

## **Immigration in Cyprus: An Analysis of the Determinants**

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### **Abstract**

Understanding international migration trends is of great relevance for policy making. Migration affects the labour market, competitiveness, and growth of a country. It has social, as well as economic repercussions. This is especially true for a small, open economy like Cyprus. Thus, the ability of a country to correctly understand and predict migrant flows from other countries serves as a valuable tool for the design and implementation of economic and social policies. The purpose of this paper is to analyze the factors, economic and non-economic, that drive international migration flows towards Cyprus. For this purpose, we follow an econometric approach, using a newly constructed dataset of 52 “sending” countries, covering the period 1998-2006. Our results show that not only economic, but other factors as well, may influence a person’s decision to migrate. Income levels and income gaps appear to be a significant driving force of migration towards Cyprus. The same cannot be said, however, about labour market conditions. In addition, non economic factors such as a common spoken language between “sending” countries and Cyprus, the distance between them and “network effects” generated from the stock of migrants in Cyprus, are among the major factors influencing a person’s decision to migrate. Interestingly, however, we do not find a similar link between migration and political factors, nor between migration and climatic conditions.

**Keywords:** immigration in Cyprus, determinants of migration.