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## **THE FUTURE OF THE TOURISM INDUSTRY IN CYPRUS: DIVIDED OR REUNITED?**

### **PRESS RELEASE**

The tourism industry in both parts of Cyprus expects expanded business in the event of a settlement of the Cyprus problem. There will be Efficiency Gains (or Peace Dividend) as a result of increased demand, greater competition, economies of scale and lower operating costs.

This will benefit both sides resulting to a *win-win* situation. A United Cyprus will become a single tourism product, a more attractive destination and there will be greater cooperation in marketing and tourism development.

At the same time, tourism professionals of the two sides believe that the continuation of the current political situation results in lost business opportunities, and is perceived as a *lose* situation, at least for their side. This is the main conclusion of a bi-communal empirical study coordinated by the Management Centre and funded by the British High Commission in Cyprus.

The research team found that although the industry appears to be on a rising revenue trend overall, this trend is not considered stable and sustainable; the study suggests that a united tourism strategy based on special interest tourism would be a more sustainable and profitable way forward rather than keeping two separate tourism industries on the island dependent mainly on mass tourism.

- **98% of the Turkish Cypriot respondents and 79% of the Greek Cypriot respondents see a win-win situation with a joint tourism industry.**
- **A settlement improves turnover expectations considerably: More than 50% of the TC sees a 20-30% percent increase in their turnover in two years and more than 50% of the GC sees more than 10% increase in their turnover in three years in the event of a settlement.**
- **The econometric analysis looking at demand sensitivity suggests that high income groups who are attracted to special interest tourism will be more suitable for a joint tourism industry on the island**

The econometric model has further highlighted the importance of "country specific" marketing and promotion in major tourist sending countries (e.g. Britain, Germany, Turkey). Accordingly, Cypriot tourist industry stakeholders need to carefully fine-tune holiday packages to suit specific income and cost of living preferences of potential foreign tourists choosing to come to Cyprus.

The team concluded that a settlement acceptable to both sides would expand the tourism market and increase competition among airlines, hotels, restaurants and transport providers. This would lead to more efficiency in the provision of tourism services and better value for money for tourists in Cyprus.