

14 JULY 2022

**HISTORIC DATA AND PROJECTIONS FOR THE 2022-2025**

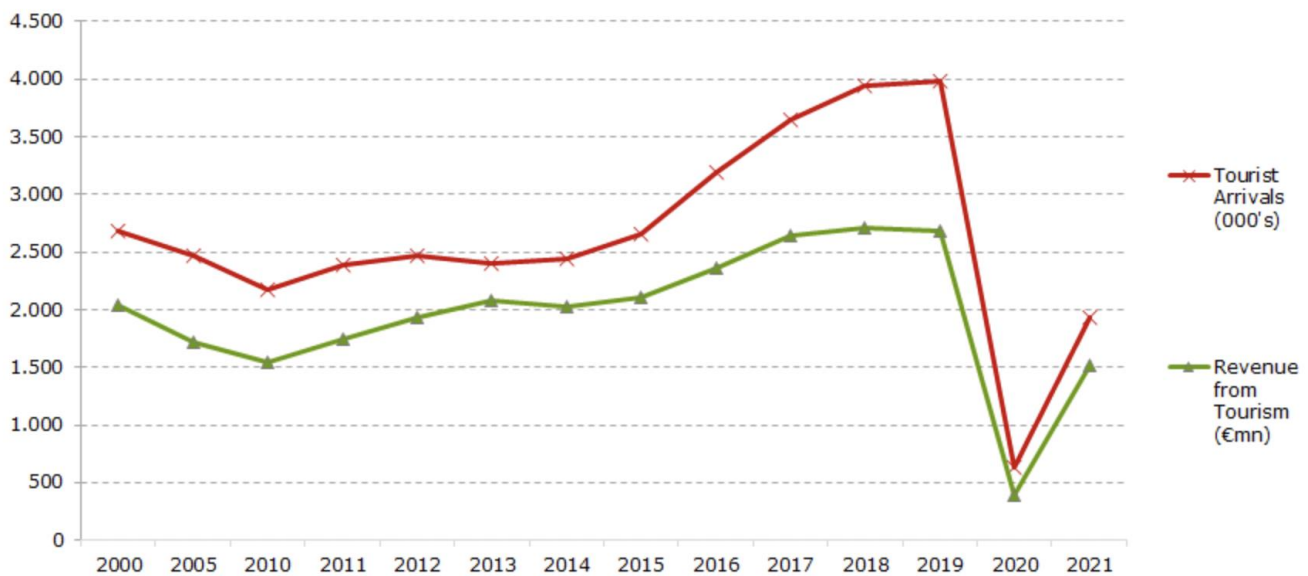
# **CYPRUS TOURISM REPORT**

## 1. Introduction

The pandemic of COVID-19 severely disrupted the tourism sector in 2020 as the borders were closed due to restriction measures. In 2021, tourist arrivals in Cyprus reached 1,936,931 compared to 631,609 in 2020 and 3,976,777 in 2019, showing an increase of 206.7% compared to 2020, while for the period January-December 2021, tourism revenues amount up to €1.513,6 million, compared to €392 million in the corresponding period of 2020, showing an increase of 286,1%. As depicted in Graph 1, arrivals and revenues have reached an all-time low in 2020.

