

INTRODUCTION

RAI Consultants Public Ltd has carried out the survey Cyprobarometer on behalf of the Planning and Economic Research Service of Laiki Group for the ninth year in a row. The first survey was carried out in the summer of 1996.

This survey follows the footsteps of the Eurobarometer, which is the best known and the most reliable survey carried out in the 25 member states of the European Union. Basic questions of the study are identical with those set in the Eurobarometer.

The purpose of the Cyprobarometer is the gathering of elements, their process and the making of a study that covers:

- Ø Issues of Cyprus accession to the European family
- Ø The social and economic status of Cyprus
- Ø Primary problems about the institutions, the church, the environment and the youth

In the following pages we attempt to present the key findings from the analysis related to all the above subjects based on Cypriots opinions

METHODOLOGY

The survey covered the Cyprus population aged 18 to 75, with permanent residence in Cyprus.

The sample selection was based on a multi-stage random selection. For this selection the areas covered by the survey were categorized in urban, and rural according to the most recent population census carried out by the Statistical Service of the Republic of Cyprus.

The number of the personal interviews held was 984. The person that was interviewed was selected randomly. This kind of selection was successful, due to the use of a statistical key, specially designed in a way that gives every member of a household an equal probability of being selected.

The survey was carried out according to the standards of the European association ESOMAR (European Society for Opinion and Marketing Research), members of which are all the management executives of RAI Consultants.

The survey was carried out from November 29 to December 17, 2004 and it reflects the opinion of the public during that period.

INDICATIONS

The survey Cyprobarometer (2004) is divided into nine sections. The subjects covered are the integration of Cyprus in the European Union, the social and economic situation of Cyprus, and basic areas of concern about the institutions, the youth, the church and the environment.

In Cyprobarometer (2004) more subjects have been included in order to have a satisfactory coverage of facts that happened during the conduction of the study.

MAIN FINDINGS OF THE SURVEY

CYPRUS AND EUROPEAN UNION

Cypriots appear to be pessimistic about the benefits to Cyprus of its entry into the EU compared to the results of the previous two years. Only four out of ten respondents (38%) say that Cyprus will benefit a lot or slightly from its entry into the EU. On the contrary one out of three (33%) support that the Cypriot entry will bring negative repercussions on the island.

It is noteworthy to point out the changes of the public opinion in this year's Cyprobarometer compared to those of earlier years. Hierarchically safety, human rights and the protection of the citizen, economic growth and worker's rights, are the most important areas where Cyprus is expected to benefit from its entry into the EU.

In this year's Cyprobarometer almost half of the respondents believe that the Cypriot Government should handle lawmaking and drafting of regulations for the residence and employability of immigrants as well as for taxation policies (such as the VAT level) in cooperation with the EU. This ratio increases in the areas of education, social welfare and health, foreign policy, and environmental protection to seven out of 10, and to eight for the elimination of drugs and in the area of safety and security. As far as the areas of scientific and technological researches the majority of respondents (92%) support that decision-making should be in cooperation with the EU.

One more year the Cypriot public opinion points out the lack of information for European affairs. Only one out of five (23%) says that today there is sufficient information for the functioning, aims and activities of the EU. The vast majority, 74%, believes that there is not enough information.

In order of importance the areas that Cypriots are most worried about in terms of the enlargement and functioning of the EU in general are: the influx of immigrants, the increase of drug usage, and the increased organized crime. Eight out of ten Cypriots (81%) are concerned about the level of the degree of the spread of drugs and the raise of organized crime and nine out of ten are concerned about the increased influx of immigrants (87%). 77% of the public opinion is concerned about the problems that farmers and people employed in the agricultural economy will face. Then 70% is concerned about the transfer of work in countries with low labor costs. About five out of ten (56%) are concerned about the change of the local currency into the EURO, about the loss of the identity of each country (50%), and about the wealth gap amongst the richer and poorer countries increasing (55%).

The impression that prevails among the public is positive to the question as to whether there should be a common currency (the Euro).

