

Structural Weaknesses in the Economy of Cyprus: How Do We Score Relative to the EU15? †

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Abstract

Structural reforms for promoting economic growth and improving labour market conditions are some of the main targets of the Lisbon strategy. This paper examines how Cyprus compares with the EU on a number of structural indicators which are related to the Lisbon strategy.

The results for Cyprus are divided into three parts. The first part investigates the sources of GDP per capita and GDP growth using a growth accounting exercise. The second part analyses performance in 20 policy areas related to: (i) Labour market, (ii) Product and capital market regulations, (iii) Innovation and knowledge and (iv) Macroeconomy. Finally, the third part determines priorities among policy areas, relating underperformance in the first two parts based on the literature. The study aims to evaluate the results for Cyprus, providing policy recommendations when possible.

Keywords: Cyprus economy, country evaluation, structural reforms, Lisbon assessment framework.

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