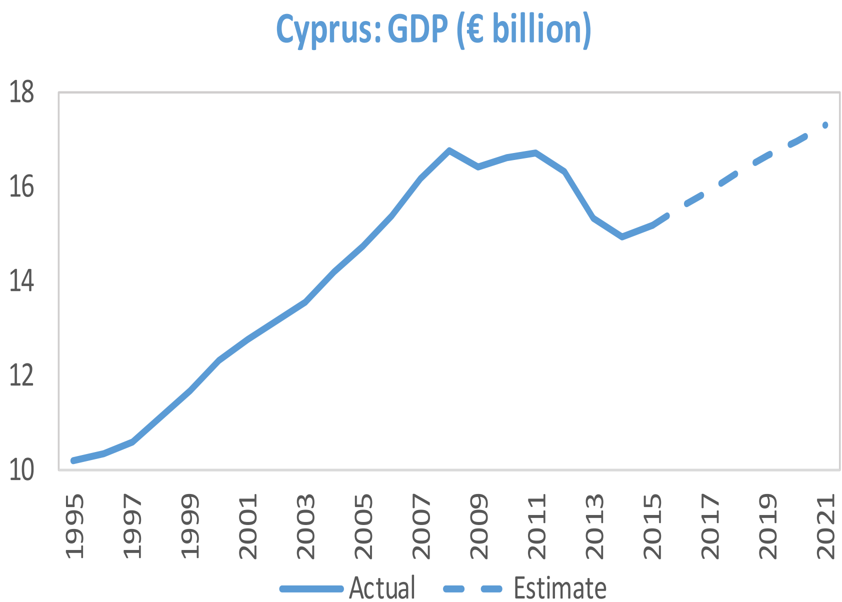
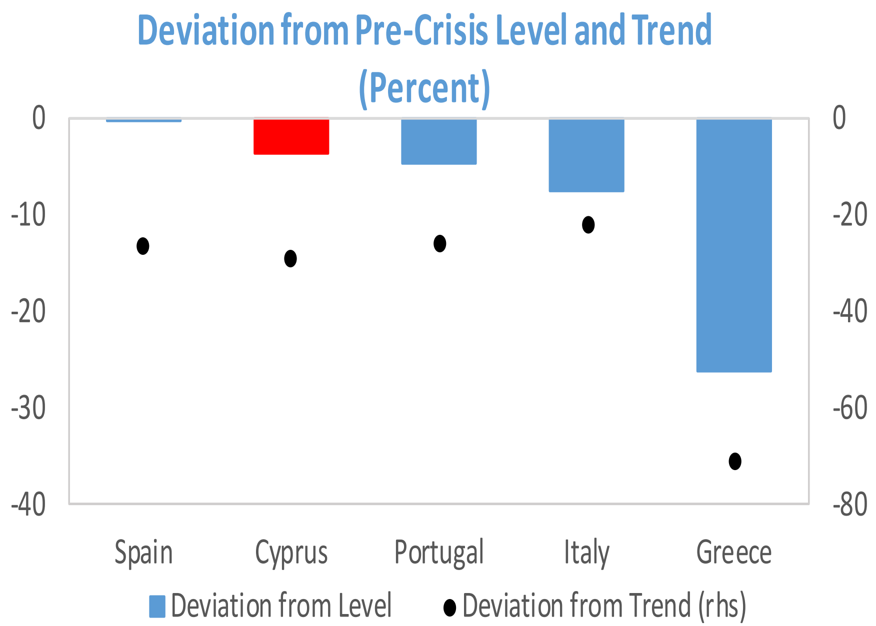
Resident Representative in Cyprus