In this year's Cyprobarometer (2004) the respondents were asked to state whether Cyprus should or not support Turkey's course of entering in the EU. Six out of ten Cypriots (60%) disagrees with Cyprus supporting Turkey's course while 35% of the respondents agree

The majority of the people that participated in the survey (75%) notify that Turkey should join the EU as a member with restrictions. With that opinion agree the respondents of the higher social-economic class A-B and C1 (78% and 76% respectively). On the contrary, the respondents over 55 years old (25%) as well as the citizens of Limassol district (25%) state that Turkey should join EU as a full right member.

Next the respondents were asked to answer whether Cyprus should or shouldn't practice its right of veto for Turkey's initiation of entering talks. Three out of four Cypriots (74%) agree that Cyprus should practice its right of veto, whereas 15% of the respondents disagree.

Noticeably pessimistic is this year's public opinion regarding to whether there will be a solution to the Cyprus problem soon. Almost only one out of four of the respondents (23%) appear to be positive about the solution, while the others (68%) appear pessimistic.

40% of the participants state as the first necessary assumption for the solution of Cyprus problem the Turkish troops withdrawal. One out of four Cypriots ask for security guaranties as well as the removal of all the Turkish settlers (26%)

and 25% respectively). Return of the refugees and their properties is considered an assumption for the solution of the Cyprus problem by the 17% and the 11% of the respondents, respectively.

The responders were asked to express their opinion on whether they consider the cohabitation of the Turkish-Cypriots and Greek-Cypriots in the case of a solution to the Cyprus problem easy or not. It is obvious that the opening of the barricades and the free movement of the Greek-Cypriots to the occupied areas affects to a great extent the public opinion as far as cohabitation is concerned in relation to 2002.

Specifically, 58% of the respondents believe that the cohabitation with the Turkish Cypriots will be easy. The respective ratio last year was 52% while in 2002 was 45%. The percentage of the respondents that believe that the cohabitation with the Turkish Cypriots is going to be difficult remains the same as last year (40% and 42% respectively).

In the question whether they have visited the occupied areas one out of two respondents answered in a positive way. Correspondingly, the weighted average of the people that visited the occupied areas was doubled from 1.2 times in 2003 in 3.6 times this year (2004). The majority of the participants in the survey (68%) have visited the occupied areas 1-2 times, unlike the Cyprobarometer of 2003 where 35% stated that went to the occupied areas 1-2 times.

Those who had visited the occupied areas were asked to mention when was the last time they have done so. A percentage of 3% said that they have visited these areas for the last time in 2002, 32% in 2003 and 57% in 2004. Almost only two out of five Cypriots (37%) that have visited the occupied areas state that are planning to do that again, in contrast with the Cyprobarometer 2003, where percentage of 47% of the respondents expressed the intension to visit the occupied areas again.

Those who said that they had visited the occupied areas but do not plan to do so again were asked for the reasons that let them to decide not to. Approximately one out of three (30%) said that this was due to psychological reasons (sadness, bitterness, disappointment), 10% said that they will go again when there is a solution, 13% went there for various reasons and they just don't plan to go again, 9% said that nothing is the same since there is picture of destruction and they don't want to see the Turks living in their properties, 7% that they don't want to show their passport, and 6% state that felt like aliens in their own homes and with if they go there again they will tone economically the so called Republic of Northern Cyprus.

All those that had not visited the occupied areas gave their reasons for not having done so. One out of four (27%) said that one of the reasons is that they have to show their passports. Furthermore 21% prefers to visit the area once there is a solution, and when it is freed. A percentage of 8% give as a reason the lack of safety, while 5% of the respondents say that if they go there they will fell like recognizing the illegal nation and that they don't like paying in order to see their properties. Finally, 4% said that they are no refugees and that's why they didn't visit the occupied areas for and sentimental reasons.

THE ECONOMY

The second section records predictions about developments in the economy in the last seven years, about the prospects of the economy in 2005, the factors affecting financial developments, the unions and liberalizations of public and semi-public services and organizations.

Negative appears to be the image of the economy in 2004, with the indicator to decrease from 2.6 in 2003 in 2.1 this year.

In this year's Cyprobarometer 69% of the respondents expressed the opinion that the development of economy in 2004 compared to 2003 presented worsening (slightly or a lot). On the contrary only 12% of the respondents seem to be optimistic, while the 16% of the public opinion supports that there was no important change. Synoptically the mean score reaches only up to 2.1.

