

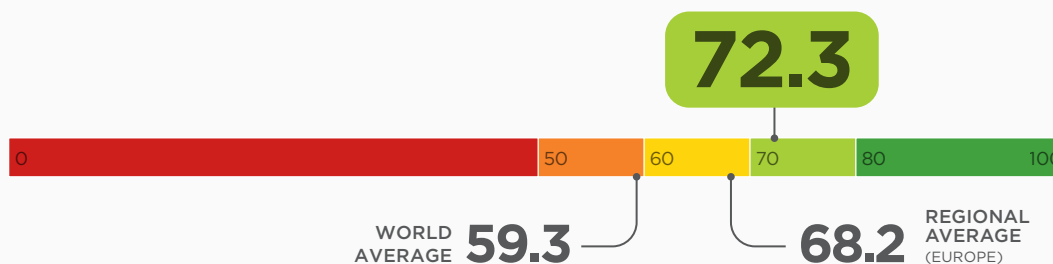
CYPRUS



Cyprus's economic freedom score is 72.3, making its economy the 18th freest in the 2023 *Index*. Its score is 0.6 point worse than last year. Cyprus is ranked 12th out of 44 countries in the Europe region, and its overall score is above the world and regional averages.

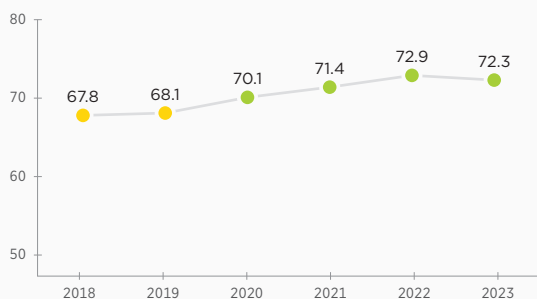
Particularly compared to other developing economies, the sound foundations of economic freedom in Cyprus are sustained by a generally well-functioning judicial system. Although public debt is moderate compared to that of other European economies, growing public spending is eroding respect for the principle of limited government and limiting Cyprus's overall economic freedom.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +4.6

RECENT FREEDOM TREND



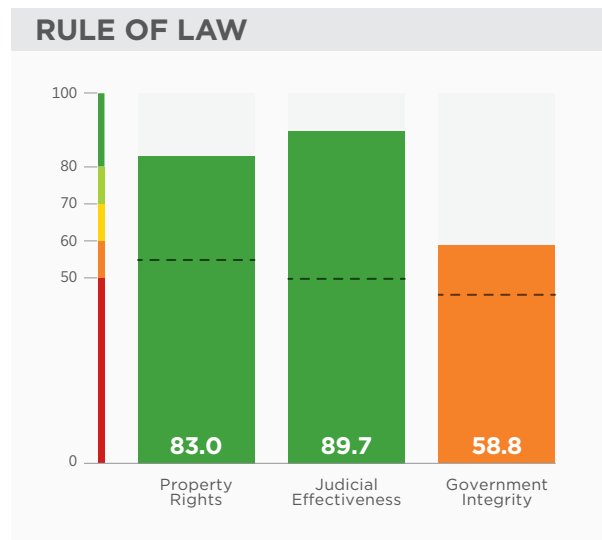
QUICK FACTS

POPULATION: 1.2 million	UNEMPLOYMENT: 7.6%
GDP (PPP): \$40.4 billion 5.5% growth in 2021 5-year compound annual growth 3.5%	INFLATION (CPI): 2.2%
FDI INFLOW: \$463.1 million	PUBLIC DEBT: 103.6% of GDP

