



Kıbrıs Türk Ticaret Odası  
Turkish Cypriot Chamber of Commerce

**2014-2015  
COMPETITIVENESS REPORT  
ON  
TURKISH CYPRIOT ECONOMY**

**BASIC FINDINGS, FIGURES & STATISTICS**

# 2014-2015 Competitiveness Report

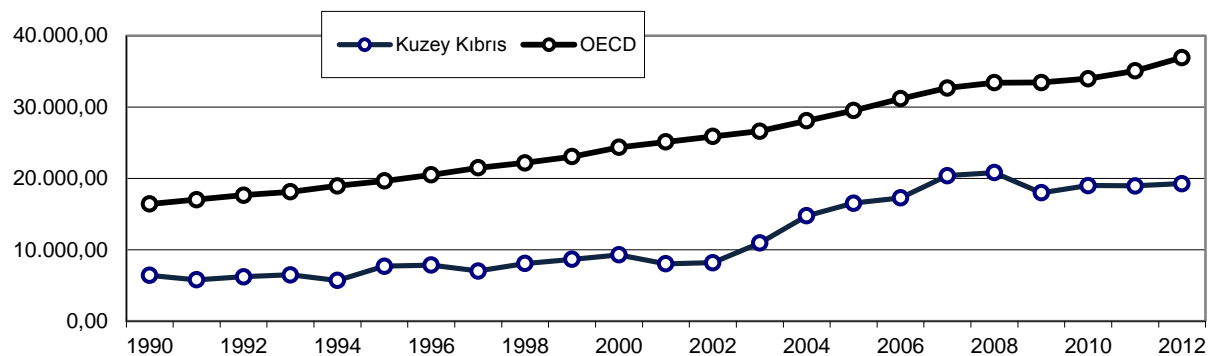
## NORTH CYPRUS

### Key Indicators

Total population (thousands), 2013.....	306
GDP (US\$ millions), 2013.....	3,983
GDP (current prices) per capita, 2013.....	15,349
GDP (PPP) as share (%) of world total, 2013.....	0.0064