There is a decrease in the estimation of the average Cypriot with regard to their economic situation, when compared to the last two years (2002 and 2003) when they had a more positive picture. The mean score was reduced 2.4 from 2.7 in 2003 and 2.9 in 2002 presenting a slightly pessimistic image.

The responders were also asked to predict the evolution of the economy during 2005 compared to 2004, as well as the development of a gap between the rich and the poor in Cyprus in the upcoming years.

The public opinion appears bleak about the course of the economy in 2005 compared to 2004. One out of two Cypriots (55%) believes, that the economy will deteriorate, contradictive to previous years when the picture was more optimistic.

The impression that prevails amongst the people is that in the following years the economic gap between the rich and poor will be extended (a lot or slightly). 82% agreed with this, compared to 74% and in 2002 and 2003. In

Cyprobarometer 2004 13% of the Cypriots said that they believe that the gap will remain the same, whereas only 3% appreciate that the gap between rich and poor will be decreased (a lot or slightly).

The main endogenous factors that negatively influence economic developments in Cyprus are insecurity due to the national problem, the harmonisation with the European aquis, the cost of the workers, and the governmental economic policy and finally the financial system. The percentage of insecurity due to the national problem remains at the same level as last year. This year is the first year that insecurity due to the national problem presents the lowest percentage of all nine years that this survey takes place.

The respondents were asked to mention the sectors that should be prioritized if there was an essential need to a) increase the incomes of the state, and b) to reduce the government expenses. According to the results of Cyprobarometer 2004 the public believes that, in case where it will be rendered necessary the increase of income of the state, most emphasis should be given to the tax on capital profits, to corporate tax, to income tax, to the dues of Stock Exchange transactions and to liberalizations of public and semi-public services and organizations. The results of 2004 remain at the same levels with last year.

Cypriots consider that the government should make cuts starting from the salaries of the civil service. In this year's Cyprobarometer it's been noticed an important increase of seven points in the percentage that supports that opinion (from 27% in 2003 to 34% in 2004).

The public opinion appreciates that the three main sectors of the economy that face problems are: the agriculture – livestock farming, industry and tourism, and to a smaller degree trade and construction – building sector.

When asked to determine the areas to which the unions should pay more attention, the top three were: pay rises (46%), job guarantees (30%) and the increase of productivity (15%). Following with much lower percentages are the contribution to social modernisation and the politicisation.

In this year's Cyprobarometer (2004) the respondents were asked to express their opinion regarding the measurements that have to take place as far as the management of the national airline is concerned. Specifically, 50% of the respondents supported that the company should proceed in deductions in the salaries of its personnel. At the same time, one out of three Cypriots approximately, suggests the downsizing of personnel as well as the managing of the company by private individuals alongside with the state's supervision (36% and 30% respectively). Finally, the reduction of Cyprus Airway's routes supported the 12% of the respondents.

The respondents were also asked to state whether they agree or disagree with the privatization of the various public and semi-public services. Generally, Cypriots view the prospect of privatization negatively. More than 50% said that they disagree with the privatization for all ten organizations asked.

Specifically the highest levels of disagreement in Cyprobarometer 2004 were for the privatisation of medical healthcare (74%), water supply (67%), the Forest Industries and the harbour-marinas (53%) airports and the post office (61%). The lowest degree of disagreement with regard to their privatisation was expressed for EAC (59%), the construction and management of roads and the Cyprus Airways (53%), and CYTA (55%).

For the first time this year the respondents were asked to state to whether they are in favour or against the by-law prohibition of strikes in the vital services. The results in this year's Cyprobarometer fluctuate on the same levels as last year's. The public opinion is split on this subject, with 42% for and 50% against this, whilst 8% did not express an opinion.

E-COMMERCE – INTERNET

The respondents were asked whether they use the internet or not. About one out of five said yes (24%) whilst the other 76% not. The most common areas of use are at home (81%) and work (50%). Then is school / college / university (11%), at friend's houses (3%), and Internet cafes (1%). The average usage time is around 7 hours a week. The respondents of the smaller age group 18-34 appear to use the internet more hours (approximately eight hours) than the other age groups. The Internet is mostly used for educational, recreational and businesslike reasons (50%, 48% and 46% respectively) followed by general information (29%) and news on Cyprus (24%). Other topics are bank transactions (14%), e-commerce transactions (12%), and stock exchange (4%).

