

## Cyprus

### Financial Outlook

In March 2013 Cyprus agreed a €10 billion bailout with the European Union and the IMF in an attempt to stave off the collapse of its banking sector and the wider economy. It agreed to a significant restructuring of its banking sector, along with other measures such as tax rises and privatizations. The measures were designed to raise billions toward the bailout but protect bank customers with deposits of €100,000 or less. In the second quarter of 2013 the economy suffered its worst annual contraction since the mid-1970s according to official figures, shrinking by 5.9%. In December 2013 it was reported that international lenders expected the economy to contract by 7.7% overall in 2013. In its December 2013 budget the government said that it was well within the targets set under the bailout deal for the primary and fiscal deficits. It is estimated that the fiscal deficit will reach 7.5% of GDP in 2014, up from 5.5% in 2013. The government expects the economy to shrink by 3.9% in 2014. International lenders do not expect Cyprus to exit recession until 2015. Unemployment stood at a record 17% toward the end of 2013.

### More Info

#### Websites:

- Ministry of Finance, Cyprus: [www.mof.gov.cy](http://www.mof.gov.cy)
- Central Bank of Cyprus (those interested should see in particular speeches by the Governor of the Bank): [www.centralbank.gov.cy](http://www.centralbank.gov.cy)

### See Also

#### Checklists

- [The EU Regulatory Regime](#)

#### Country Profile

- [Greece](#)
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