

Finance

Cypriots pessimistic about economy, Cyprobarometer finds

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CYPRIOTS are pessimistic about the island's economic situation this year and the situation after EU accession, a recent survey reveals.

According to the results of the latest Cyprobarometer, 69% of Cypriots thought the island's economy was worse last year than in 2003 and only 12% are optimistic about its future.

Average Cypriot, revealed the survey - carried out by RAI Consultants for the Planning and Economic Research Service of Laiki - thought their economic situation had worsened compared to the previous two years (2002 and 2003), when they said they had a more positive picture of their financial status.

Public opinion is bleak about the course of the economy this year compared to 2004, with one in two Cypriots (55%) believing that it will get worse, compared to previous pictures that presented a more optimistic picture.

The overall impression of most Cypriots is that, in the next few years, the gap between the rich and the poor on the island will widen, with most Cypriots (82%) sharing this view, compared to 74% in 2002 and 2003.

Cypriots think that the main



GLOOMY: Laiki Group Cyprobarometer reflects pessimism about the future of the island's economy.

endogenous factors affecting economic developments in Cyprus are insecurity as a result of the Cyprus problem, the island's EU harmonization, high labour costs, government economic policy and the island's financial system.

Corporate taxes

Respondents in Cyprobarometer 2004 thought priority should be given to cutting government expenditure.

And the public, as in 2004, still believe that, in the event of

a need to increase state income, emphasis should be given to taxes on capital profits, corporate taxes, income taxes, the dues on CSE transactions and liberalization of government and semi-government services and organizations.

A number of Cypriots -27% compared to 34% in 2004, the survey showed - thought the government should make cuts, starting with the salaries of civil servants.

Public opinion believes that

the three main sectors of the economy that face problems are agriculture, industry and tourism and to a lesser extent, trade and construction.

The three main areas to which the unions should pay attention, Cypriots thought, were pay rises, job guarantees, the increase of productivity with fewer members of the public pointing to the need for social modernization and politicization.

For the first time respondents in the survey were asked

to comment on the situation of Cyprus Airways, with 50% supporting salary reductions and redundancies in the national carrier.

Private

And about one in three Cypriots backed the downsizing the airline's personnel force and handing the organization's management to private entrepreneurs who would operate it under state supervision.

Most Cypriots were against the privatization of semi-government organizations, with 74% totally countering the privatization of medical care, 67% the water supply, 53% were against the privatization of the Forest Industries, and 61% did not want the privatization of the island's airports and the Post Office.

About one in five Cypriots said they used the Internet and did trade transactions through e-commerce, while 76% said they did not, for their business deals.

Homes

Use of the Internet for financial and commercial transactions was at last year's levels, when 48% said they would use the Internet for financial transactions.

Although almost half of those quizzed this year (43%) said, primarily they would invest in property, mainly land,

while bank deposits were equally important for 18% of Cypriots, and buying a home or flat were a priority investment for 10%.

More than half of those questioned said they did not have shares of CSE listed companies, and one in two said they had lost up to £5,000 in the stock market, while 20% said they had lost between £5,000-£15,000. The answer of about 2% was that they had lost over £50,000 in stock market shares.

Cypriots this year are more positive about investing abroad with 26% saying they would, compared to only about one in five last year sharing the opinion.

Unlike the past (2002) when 68% of Cypriots said they would favour direct taxation, now, the Cyprobarometer 2004 showed, only 49% prefer the system, with 31% finding indirect taxation a fairer system.

The survey showed that overall, mostly the less educated people, were pessimistic about the benefits Cypriots would have from the island's EU entry, with only one in two of those questioned (38%) saying the island would benefit from its EU accession and 33% (one in three) believing the EU will have a negative impact on the island's life.