In this year's Cyprobarometer, as well as in last year's there is a noticeable increase to the level of know-how about banking and commercial transactions via the Internet. About one out of three Cypriots respondents (31%) states that know a lot about the subject and one out of five (22%) a little. The percentage of the Cypriots that know very few or nothing at all about financial and commercial transactions via the internet goes up to 47%.

Increase shows also at the weighted average for the frequency of financial and commercial transactions via the internet in the Cyprobarometer of 2004 in comparison with last year's weighted average (4.8 to 6.1)

During 1998-2001 the future use of the Internet for business and financial transactions was recorded as negative, with limited fluctuations. The largest negative inclination for this was recorded in 2001 at 69%. Contrarily in 2002 there was a positive attitude to the future use of such services reaching 66% compared to 23% in 2001. This year the inclination for financial and commercial transactions via the internet remains at the same levels as last year where the percentage that said that they will use the internet for financial transactions in the future is only 48%.

INVESTMENTS – REAL ESTATE

The respondents were asked to mention their objectives if they had a substantial amount for investment. The four main choices of the respondents were: to buy land (43%), to give the money to their children (22%), deposit the amount to a bank (18%) and buy a house or flat (10%). These are interesting when comparing the fluctuations their percentages had in the last five years.

In the question whether they have stocks of public companies, 37% said that they have and 59% that they don't. The people that have stocks in XAK were asked to answer how much money they lost approximately. A percentage of 12% of the respondents stated that they haven't lost any money. One out of two (49%) answered that has lost up to £5.000, one out of five (20%) £5.000- £15.000, 7% £30.000- £50.000 while the rest 2% stated that has lost in the XAK over £50.000. 6% did not answer the question.

Then they were asked whether they would invest to stock markets abroad, given that today they have the ability to do so. Cypriots have a more positive attitude in this year's Cyprobarometer (2004) as far as the investments abroad are concerned, since one out of four (26%) answers affirmatively whereas last year only one out of five approximately (18%) shared the same opinion.

The areas in which Cypriots would be prepared to invest abroad are to buy a house or flat (53%), to buy land (51%), deposits in bank (26%), buy mutual funds (86%) and finally buy securities (5%).

One out of five (21%) plans to buy a property within the next five years on the contrary with last year's Cyprobarometer (2003) where about one out of three (28%) expressed the same opinion. Half of the respondents (53%) stated that they plan to buy a plot of land, in opposition to last year's 66% (Cyprobarometer 2003), 33% that they would buy a detached house and 17% a flat (13% in 2003).

Then they were asked to predict the price movements of the real estate within the next five years. One out of four (26%) said that they expect prices to increase at an even faster pace, in comparison with the 53% of the respondents in 2003. Almost one out of three (30%) said that they do expect price to continue going up but at the same rate as today (23% in 2003). 21% of the interviewers said that they expect prices to rise at a slower pace, increase of the percentage by 10 percent since last year while 19% appears to be optimistic that prices will fall (slightly or significantly) or remain the same.

TAXATION

The respondents were asked to state which form of taxation they consider fairer, direct or indirect. The indirect taxation includes VAT and consumption taxes, while the direct taxation includes income tax. The public opinion appears to be split this year with regard to taxation. While in Cyprobarometer 2002 68% stated that they consider fairer direct taxation, last year (2003) and this year (2004) a percentage of 45% and 49% respectively was in favour direct taxation. At the same time 31% support that indirect taxation is fairer than direct, something with which 34% of those asked in 2003 agreed and only 29% of the respondents in 2002.

SOCIETY

The respondents were asked to mention the problems that they consider as being the most important second to the Cyprus problem. Drugs and the cost of life are the most serious problems today, as 29% and 26% respectively mentioned them. There is an important increase in inflation as a problem in this year's Cyprobarometer, which came second with 25% in 2003, whilst in 2002 when it was also second this figure was only 15%.

The respondents were asked to state what were the main reasons for the increase in traffic accidents. No significant changes were noticed in their replies when comparing them to the last four years. About seven out of ten (67%) said that speeding is the most serious reason for the increase in accidents, while one out of five approximately 17% mentioned the carelessness of the drivers. Only 6% of the interviewers mentioned the bad quality of the roads. Other reasons that were mentioned are: drinking and driving, not enough police patrol and the low penalties.

