

Sectoral linkages and economic crisis: An input-output analysis of the Cypriot economy

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Abstract

The objective of this paper is to analyse the inter-industry linkages and interdependencies in Cyprus economy during the recent economic crisis. The input-output multiplier analysis indicates that the food manufacturing industry and the transportation sector are the sectors with the highest backward linkages in the Cypriot economy overtime. The food manufacturing industry and the agricultural sector achieved to increase their positive economy-wide effects in the economy during the recession. Supporting the partnership of these sectors can enhance the whole agri-food chain and invigorate economic growth in both good and bad times. The banking-financing sector, although it suffered the brunt of the economic recession impacts, also managed to increase its multiplier effect, thus confirming its important role on the stability of the Cypriot economy. The size of the economy-wide multiplier effect of economic sectors is a key criterion in judging industries' potential on promoting economic growth.

Keywords: Economic crisis, Input-output analysis, Inter-industry linkages, Agri-food sector, Banking-financing, Cyprus.

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