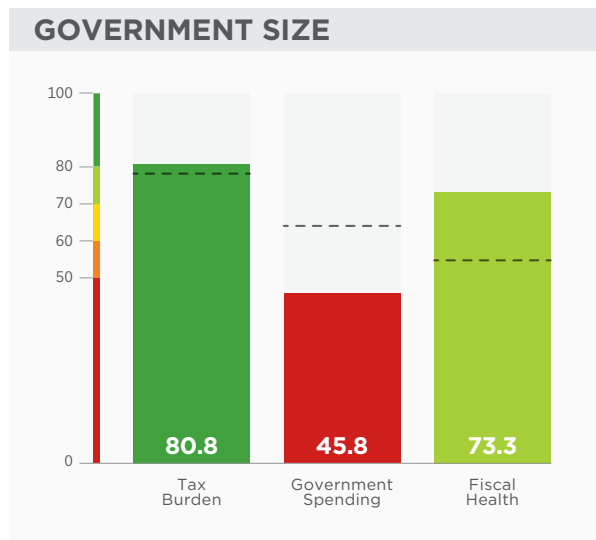
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Cyprus gained independence from the United Kingdom in 1960, and ongoing ethnic violence led to the creation of a U.N. buffer zone that has separated the Greek Cypriot Republic of Cyprus from the Turkish Republic of Northern Cyprus since 1974. The Republic of Cyprus joined the European Union in 2004. Periodic reunification talks have failed to gain traction. Disputes continue over offshore hydrocarbon resources, and tensions flare on a regular basis. Center-right Cyprus President Nicos Anastasiades won a second five-year term in 2018. Services such as tourism, finance, shipping, and real estate account for more than 80 percent of GDP.

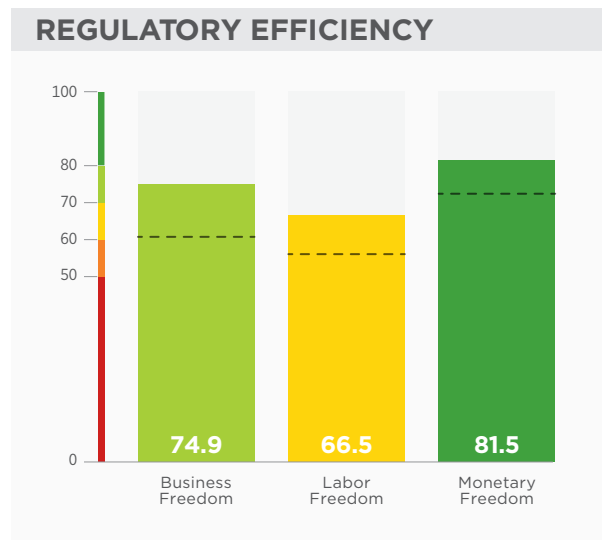
12 ECONOMIC FREEDOMS | CYPRUS



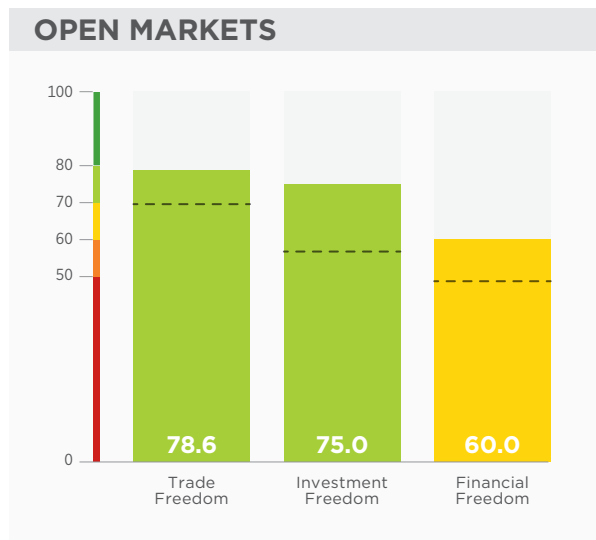
The overall rule of law is well respected in Cyprus. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 35 percent and 12.5 percent. The tax burden equals 23.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 42.5 percent and -2.0 percent of GDP. Public debt equals 103.6 percent of GDP.



The overall freedom to start, operate, and close a business is relatively well maintained within the regulatory framework, and there is no minimum capital requirement. Relatively flexible labor regulations facilitate employment and productivity growth. The most recent available inflation rate is 2.2 percent.



The trade-weighted average tariff rate (common among EU members) is 3.2 percent; more than 600 EU-mandated nontariff measures and nine country-specific nontariff barriers are in force. There is no restrictive screening of foreign investment. The small financial markets are stable, and banking is well-capitalized.