The respondents were also asked to say whether they agreed or not with the placement of cameras along the road to record speed violations. Cypriots appear to be in favour of placing cameras along the roads with 81% being positive about it and only 7% disagreeing. There are no important deviations from last year's Cyprobarometer (2003).

Eight out of ten Cypriots (78%) believe that Cyprus today is facing a crisis of its institutions. The same was observed in all of the previous years. The respondents were asked to name the institutions that in their opinion face the biggest crisis. Noteworthy fluctuations are observed comparing the results of the last four years. While in 1998 eleven out of twenty respondents (55%) believed that the Church is an institution facing crisis, in 1999 only one out of six (17%) supported that opinion. This percentage almost quadruple in 2000 to reach 66%, whilst in 2001 48% of the Cypriots mentioned the Church as an institution that is facing crisis. This percentage decreases to 38% in 2002 and in 2003 in 42%. This year decreases even more and reaches to 30%. A continually increasing attitude is observed in the institution of family, with the biggest increase marked this year. From 8% in 2000 and 2001, to 18% in 2002 and 2003 while this percentage continues to go up even more this year and reaches to 25%.

CHURCH

A reduction is noticed in this year's Cyprobarometer (2004) in comparison with the last two years as far as the opinion of Cypriots is concerned in whether the Church should modernize itself, since only 59% agree with this in contradiction with the 64% and 63% of the last two years. At the same time one out of three respondents (30%) disagrees with that opinion. The weighted average of the public opinion decreases in 3.5 from 3.7 in 2002 and 3.8 in 2003 where 5 equals 'definitely yes' and 1 'definitely no'.

The respondents were also asked to say how often they go to church (except for weddings, christenings, funerals and memorials). 36% said that they go a few times per year and 18% that they go rarely. One out of five said that they go to church every Sunday or that they go once or twice per month. (21% and 20% respectively).

The respondents were asked to answer whether they agree or disagree with some statements according religion. Cypriots seem to keep their faith to God strong, however they hesitate go to a cleric if they have a problem. Specifically, the vast majority of the interviewers (98%) agree that there is a God and 95% of the respondents agree with the statement "to believe is a necessary element of my life". Nine out of ten Cypriots approximately (89%) disagree with the statement that religion is something outdated and only 4% agree with that opinion.

Then they were asked to state whether they agree with the involvement of the Church with various business transactions. The majority, about eight out of ten, (74%) said that they disagree partly or completely and only a 16% said that they agree partly or completely. The same proportions were recorded in Cyprobarometer 2003.

Then some statements were given according church's role to which the respondents were asked to say whether they agree or disagree. Most agreed that the Church should limit its activities to its spiritual mission, to better manage its finances, and to be subjected to taxation by the state. As far as to whether the Church should play an important role to decisions on the political problem the opinions are not clear-cut.

In this year's Cyprobarometer (2004) the respondents were asked to state whether they will vote or not in the upcoming elections for archbishop. Almost six out of ten of the respondents (57%) answered positively and stated that "definitely/probably yes" they would vote. 10% answered that probably would not vote and at the same time one out of four (24%) say that would definitely not vote. Then the respondents were asked to mention the more important qualifications the new archbishop should have in their opinion. According to the findings of the survey the new Archbishop should be well educated, to help people, to be decent, good and spiritual.

QUALITY OF LIVING AND PUBLIC LIFESTYLE

During the whole period 1997 to 2004 there is steady depreciation of the satisfaction levels about the protection of the consumers in Cyprus. In Cyprobarometer 2004 23% said that they a lot or slightly satisfied with consumer protection in Cyprus. Also the proportion of those that said that they are dissatisfied decrease from 43% (2003) to 40% (2004).

There is also a fall in the satisfaction levels concerning the functioning of the democracy in the last six years (1998-2002). In 1996 and 1997 65% and 68% respectively stated that they were quite or very satisfied with the way the democracy functioned. From 1998 to 2002 there is a steady downfall of this figure. Contrarily in 2003 and 2004 the satisfaction levels increases by almost nine percentage points reaching 66% and 64% respectively compared to 57% in 2002, the other 36% represents those that are not (completely or partly) satisfied.

