

INTRODUCTION

This is the 13th continuous year that RAI Consultants Public Ltd has carried out the CYPROBAROMETER survey on the behalf of Marfin Laiki Bank. The survey was realised for the first time in the summer of 1996.

The purpose of the CYPROBAROMETER is to collect and process data that relate to the issues of the participation of Cyprus in the European family, the economic and social situation of Cyprus and the main social issues that relate to the institutions, youth and the environment as well as perceptions on current affairs.

The questionnaire used in the survey is reviewed and adjusted each year by a team that consists of members of Marfin Laiki Bank (The Department of Economic Research and Market Analysis) and of RAI Consultants Public Ltd.

The present report outlines the conclusions that were drawn from the analysis of the survey results with regards to the perceptions of Cypriots on the aforementioned topics.

METHODOLOGY

The survey covered the government controlled areas of Cyprus with a sample which was representative of the population aged 18-75 who are permanent residents of Cyprus. The sample was selected using the multi-stage stratified random method.

For the purposes of sample selection, the regions that were covered by the survey were stratified into urban and rural areas, based on the most recent population census that was carried out by the Statistical Department of the Republic of Cyprus.

In total, 1006 telephone interviews were carried out. The respondent selection in each household, which was random, was achieved with the use of a statistical key, specially designed in a way that gives each member of a household an equal chance of being selected in the sample.

The survey was conducted adhering to the code of conduct of the European Society for Opinion and Marketing Research (ESOMAR), in which all the managerial members of RAI Consultants Public Ltd belong to.

The survey took place in the period between the 3-10 of February 2009 and it reflects public opinion during this period.

KEY FINDINGS OF THE RESEARCH

CYPRUS – THE EUROPEAN UNION – THE CYPRUS PROBLEM

In this year's CYPROBAROMETER, Cypriots show a more favourable attitude, since the accession of Cyprus in the European Union, with regards to the benefits of Cyprus from the EU. Two in three respondents (64%) state that Cyprus has benefited 'somewhat' or 'much' from its accession to the European family. The Cyprus accession to the European Union has had a negative impact according to 21% of the respondents, which is a proportion that is at similar levels to 2003 (22%) but reduced when compared to 2007, when it was 24%.

The most important sectors which have benefited from the accession of Cyprus to the EU, according to the responses in the present CYPROBAROMETER are, in descending order, economic development (32%), the national issue (21%), agriculture and animal husbandry (8%), security (7%) and education (5%). Commerce and businesses, the currency and funding from the European Union follow with smaller proportions.

Apart from the benefits that Cyprus has gained from its accession to the EU, the respondents were asked to say in which sectors they believed that Cyprus has suffered. 29% of the respondents mentioned the economy, whilst other sectors were mentioned by smaller proportions and were the increase of foreigners (8%), price increases (7%) and the agriculture/animal husbandry sectors (7%). 5% of the respondents mentioned the national issue and the change of the national currency, the Cyprus Pound, as sectors in which Cyprus suffered as a result of its accession to the European family.

The majority of the respondents (72%) state that Turkey should not accede in the European Union as a full member, but its status should be upgraded as a country with a special relationship to the EU. This view is supported more by women (78%), by people belonging to the 18-34 age group (80%), 35-44 (75%) and 45-54 (74%) as well as respondents with an average educational level.

The great majority of Cypriots (87%) support the idea that the Government should exercise its veto in the event that some of the conditions that it has placed are not satisfied. One in ten of the respondents disagreed with this opinion, while a proportion of 4% did not express a view.

Cypriots continue to be pessimistic regarding the possibility that there will soon be a solution to the Cyprus problem, since constantly, over the past four years, just one in eight Cypriots expect a speedy solution.

The respondents were asked to express their opinion on whether they consider cohabitation of Greek and Turkish Cypriots easy or difficult in the event of a solution of the Cyprus problem. In this year's survey there was a reduction in the proportion of respondents who stated that cohabitation would be easy, since two in five are of this opinion, compared to 55% who were of this opinion last year. The proportion of respondents who believe that cohabitation with Turkish Cypriots would be difficult is increased by 18 percentage points compared to 2006, to 58%, which was the same proportion established in the CYPROBAROMETER of 2002.

For the first time in this year's CYPROBAROMETER, the respondents were asked to state their fears regarding a non-peaceful future with the Turkish Cypriots.

