



CYPRUS

State of Play – Winter 2017



MACROECONOMIC SITUATION

- Recent robust growth, with slight slowdown ahead

Excessive imbalances

- Private, public, and external debt remain high
- Non-performing loans are decreasing, but their high level remains one of the key challenges for the economy
- Unemployment continues to decline but youth and long-term unemployment remain high
- Poverty and social indicators reflect a worsening of social conditions during the recent crisis



PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

Some progress

- on reducing non-performing loans
- on promoting investment

Limited progress

- on employment services and healthcare reform
- on implementing fiscal-structural reforms
- on measures to lower private sector debt



FISCAL SITUATION

- No excessive deficit, but structural balance set to deteriorate in 2017
- Public debt well over the 60% of GDP reference value, expected to decrease
- Draft Budgetary Plan 2017 assessed as at risk of non-compliance with the provisions of the Stability and Growth Pact



POLICY HIGHLIGHTS

- The Guaranteed Minimum Income allowed more targeted and effective welfare benefits, at a lower fiscal cost

More info at

<https://ec.europa.eu/info/strategy/european-semester/european-semester-timeline/analysis-phase>