There is stability from the Cypriots on the satisfaction level of their lives. The majority of the respondents in the last eight years (respective percentages: 79%, 86%, 77%, 82%, 85%, 85%, 89%, 88%) seem to be very or quite happy with their lives. This year as well as in 2003 this proportion is at 88%.

The respondents were then asked to answer the following:

- Ø What values govern their lives?
- Ø What values govern the lives of Cypriots in general?

The first question aimed to give a self-evaluation and an objective estimate of the importance that various qualities have in their life. The second question's goal was to give an objective estimate for the values that have primary roles in Cypriots life, in general.

For the first question about nine out of ten said that their lives are governed by the value of family and integrity (85% and 85%, respectively), followed by reliability (57%), honesty (53%) and hard work (57%). It is interesting to note that only four out of ten (41%) said that environmental conscience and meritocracy are values that govern their lives (40% and 36% respectively). Finally, one out of four Cypriots stated that good life is a value that governs their life.

For the second question the previous percentages change, since the 67% of the respondents state that the value that governs mostly the life of the Cypriots is good life. Followed by hard work (65%), and family (52%). Honesty takes the fourth place (21%), and then are reliability and integrity (13% and 11%), meritocracy (9%) and finally environmental conscience (7%).

Generally the respondents consider that in the society there is a degrading environmental conscience, a low degree of meritocracy and limited integrity and reliability for the behaviour.

One of the questions asked was which in the opinion of the interviewee is the biggest philanthropic event in Cyprus. 79% said «Ραδιομαραθώνιος», followed by «Πορεία Χριστοδούλας» with 9%, «Τηλεμαραθώνιος» with 4%, the «Παζαράκι Αγάπης» and «Περπατώ για τους Τυφλούς» with 2% and 1% respectively.

YOUTH – PUBLIC ORDER

Diachronically the problem of narcotics appears to be a particular concern of the public. In Cyprobarometer 2004 the majority of the Cypriots (82%), believe that the problem of drugs is very worrying, compared to 78% in 2003 and 73% in 2002.

They were asked to state the most important measure that could be used to fight the problem of drugs and criminality – violence. During all the years that the research has been taking place the most important statement was that “the police and its leadership of body should be fair in their work, without discriminations for no one, individual or organized body“. At the same levels (31%) as in 2002 and 2003 remains the percentage of preference for the use of that measure for this year's Cyprobarometer (2004). This opinion seems to be more supported among the citizens of Famagusta district (44%). The percentage that supported the statement “the increase of the fines and the impose of more strict penalties” remained at the same levels as last year (13% in 2004 and 14% in 2003). With that statement agreed in a high degree the citizens of Larnaca district.

CASINO

The respondents were asked whether they are in favor or against the creation of a casino in Cyprus. 38% said yes whereas in last year's Cyprobarometer (2003) 34% expressed the same opinion. On the contrary 57% was against. 5% expressed no opinion in the issue.

ENVIRONMENT

Almost eight of ten respondents (78%) said that in Cyprus there is an environmental problem. This opinion is more supported among the citizens of Pafos and Limassol districts (81% and 80% respectively). It is also supported by the age group 45-54 (86%).

The respondents were asked to mention the sectors that face the biggest environmental problems in Cyprus. Seven out of ten participants, approximately, (74%) believe that the biggest problem is the exhaust fume pollution followed by noise pollution and the clean streets with 56% and 55% respectively. In the fourth place we find the sea pollution with 45% and at last the water pollution with 39%.

The interviewers stated which measures should take place for the confrontation of the environmental problems today, in Cyprus. 61% of respondents stated that more conscientiousness is needed in order to protect the environment and 53% demand stricter laws. 52% share the opinion that there is a need for more education and information for topics concerning environmental protection, while four out of ten (35%) state that there is a need for better application of the legislation. It is important to mention that the stricter laws, as a measure for the elimination of the environmental pollution shows an increase from last year's Cyprobarometer (from 48% in 2003 to 53% in 2004), in opposition with the measure “better information/ education” which decreased from 60% to 52% in 2004.

Finally they were asked to say whether they believe that environmental taxes should be imposed. 38% support the imposition of such type of taxes, while three out of five approximately (58%) disagree. Like in last year's Cyprobarometer (2003) lower is the percentage of those that agree with the imposition of environmental taxes compared to the Cyprobarometer 2002.