### GDP (PPP US\$) per capita, 1990-2013

Blue Line is North Cyprus  
Black Line is OECD



### Global Competitiveness Index

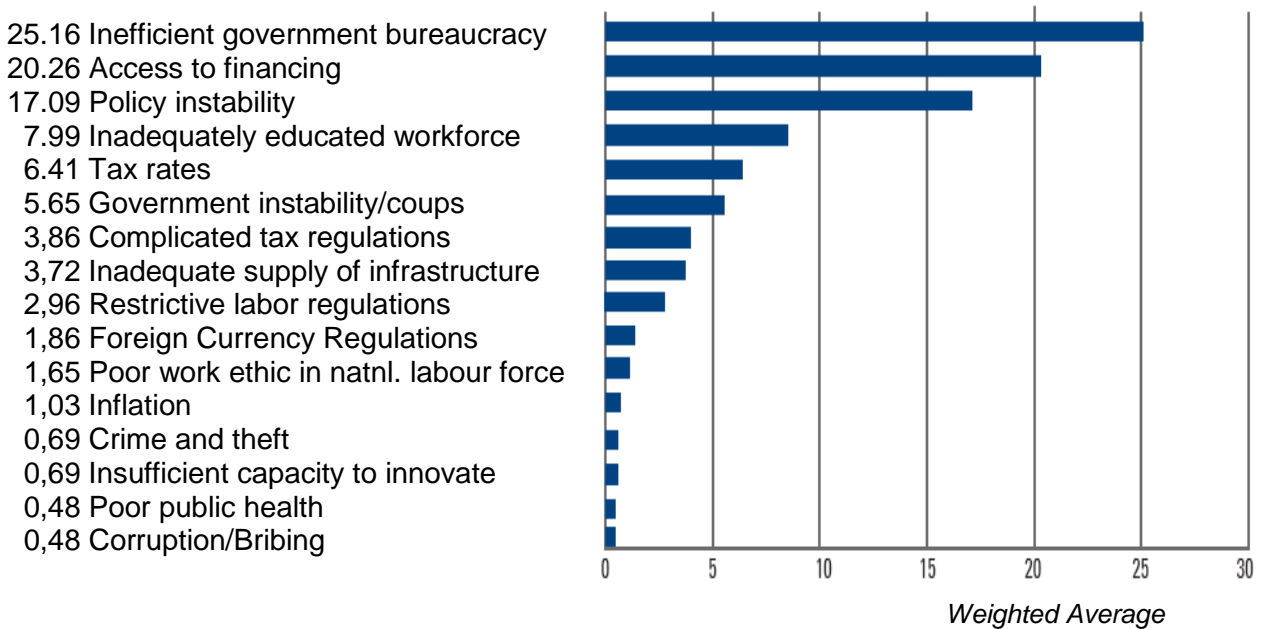
	Rank (out of 144)	Score (1-7)
<b>Global Competitiveness Index 2014-2015 (out of 148)</b>	<b>114</b>	<b>3,68</b>
<b>GCI 2013-2014 (out of 148)</b>	<b>118</b>	<b>3,64</b>
<b>GCI 2012-2013 (out of 144)</b>	<b>123</b>	<b>3,54</b>
<b>Basic Requirements (40%)</b>	<b>108</b>	<b>3,96</b>
1st pillar: Institutions	100	3,43
2nd pillar: Infrastructure	104	3,14
3rd pillar: Macroeconomic stability	136	3,29
4th pillar: Health and primary education	55	5,98
<b>Efficiency Enhancers (50%)</b>	<b>104</b>	<b>3,59</b>
5th pillar: Higher education and training	88	3,95
6th pillar: Goods market efficiency	111	4,00
7th pillar: Labor market efficiency.....	107	3,85
8th pillar: Financial market sophistication.....	56	4,26
9th pillar: Technological readiness.....	69	3,80
10th pillar: Market size.....	142	1,71

<b>Innovation and sophistication factors (10%)</b>	<b>129</b>	<b>2,96</b>
11th pillar: Business sophistication.....	134	3,09
12th pillar: Innovation.....	115	2,81

### Stage of Development



### The most problematic factors for doing business



Note: From a list of 16 factors respondents were asked to select the five most problematic for doing business and to rank them between 1 (most problematic) and 5. This differs from the World Economic Forum's Economy Profiles by providing a score based on the weight of each response rather than the percentage of total responses. Respondents ranking a particular item a 1 were given a multiplier of 5 while those ranked a 5 received a multiplier of 1.

## NORTH CYPRUS

The Global Competitiveness Index

Competitive Advantage

Competitive Disadvantage

INDICATOR

RANK/144

### 1st pillar: Institutions

1.01 Property rights.....	137
1.02 Intellectual property protection.....	144
1.03 Diversion of public funds.....	125
1.04 Public trust of politicians.....	138
1.05 Irregular Payments and Bribes.....	111
1.06 Judicial independence.....	48
1.07 Favoritism in decisions of government officials.....	144
1.08 Wastefulness of government spending.....	141
1.09 Burden of government regulation.....	110
1.10 Efficiency of legal framework in setting disputes.....	125
1.11 Efficiency of legal framework in challenging regulations.....	141
1.12 Transparency of government policymaking.....	136
1.13 Business costs of terrorism.....	1
1.14 Business costs of crime and violence.....	5
1.15 Organized crime.....	17
1.16 Reliability of police services.....	43
1.17 Ethical behavior of firms.....	101
1.18 Strength of auditing and reporting standards.....	143
1.19 Efficacy of corporate boards.....	145
1.20 Protection of minority shareholders' interests.....	145
1.21 Strength of investor protection*.....	124