**Graph 1:**

**Arrivals of Tourists and Revenue**

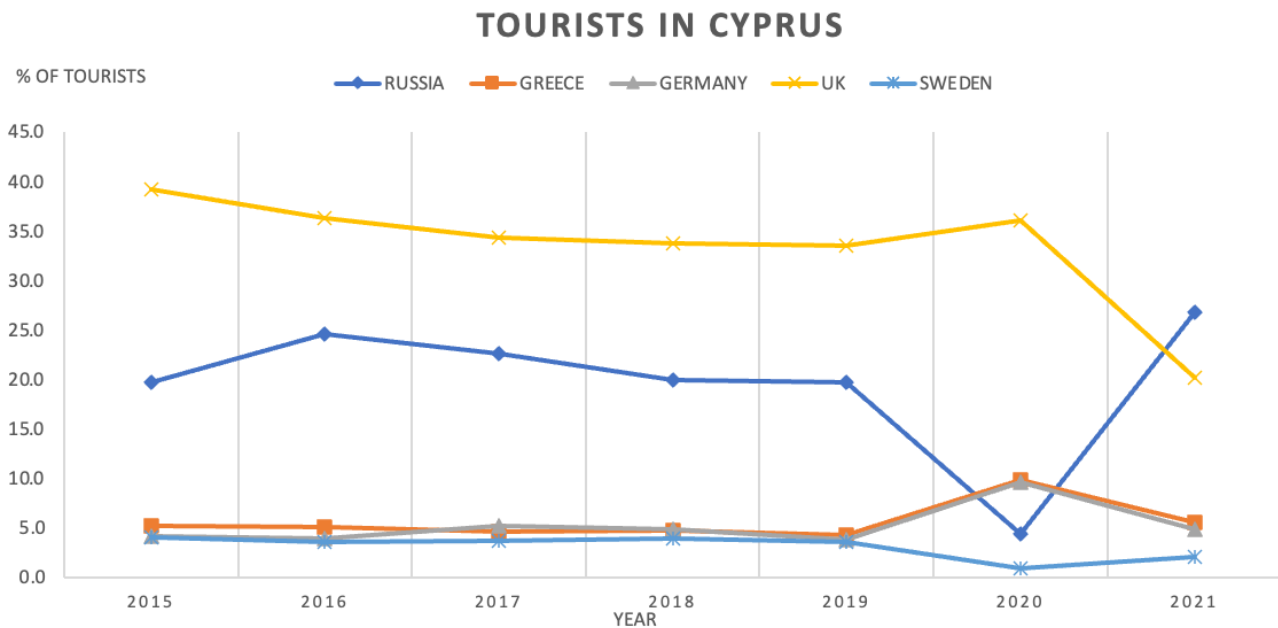


Source: CYSTAT

## 2. Tourists 2015-2021 from the Euro Area:

For the UK residents, Cyprus has been one of the preferable holiday destinations for many years, accounting for the 30% of the tourist arrivals. In the second place, it was Russia with an average of 22% until 2021. Cyprus is also an attractive destination for Greece, Germany and Sweden, with an average of 4.9%, 4.5% and 3.5%, respectively. For all the countries, the year 2020 is not considered because of COVID restrictions in Cyprus. However, some unexpected and unpredicted events happened in 2022 that will disrupt the flows and thus the share of tourists from each country.

**Graph 2:**



### 3. Tourism after 2022

The developments in the Russian-Ukraine war and the outcome of the restrictive measures placed due to Covid 19 pandemic, have led the inflation rate to rise at excessively high percentages.

The inflation rate in 2022 reached an all-time high record in many countries, having a notable increase in the UK at 9.1% in May 2022. Inflation occurred in goods such as oil and electricity, which are necessities leaving many low-income households unable to finance their day-to-day spending and thus, accumulate extra savings to travel.

In 2022, Russia proceeded to a “special military operation” in Ukraine, the most significant invasion after World War II. The European Commission declared that all member states must impose sanctions on Russia in response to this intolerable cruelty. The sanctions included among others the ban of Russian flights to Cyprus. It is, therefore, hard to envision when will the sanctions be lifted, so the prediction of future tourist arrivals could be split into two scenarios:

#### A. Case of sanctions to be lifted in the short term

Considering the case that sanctions will be lifted in the short term, Russian tourists will be able to return gradually on their average arrivals in Cyprus as we know that Cyprus is the third country that Russians prefer to visit. Russia will remain the second country in the share of tourist’s arrivals for Cyprus. This scenario is leading to the result that Cyprus after 2022 shall be in the position to welcome Russian tourists again.

### B. Case of sanction to be lifted in the long term

The other case is more pessimistic, implying that sanctions will not be lifted in the short run. In this scenario, tourist arrivals from Russia will not return to their average of approximately 700,000 a year, a significant number that contributed highly to the Cypriot economy. Russians might find other destinations without sanctions and change their travel patterns permanently, reducing the arrivals in Cyprus even after the abolition of sanctions. Therefore, Cyprus should also find alternatives and promote its beauty to other destinations, such as countries in the Middle East close to Cyprus. In the last few years, Cyprus had many tourists from Israel that are increasing every year, so Cyprus could turn its attention to the countries in the Middle East.

### C. Other countries

All the other countries except Russia are independent of sanctions and, therefore, will follow a completely different path. After the fall in 2021, the UK's arrivals in Cyprus are predicted to return to regular numbers. The same trend will follow the remaining countries, such as Greece, Germany, and Sweden. This is also a result of the revised and projected increases in their GDP. The positive growth is positively related to a strong economy, incentivizing people to travel and contributing to Cyprus tourism. For example, Greece will reach a record of tourist arrivals this year, increasing their travel receipts by 20 billion euros contributing positively to their GDP.

**Table 1: The forecasted percentage change of real GDP**

	2022	2023	2024	2025
UK	1.6	1.5	2.2	1.8
Russia	1.5	1.5	1	0.8
Greece	3.1	2.0	1.6	1.4
Germany	2.4	1.5	1.4	1.2
Sweden	1.4	2.3	2.0	2.0

## **4. Conclusions:**

Overall, the expectations of future tourist arrivals are positive and expected to return to their averages, reaching pre-crisis levels. Although the environment is very uncertain, and it is hard to predict if the sanctions on Russia will be lifted. Russian counter sanctions are harmful of the European Union, and new developments make it hard to forecast the growth of each country, let alone their tourist arrivals in Cyprus.

In conclusion, it is not easy to predict tourist arrivals in the next three years, basically due to the uncertain environment and continuous monitoring of the tourist chart should be constant and analytic to draw some interesting inferences on the Cyprus economy.