The dominant fear, with a considerable difference compared to the second one, is the discord/enmity of the past, with a proportion of 36%. Next are the cultural differences and the mentality of each community, with a proportion of 13%, the fear that there will be hostilities (11%), the lack of trust and the different religions (10% correspondingly)

ECONOMY

The positive picture of the economy that public opinion had during 2006 and 2007 seems to be deteriorating in 2008 since from 2,9 and 2,8 correspondingly (with a maximum of 5,0) the index is reduced considerably to 2,5 and reaches the levels to which it was in 2005. Public opinion regarding the developments in the Cyprus economy in the period 1996-2008 presents a relative fluctuation. In the same period, the average view is slightly pessimistic, i.e. slightly below the neutral view. In this year's CYPROBAROMETER, 56% of the respondents expressed the opinion that developments in the economy in 2008, compared to 2007 deteriorated (either 'slightly' or 'somewhat'). On the other hand, 24% appear to be optimistic and 19% believe that there has not been any significant change in the economy. To summarise, the average mean goes to 2,5 from 2,8 in 2007.

Cypriots present themselves in the same levels as they were during 2007 with regards to their economic situation compared to the previous year. Specifically, 2004 was the year when Cypriots were shown to be most pessimistic than ever, with 50% stating a small to discernible deterioration in their personal economic situation. The two following years, 2005 and 2006, this picture was improved considerably, with only 28% of the respondents mentioning a deterioration in their economic situation in 2006, a proportion that nevertheless increased in 2007, reaching 30%, which was a similar proportion to this year's CYPROBAROMETER (37%).

Two in five of the respondents stated in this year's survey that their personal economic situation did not change compared to the previous year, while the proportion who consider that their economic situation has improved 'a little' or 'discernibly' has remained in similar levels as last year (19%).

The respondents were asked to foresee the path of the economy during 2009. Three in four of them (75%) stated that the economy in 2009 would be worse than it was in 2008. Moreover, the proportion who believed that the economy would remain at the same levels as in the previous year was reduced considerably, to 16%, while the proportion of optimists only reached 6%.

In parallel to the future economic situation in Cyprus, the respondents were asked to foresee the path of their personal economic situation in 2009 compared to the previous year. Once again, Cypriots appear pessimistic with regards to their personal economic situation for the coming year, with 44% of the them estimating that it will be slightly or discernibly worse than what it was in the previous year. Moreover, two in five of the respondents (44%) expect that it will remain at the same levels, while the proportion of individuals who forecast an improvement in their personal economic situation only reaches 9%.

The respondents were asked to say how they appraise the gap between the rich and the poor in Cyprus. The majority of Cypriots believe that there exists, to a 'large' or 'quite a large' degree, a gap between the rich and the poor in our country, with seven out of ten supporting the relevant statement. The proportion of those who reject the above view is limited to 29% of the total.

The main impression that dominates public opinion is that in the coming years, the financial gap between the rich and the poor will expand to some degree ('much' or 'a little'). The impression of Cypriots with regards to this gap does not vary in the years from 2003 to 2008, which is shown in the average mean, which has remained unchanged for the past six years (4,2).

Cypriots were asked to name, for the first time in this year's CYPROBAROMETER, the causes which, in their opinion, are to blame for the problem faced by the Cyprus economy. The reasons given were the following:

- § High consumer spending
- § The tourism sector
- § The banking sector
- § The fall of share prices
- § Low productivity
- § The public sector

The respondents were also asked to say whether they agree or disagree with the privatization of various public services and semi-governmental organizations. The higher proportions of disagreement with privatization in this year's CYPROBAROMETER goes to the water authority (61%), the Cyprus Telecommunications Authority (56%) and the ports/marinas (55%). The proportion who disagrees with the privatization of the Cyprus Electricity Authority, the airports and the postal services reaches 51% and Cyprus Airways follow with a proportion of 49%. It is important to note that in all instances, a proportion of 8% did not express an opinion as to whether the above organizations/services should be privatized or not.

Next, the respondents were asked to say whether they are for or against the prohibition, by law, of strikes in the essential services. Those who were against the prohibition of strikes were slightly increased in this year's CYPROBAROMETER, with the proportion rising from 48% in 2007 to 55% in this year's survey. On the other hand, the proportion of those who believe that strikes should be banned by law is 41%.