### 2nd pillar: Infrastructure

2.01 Quality of overall infrastructure.....	119
2.02 Quality of roads.....	93
2.03 Quality of railroad infrastructure.....	n/a
2.04 Quality of port infrastructure.....	114
2.05 Quality of air transport infrastructure.....	110
2.06 Available seat Km*.....	116
2.07 Quality of electricity supply.....	132
2.08 Mobile telephone subscriptions per 100 people*.....	2
2.09 Fixed Telephone lines per 100 people *.....	29

### 3rd pillar: Macroeconomic environment

3.01 Government surplus/deficit*.....	128
3.02 National savings rate*.....	126
3.03 Inflation*.....	137
3.04 Government debt*.....	142
3.05 Country credit rating*.....	n/a

### 4th pillar: Health and primary education

4.01 Business impact of malaria.....	1
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4.02 Malaria incidence*	16
4.03 Business impact of tuberculosis	1
4.04 Tuberculosis incidence*	34
4.05 Business impact of HIV/AIDS	2
4.06 HIV prevalence*	1
4.07 Infant mortality*	60
4.08 Life expectancy*	59
4.09 Quality of primary education	107
4.10 Primary enrollment*	1

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#### **5th pillar: Higher education and training**

5.01 Secondary enrollment*	51
5.02 Tertiary enrollment*	17
5.03 Quality of the educational system	95
5.04 Quality of math and science education	125
5.05 Quality of management schools	138
5.06 Internet access in schools	65
5.07 Local availability of specialized research & training services	131
5.08 Extent of staff training	145

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#### **6th pillar: Goods market efficiency**

6.01 Intensity of local competition	119
6.02 Extent of market dominance	118
6.03 Effectiveness of anti-monopoly policy	142
6.04 Extent and effect of taxation	132
6.05 Total tax rate*	102
6.06 Number of procedures to start a business*	139
6.07 Time required to start a business*	94
6.08 Agricultural policy costs	120
6.09 Prevalence of trade barriers	143
6.10 Trade-weighted tariff rate*	33
6.11 Prevalence of foreign ownership	141
6.12 Business impact of rules on FDI	142
6.13 Burden of customs procedures	85
6.14 Imports as a percentage of GDP*	79
6.15 Degree of customer orientation	88
6.16 Buyer sophistication	58

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#### **7th pillar: Labor market efficiency**

7.01 Cooperation in labor-employer relations	74
7.02 Flexibility of wage determination	15
7.03 Hiring and firing practices	1
7.04 Redundancy costs*	52
7.05 Effect of taxation on incentive to work	132
7.06 Pay and productivity	100
7.07 Reliance on professional management	142
7.08 Country capacity to retain talent	135
7.09 Country capacity to attach talent	143
7.10 Women in labor force	120

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<b>8th pillar: Financial market development</b>	
8.01 Availability of financial services.....	62
8.02 Affordability of financial services.....	86
8.03 Financing through local equity market.....	n/a-144
8.04 Ease of access to loans.....	58
8.05 Venture capital availability.....	n/a-144
8.06 Soundness of banks.....	97
8.07 Regulation of securities exchanges.....	n/a-144
8.08 Legal rights index*.....	43

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<b>9th pillar: Technological readiness</b>	
9.01 Availability of latest technologies.....	120
9.02 Firm- level technology absorption.....	115
9.03 FDI and technology transfer.....	104
9.04 Internet users*.....	46
9.05 Broadband internet subscribers*.....	34
9.06 International internet bandwidth.....	29
9.07 Mobile broadband users*.....	49

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<b>10th pillar: Market size</b>	
10.01 Domestic market size index*.....	142
10.02 Foreign market size index*.....	141
10.03 GDP (PPP\$ billions).....	140
10.04 Exports as a percentage of GDP*.....	65

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<b>11th pillar: Business sophistication</b>	
11.01 Local supplier quantity.....	139
11.02 Local supplier quality.....	143
11.03 State of cluster development.....	142
11.04 Nature of competitive advantage.....	143
11.05 Value chain breadth.....	120
11.06 Control of international distribution.....	109
11.07 Production process sophistication.....	134
11.08 Extent of marketing.....	112
11.09 Willingness to delegate authority.....	124