Growth momentum is significant

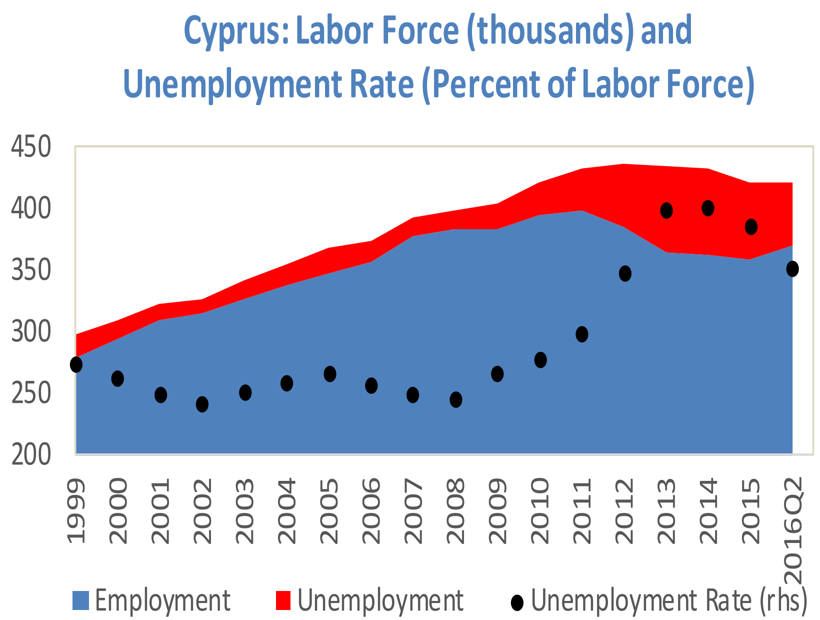


Source: CySTAT, IMF staff estimates

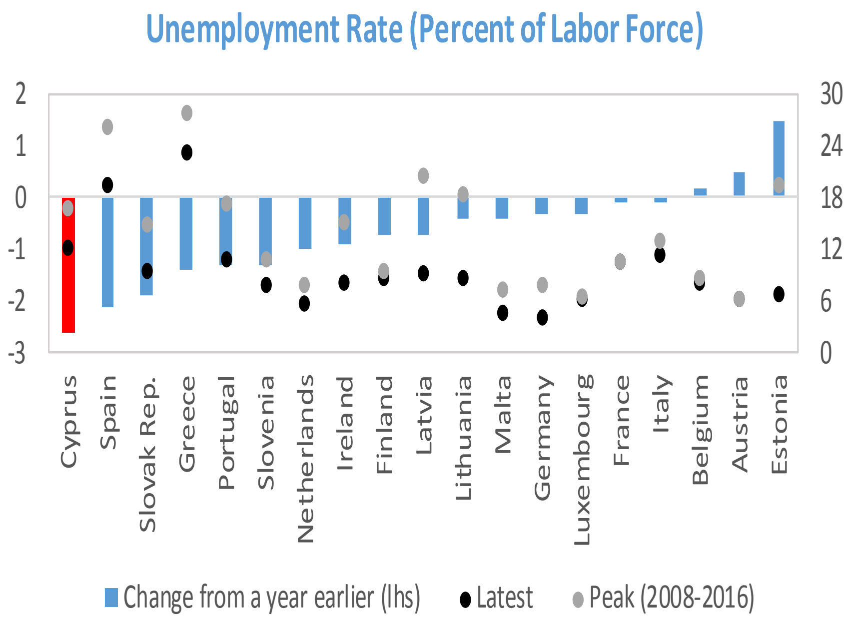


Source: IMF staff estimates
Note: data are percentage differences of IMF World Economic Outlook estimates for 2016 from pre-crisis levels and trends. Levels are 2007 data. Trends are linear regression trends fitted using data for 1996-2005.