A proportion of 57% of the respondents disagree with the occasional demands and strike action of the employees of Cyprus Airways, while only one in three of the respondents (32%) state that they are on the side of the employees. One in ten of the respondents did not express an opinion.

Responding to the question on how the Cyprus Government should handle Cyprus Airways, about two in five (38%) believed that Cyprus Airways should be incorporated or cooperate with another airline company, while one in five (20%) supported the idea that the company should focus its activities on profitable services. A mere 7% supported the sale or closing down of Cyprus Airways, while a proportion in the order of 21% believed that the government should not exercise any control at all on Cyprus Airways.

INVESTMENTS

The respondents were asked to mention their intentions should they have at their disposal a considerable amount for investment. The four most important choices of public opinion for possible investment were the following:

- § Land purchase 40% compared to 44% in 2007
- § Donation of the amount to their children, 20% compared to 19% in 2007
- § Deposit of the amount in the bank 14% compared to 16% in 2007
- § Purchase of a house or an apartment 12% compared to 11% in 2007.

One in five of the respondents (22%) intent to buy property in the coming 1-2 years, and this proportion appears to be the same as it was in 2006 and 2007. About two in three (63%) state that they definitely have no intention to buy property in the coming years, a proportion slightly higher than of the previous two years.

There was a significant change in this year's CYPROBAROMETER in the expectations regarding the cost of property in the coming years. Half of the respondents (52%) state that prices will be reduced slightly or discernibly, one in four (26%) estimates that they will remain constant, while only one in five (20%) state that they will be increased.

SOCIETY – QUALITY OF LIFE – SOCIAL VALUES

In the course of this survey, the respondents were also asked to mention the problems that they consider to be the most important ones faced by Cyprus, in addition to the National Issue. The economy and water are the problems that Cypriots placed in the two top positions, with economic problems being mentioned by 29% and the problem created with water shortages by 22%. Next follow the drugs problem (7%), unemployment and foreign workers (with 6% each).

The respondents were asked to state the main reasons which caused the increase of traffic accidents in their opinion. The main cause of traffic accidents remains speed, although the proportion mentioning it is reduced markedly compared to previous years (from 62% in 2006 and in 2007 to 37% this year) and in a second position is the carelessness of drivers, with a proportion of 28% mentioning it, a view which is significantly increased compared to previous years.

Cypriots seem to be in favour of replacing speed cameras in the streets, with a proportion of 69% claiming so. 25% were against this particular measure, while the proportion of those who appear neutral on this subject is 5%. The only change that is observed in this year's CYPROBAROMETER compared to last year's is the slight increase (8%) of those who agree with the replacement of speed cameras.

Eight in ten Cypriots (80%) believe that Cyprus today is facing a crisis in its institutions, a proportion that appears increased compared to last year's CYPROBAROMETER, although it is at similar levels as it was in the years preceding 2007.

During the period 2002-2006 there has been a rising tendency (from 18% to 33%) among those who mentioned that the institution of the family is facing a crisis. In last year's CYPROBAROMETER those who mentioned the institution of the family was reduced to 24%, to be increased again to 31% this year. Despite of this, the family remains the top institution facing the greatest crisis. The proportion of the respondents who believe that the Police is going through a crisis had increased between 2000 and 2002. In the four following years, this proportion is reduced steadily, while in the two past years it is increased again. In this year's CYPROBAROMETER, one in three respondents (39%) states that the Police is the institution going through the greatest crisis. Proportions who named the state machinery in this context fluctuated in the period spanning from 2000 to 2007, ranging from 4% to 9%. This year, the state machinery comes third as it is mentioned by 13% of the population. The credibility crisis of the political leadership was increasing between 2004 and 2007. In 2004 this proportion is increased to 14% in comparison to 10% in 2003. It continues to rise in the following two years, reaching 15%, while the corresponding proportion is even higher in 2007, placing it in second place as an institution facing a crisis. In this year's CYPROBAROMETER it comes

fourth as an institution facing a crisis, with one in ten respondents (11%) stating that the political leadership is an institution facing a crisis. Comparing the results from 2000 to 2008, a significant reduction in the view that the Church is facing a crisis is observed. While in 2007 almost seven in ten (66%) of the respondents believed that the Church was an institution facing a crisis, those who supported this view has been reduced discernibly since 2003. In the following two years, in 2004 and 2005, it is constant at about 30%, while it continues to be reduced in 2006 and 2007, to 21% and 14% correspondingly. This year, the proportion who mentions the Church reaches only 8%. Thus, the Church is on fifth position as an institution facing the greatest crisis.