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<b>12th pillar: Innovation</b>	
12.01 Capacity of innovation.....	144
12.02 Quality of scientific research institutions.....	111
12.03 Company spending on R&D.....	144
12.04 University- industry research collaboration in R&D.....	104
12.05 Government procurement of advanced technology products.....	141
12.06 Availability of scientists and engineers.....	119
12.07 Utility patents per million of population*.....	n/a

\* Hard data

Notes: In this year's index any ranking below 114 is considered as competitive and printed in blue.

## N.Cyprus Macroeconomic Indicators

	2007	2008	2009	2010	2011	2012	2013
Real Growth Rate (% change)	2,8	-2,9	-5,5	3,7	3,9	1,8	1,1
GDP (Million TL)	4.604	5.079	5.376	5.614	6.509	6.955	7.607
GDP per capita (Current prices. US\$)	14.553	16.005	13.292	14.611	14.567	14,821	15.349
Consumer Price Index (CPI, %)	9,4	14,5	5,7	3,27	14,7	3,6	10,2
Exchange Rates (TL/€)	1,78	1,94	2,15	2,06	2,06	2,3	2,53
Exchange Rates (TL/\$)	1,29	1,28	1,55	1,51	1,51	1,8	1,9
Total Deposits (Million, TL)	4.937	5.563	6.505	7.067	8.403	9,284	10,684
Total Deposits / GDP (%)	107	110	126	126	133	132	140
Total Loans (Million, TL)	2.734	3.431	3.976	4.189	5.402	6.288	7.870
Total Loans / GDP (%)	59	68	77	75	85	90	103
Loan / Deposit Rate (%)	55	62	61	59	64	68	74
Balance of Public Budget / GDP (%)	-4.6	-8,5	-13,4	-10,0	-7,7	-3,3	-7,2
Public Debt Stock / GDP (%)	100	116	130	139	141	139	154
Foreign Trade Balance (Surplus + / Deficit -) (Million US\$)	-1.455	-1.597	-1.255	-1.509	-1.547	-1.583	-1.579
Foreign Trade Balance / GDP (%)	45,8	44,6	40,2	45,6	39,9	41	39,6
Current Account Balance (Surplus+ / Deficit -) (Million US\$)	-250	-390	-65,4	-275,7	-173,1	-125,1	-44,7
Current Account Balance / GDP (%)	-7,1	-9,9	-1,9	-7,4	-4,5	-3,2	-1,1
Total Employment (SPO Household Labor Survey)	89.787	91.223	91.550	93.498	97.103	99.117*	101.181*
Public Administration Employment (Including Education and Health)	21.155	21.513	21.192	21.186	21.557		20.878
Active Insured Persons	72.385	70.115	66.685	70.331	71.144	74.869	77.334
Number of Unemployed (SPO Estimation)	9.361	9.881	12.941	12.619	10.411	10.548	n/a
Number of Work Permits for Foreigners	42.779	33.619	32.260	34.607	32.272	32.206	32.278
Minimum Wage (TL)	950	1.190	1.237	1300	1.300	1.300	1.415

### Source

State Planning Organization

Personnel Department

Central Bank

Min. of Work & S.Security

\*: Estimation

**Comparison of Ranking with Other Economies**

<b>Level of Development</b>	<b>1 Factor Driven</b>	<b>1-2 Transition</b>	<b>2 Efficiency- driven</b>	<b>2-3 Transitio n</b>	<b>3 Innovation Driven</b>
<b>Economies</b>	Bangladesh Ghana Mali Pakistan Yemen	Azerbaijan Iran Moldavia S.Arabia	Albania Bulgaria <b>N.CYPRUS</b> Macedonia S.Africa	Brazil Croatia Malaysia Russian F. Turkey	Germany United Kingdom S.Cyprus Switzerland Singapore