Jobs are being created

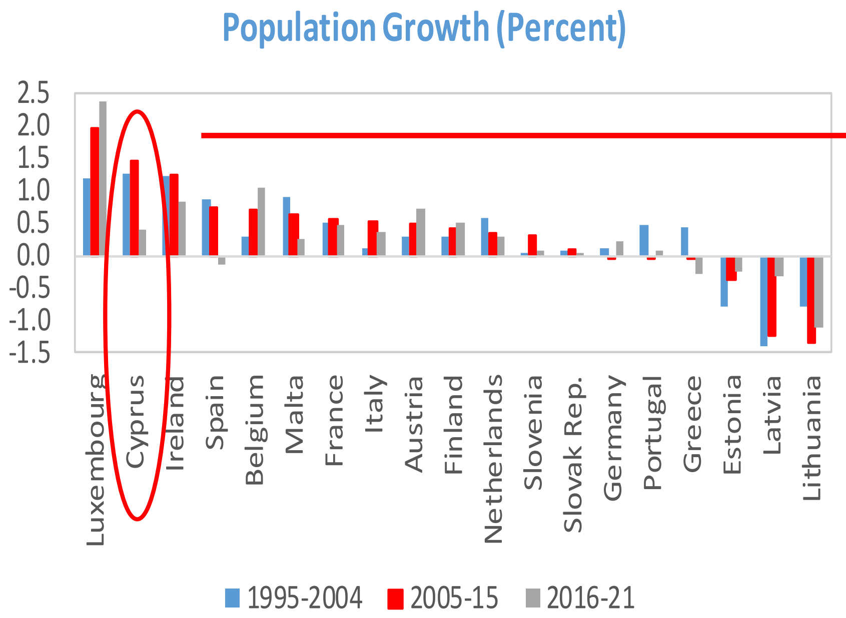


Source: CySTAT

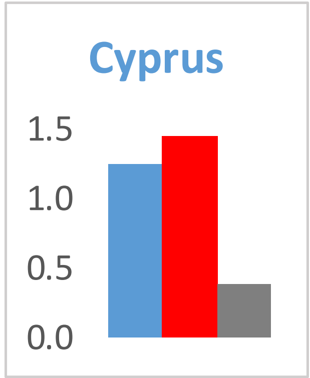


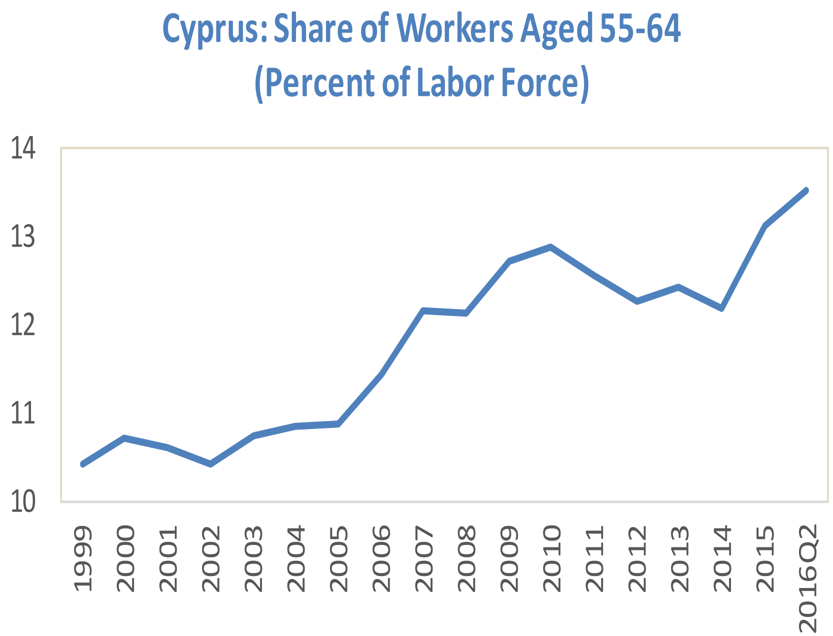
Source: Eurostat, IMF staff estimates

Demographics are not favorable



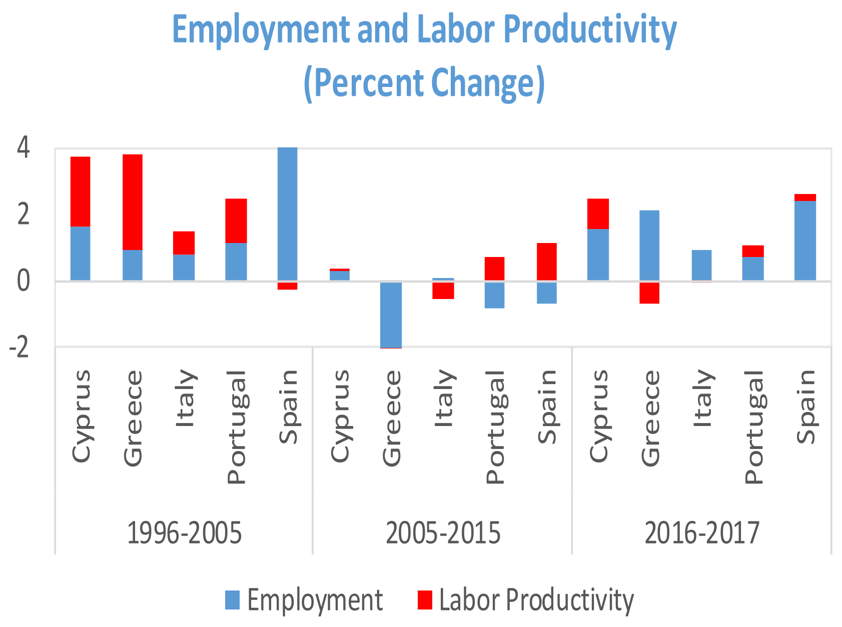
Source: IMF staff estimates



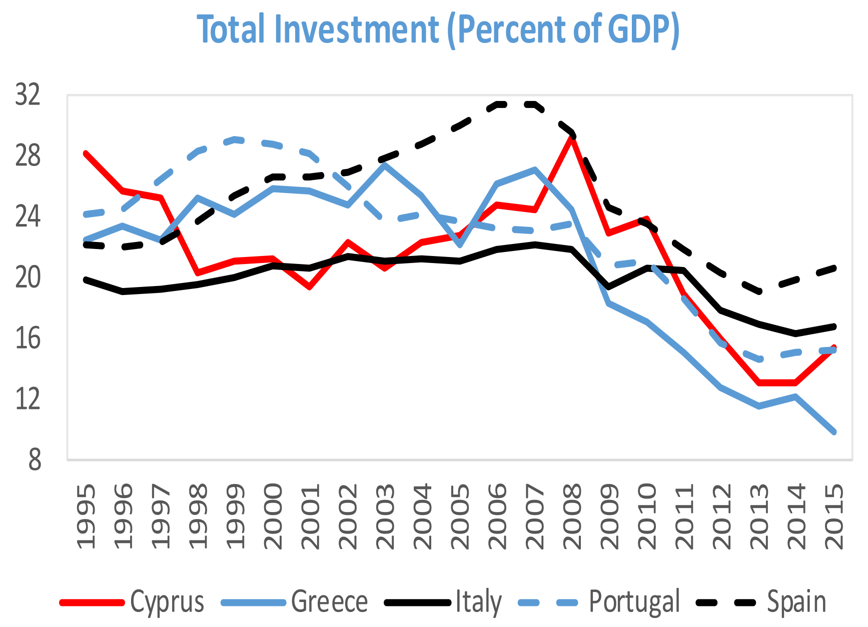


Source: CySTAT

Productivity is weak



Source: IMF staff estimates



Source: IMF staff estimates

Policy priorities for Cyprus

i. Repair bank balance sheets addressing NPLs and strengthening operational efficiency to support new lending

ii. Commit to credible medium-term fiscal consolidation to generate space for productive public investment

iii. Eliminate product and labor market distortions to ensure efficient allocation of factors of production

iv. Promote policies that encourage investment in R&D and foster innovation to sustain long-term potential growth

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Thank you