With reference to the issue of institutions, the respondents were asked to express the degree of confidence they have towards the Church, the Cyprus Republic, the European Union, the House of Representatives, the Political Parties, the Army and the Police. Greatest trust was shown for the institutions of the Cyprus Republic, the European Union, the Church, and the Army, with an average mean of 2,9, 2,6, 2,5 and 2,5 out of 4,0. Cypriots seem to have less trust for the Police (2,2), while trust for the Political Parties is limited to 1,9.

In this year's CYPROBAROMETER the proportion expressing satisfaction with the protection of the consumer is reduced by ten percentage points compared to last year, reaching the levels it was at in 2000. Two in five respondents (38%) express dissatisfaction with the level of protection that is provided to the consumer. A proportion in the order of 33% remains neutral.

In 1997 a proportion of 68% stated that they were 'very' or 'quite' satisfied with the way democracy functioned in Cyprus, while from 1998 to 2002 a gradual reduction of this proportion is noted. In contrast, in 2003 and in 2004 the proportion who are satisfied with the way democracy functions in Cyprus increases by about nine percentage points (66% and 64% respectively) in relation to 57% in the previous year and remains at similar levels in 2005 (65%). In 2006 this proportion was reduced to 60%, in 2007 to 55% and it is slightly increased this year to 61%.

The degree of satisfaction with their personal life remains constant among Cypriots through the years. As in all the previous years, so in this year's CYPROBAROMETER the majority of the respondents (a proportion of about 85%) claims to be 'very' or 'quite' satisfied with their life.

YOUTH – ARMY CONSCRIPTION – PROHIBITION OF SMOKING

The drug problem is shown to occupy public opinion to a great extent through the years. In this year's CYPROBAROMETER the majority of Cypriots (76%) believe that the drug problem in Cyprus is 'very' worrying, a proportion which is slightly reduced since 2007 (when it was 85%), while one in five of the respondents states that the problem is 'quite' worrying.

The respondents were asked to state whether they were for or against the proposition to restructure the National Guard and to reduce the serving period to 19 months. A proportion of 74% is for this proposition (compared to 68% in last year's CYPROBAROMETER. Those who were for the restructuring of the National Guard were asked to say to what extent they agree or disagree that conscription in National Guard should take place twice a year. Four in five (79%) are for this proposition, and 21% are against.

Those who disagreed with the reduction of the length of the army service were asked to say why they disagreed. 30% stated that army service should not be reduced to 19 months because we are a country under military occupation. The other reasons given, by smaller proportions, were the following:

- § There will not be an adequate number of soldiers: 14%
- § The Turks are continually rearming themselves: 13%
- § It is not a well thought of plan: 12%
- § We have to be alert: 11%
- § The security of the state will be reduced: 10%
- § In order to do this there should be the appropriate equipment: 7%

Next, the respondents were asked to state to what degree they are for or against the complete ban of smoking in restaurants, pubs, work places and indoor public places. The ban of smoking in indoor public places receives the higher proportions of agreement, 88% and it is followed by 84% who agree that it should be banned in work places/offices. Eight in ten of the respondents (78%) were for the banning of smoking in restaurants, while a smaller, but significant proportion of the respondents were for the banning of smoking in pubs (70%).

CASINO

For the first time in this year's CYPROBAROMETER the proportion of the respondents who state that they are for the creation of a casino in Cyprus exceeds 50% and reaches 58%. On the other hand, a proportion of 42% of the respondents were against this particular proposition.

ENVIRONMENT

The respondents were asked to name the sectors of the environment that they believe face the greatest problems in Cyprus today. A proportion in the order of 62% mentioned water, while 55% of the population mentioned the atmosphere (fumes) as the sector with the most serious problem. It is important to note that in comparison with previous years, the proportion who mention fumes is considerably reduced, by about 20 percentage points, while the water problem has risen to first place, from second and third during 2007 and 2006.

TRANSPORT

Four in five of the respondents (86%) consider the creation of a public transport system to be an urgent matter, as long as it will be reliable and effective. On the other hand, a proportion of 13% states that the creation of public transport is not such an urgent matter. Responding to the question on the degree to which they would use public transport, 91% of the respondents answered positively. Only 9% claimed that they would not use a public transport system if this was created and it was reliable and effective.