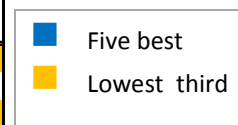


**SPRING 2011 REFORM BAROMETER – CYPRUS**

	Level			Rank			Gap		Areas of Action	
	2009	2010	Change	2009	2010	change	EU top 5	Gap <sup>1</sup>	2010	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	23159	23604	1,9%	19	19	0	NL IE SE AT DE	-22%	
	2 GDP per capita (€at 2000 prices)	16252	16160	-0,6%	20	19	1	DK SE IE FI AT	-47%	
	3 Labour productivity per hour worked (PPP)	25,7	26,1	1,6%	19	21	-2	NL BE FR DE IE	-37%	
	4 Labour productivity per person employed (PPP)	47055	48708	3,5%	20	20	0	IE BE FR SE NL	-27%	
	5 Private investment (excluding non residential, %GDP)	9,4	7,6	-1,9	14	25	-11	BG BE AT DE IT	-6,0	
	6 Industrial activity (% total value added)	9,9	9,7	-0,2	30	30	0	IE SK CZ FI SI	-22,9	
	7 R&D expenditure (% GDP) *	0,5	0,5	0,0	32	31	1	FI SE DK DE AT	-2,6	
	8 Operating surplus (% total value added)	42,5	43,1	0,6	12	14	-2	BG GR MT SK IE	-11,2	
Pillar II	9 Current Account (% GDP)	-8,5	-6,1	2,4	30	30	0	LU SE NL DE DK	-12,0	
	10 Export market share (gain from 2000)	-13,6	-12,2	1,5	28	27	1	RO LT CZ HU BG	-75,6	
	11 Net export contribution to GDP	6,8	2,3	-4,5	7	5	2	BG IE GR HU CY	-1,6	
	12 Share in global trade	0,0	0,0	0,0	30	30	0	DE FR NL UK IT	-4,2	
	13 Relative unit labour cost (gain from 2000)	4,2	5,9	1,7	15	18	-3	DE PL AT SE FR	13,7	
	14 High-tech exports (% total exports) **	14,6	19,1	4,4	12	7	5	MT LU IE HU CY	-9,7	
Pillar III	15 Employment rate (% working age population)	69,9	69,3	-0,6	7	8	-1	NL DK SE AT DE	0,6	
	16 Employment rate 15-24 (% population 15-24)	35,5	33,1	-2,5	14	15	-1	NL DK AT UK DE	-20,6	
	17 Employment rate 55-64 (% population 55-64)	56,0	56,9	0,9	11	9	2	SE DE UK CY DK	-2,8	
	18 Annual hours worked (per capita)	1834	1869	1,9%	10	10	0	PL GR HU LV CZ	-5%	
	19 Labour participation (% working age population)	77,1	77,0	-0,1	11	11	0	DK SE NL PT DE	-3,0	
	20 Working age population (as % total population)	71,1	71,2	0,1	3	3	0	SK PL CY CZ RO	1,0	
	21 Unemployment rate (% labour force)	5,3	6,8	1,5	7	8	-1	AT NL LU MT CY	1,2	
Pillar IV	22 Gross debt - general government (% GDP)	58,0	62,2	4,2	16	15	1	EE LU BG RO LT	38,1	
	23 Net debt - general government (% GDP)*	28,4	35,1	6,6	20	18	2	FI EE SE BG CZ	98,5	
	24 Government budget balance (% GDP)	-6,0	-5,9	0,0	17	18	-1	SE EE LU FI DE	-3,8	
	25 Primary balance (% GDP)	-3,4	-3,6	-0,2	16	16	0	HU SE IT EE MT	-3,3	
	26 Tax burden (% GDP)	34,2	34,1	0,0	15	12	3	LV SK RO BG LT	3,5	
	27 Highest marginal tax rate, individual rate (%)*	30,0	30,0	0	8	8	0	BG CZ LT RO SK	28	
	28 Public investment (% total public expenditure)	10,0	9,5	0,0	10	12	-2	PL CZ RO BG LV	-4,5	
	29 Budgetary adjustment related to age (% GDP)	N/A	4,7	N/A	N/A	25	N/A	PL EE HU BG SE	4,6	
	30 Net foreign assets (% GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	NL BE DE DK FI	N/A	
Pillar V	31 Net financial assets, households (% GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	BE IT NL FR DE	N/A	
	32 Net financial liabilities, non financial corporations (% GDP)*	N/A	N/A	N/A	N/A	N/A	N/A	SK NL DE GR PL	N/A	
	33 Regulatory tier 1 capital to risk weighted assets *	N/A	9,9	N/A	N/A	32	N/A	MT LU BE BG EE	-7,3	
	34 Non performing loans to total gross loans *	N/A	4,1	N/A	N/A	16	N/A	FI LU SE SI AT	2,4	
	35 Loans to private sector (% GDP)	283,1	287,4	4,3	25	25	0	RO SK PL CZ HU	230,6	
	36 Bank liabilities (%GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	SK RO PL LT BG	N/A	



1. Percentage points, when not indicated otherwise

\* 2008/ 2009 data  
\*\* 2007/ 2008 data

**PRIORITIES FOR REFORM: ANSWERS FROM OEB (CYPRUS)**

	Policy Area	Concrete Recommendations	Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	16	Reduction of the government payroll by reducing the number of government employees, no salary increments for 2 years, reforming the public sector retirement scheme, reduce starting salaries.	X	
Priority 2	17	Increase productivity, simplification, e-government.		X
Priority 3	1	Reduction of administrative burden, bureaucracy and simplification of procedures	X	
Priority 4	11	Wage bargaining and setting to take place according to sectoral or even individual negotiations.		X
Priority 5	3	Encourage private spending and promote research and innovation in education	X	

- Policy areas**
1. Business Environment - Regulatory barriers to entrepreneurship
  2. Business Dynamics - Start-up conditions
  3. R&D and Innovation
  4. ICT
  5. Competition policy framework
  6. Sector specific regulation (telecom, energy)
  7. Market integration - Openness to trade and investment
  8. Active labour market policies
  9. Job protection
  10. Labour supply measures for specific groups (older workers, women...)
  11. Wage bargaining and wage-setting policies
  12. Labour market mismatch and labour mobility
  13. Making work-pay: interplay of tax and benefit system
  14. Pension and health care reforms
  15. Quality of fiscal institutions and budgetary framework
  16. Consolidation of public expenditures
  17. Public sector efficiency
  18. Public investment
  19. Tax reforms
  20. Access to bond markets
  21. Access to equity markets
  22. Venture capital and SME financing instruments
  23. Bank lending conditions
  24. Long term investment instruments