

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**  
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**Group of Negotiations on Services**

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**COMMUNICATION FROM THE REPUBLIC OF CYPRUS**

**Conditional Offer of the Republic of Cyprus Concerning  
Initial Commitments on Trade in Services**

**Revision**

The following communication is circulated at the request of the Republic of Cyprus to the members of the Group of Negotiations on Services.

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1. The Republic of Cyprus hereby submits its conditional offer concerning initial commitments on trade in services.
2. This offer is conditional upon the outcome of the Uruguay Round, in particular upon the successful conclusion of the negotiations on services in a manner which will be judged as beneficial to the economic development of Cyprus, as well as upon the satisfactory negotiation of a final text of the General Agreement of Trade in Services, including the sectoral annexes.
3. Cyprus reserves the right to modify, extend, reduce or withdraw this offer, in whole or in part, dependent on the result of the services negotiations and the overall outcome of the Uruguay Round.
4. Cyprus also reserves the right to make technical changes to this offer and to correct any errors, omissions or inaccuracies that may have been committed due to oversight or other reasons.
5. If this offer is implemented, for most of the sectors where specific commitments are made, Cyprus will bind the current regime in relation to market access and national treatment.
6. The Cyprus offer consists of two parts. Part I contains horizontal provisions applicable to all sectors/sub-sectors for which specific commitments are made in the offer under Part II. Part II contains the specific commitments to be undertaken in the listed sectors/sub-sectors.
7. This offer has been established on the basis of the draft GATS text (document MTN.TNC/W/FA) and the secretariat Explanatory Note on the Scheduling of Initial Commitments in Trade in Services (dated 22 December 1992), whilst the secretariat paper on Special Provisions for Developing Countries has also been taken into consideration.

8. For the purpose of clarity, the following technical points should be noted.

- (i) The indication "None" in Part II means that no other limitations or conditions apply than mentioned in Part I, whilst all horizontal limitations and conditions included in Part I do apply.
- (ii) The entry "None" under national treatment means that no other limitations than under market access apply, whilst all limitations and conditions listed under market access which affect national treatment do apply.
- (iii) In each of the four modes of supply commitments are offered only to the extent spelled out under the relevant mode of supply and may not be considered as implied by commitments offered in other modes.

9. The following general conditions and qualifications would apply even where no limitations or conditions are stated for the individual sectors/sub-sectors in the offer:

- (i) Consideration of national security and public policy objectives.
- (ii) This offer does not in any way pertain to services supplied in the exercise of governmental functions. Also, it does not affect measures pertaining to trade in goods which may constitute inputs to a scheduled service or other services. In addition, limitations on market access or national treatment in respect of services which may constitute inputs to or to be used to supply a scheduled service, shall continue to apply.

10. The list of laws and regulations mentioned in this offer should not be construed as an exhaustive reference to all laws and regulations governing each services sector. In particular, non-discriminatory qualitative measures pertaining to technical standards, public health and environment considerations, licensing, prudential considerations, professional qualifications and competency requirements have not been listed as conditions or limitations to market access and national treatment.

PART I: HORIZONTAL MEASURES THAT APPLY TO ALL SECTORS

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
ALL SECTORS <sup>a</sup>	<p><u>Public Procurement</u></p> <p>(1) to (4) Overseas tenderers should co-operate with local firm.</p> <p>(2) Movement of consumers is subject to the National Guard Law. (Laws 1964-92)</p> <p>(3) <u>Foreign Investment</u></p> <p>Foreign exchange controls are operative in Cyprus and administered by the Central Bank in co-operation with all commercial banks which have been designated authorised dealers.</p>	<p>(3) <u>Foreign Investment</u></p> <p>Entities with foreign participation must have paid up capital commensurate with their finance requirements and non-residents must finance their contribution through importation of foreign exchange.</p>	<p>(1) Cross-border Supply (2) Consumption Abroad (3) Commercial Presence (4) Presence of Natural Persons</p>

<sup>a</sup>The limitations on "all sectors" are applicable to commitments taken in each sector or sub-sector which is individually listed in Part II of this offer.

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
ALL SECTORS (cont'd)	<p>Under the Exchange Control Law the permission of the Central Banks is required for the participation of any non-resident in a corporate body or partnership in Cyprus. There may be limitations in certain sectors regarding foreign participation, which is normally restricted to up to 49%</p> <p>In case the non-resident participation exceeds 24%, any additional financing for working capital requirements or otherwise should be raised from local and foreign sources in proportion to the participation of residents and non-residents in the entity's equity. In the case of branches of foreign companies, borrowing is not normally permitted.</p> <p>In the case of public companies, foreign equity participation is normally allowed to the extent of up to 30%. In Mutual Funds the extent of allowable foreign ownership is 40%.</p> <p>The decision to grant permission for foreign ownership is based on an economic needs test, for which the following criteria are used in general:</p> <ul style="list-style-type: none"> <li>(a) Provision of services which are new to Cyprus.</li> </ul>		(1) Cross-border Supply (2) Consumption Abroad (3) Commercial Presence (4) Presence of Natural Persons

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
ALL SECTORS (cont'd)	<p>(b) Promotion of the export orientation of the economy with development of existing and new markets.</p> <p>(c) Transfer of modern technology, know-how and new management techniques.</p> <p>(d) Improvement either of the productive structure of the economy or of the quality of existing products and services.</p> <p>(e) Complementary impact on existing units or activities.</p> <p>(f) Viability of proposed project.</p> <p>(g) Creation of new job opportunities for scientists, qualitative improvement and training of local staff.</p>	<p>(1) Cross-border Supply (2) Consumption Abroad (3) Commercial Presence (4) Presence of Natural Persons</p>	

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
ALL SECTORS (cont'd)	<p>Corporate bodies have to be registered under the Companies Law. The same law requires that a foreign company wishing to establish a place of business or an office in Cyprus must register it as a foreign branch. For the registration the prior approval of the Central Bank is required under the Exchange Control Law. Such approval is subject to the foreign investment policy applicable at the time with regard to the Corporate Body's proposed activities in Cyprus and the general investment criteria stipulated above.</p> <p style="text-align: right;">Real Estate</p> <p style="text-align: right;">Unbound</p>		<p>(1) Cross-border Supply    (2) Consumption Abroad    (3) Commercial Presence    (4) Presence of Natural Persons</p>

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
ALL SECTORS (cont'd)	<p>(4) Unbound, except for the temporary movement of foreign natural persons who are service suppliers or who are employed by service suppliers and whose entry into Cyprus is subject to the Aliens and Immigration laws, regulations and administrative guidelines.</p> <p>Entry permits for employment are issued on a temporary basis in fields and occupations where no suitably qualified local personnel is available, always taking into account the employment situation and economic needs of the country.</p> <p>An application for such a permit must be made before entry into Cyprus. A visa may also be required, which is normally granted with a minimum of formalities upon arrival in Cyprus.</p>	<p>(4) Under the Exchange Control Law, non-residents are not normally permitted to borrow from local sources.</p>	

(1) Cross-border Supply    (2) Consumption Abroad    (3) Commercial Presence    (4) Presence of Natural Persons

PART II: SCHEDULE OF SPECIFIC COMMITMENTS IN INDIVIDUAL SECTORS

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>PROFESSIONAL SERVICES</b>			
Accounting, Auditing and Book-keeping services (CPC 862)	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Access is restricted to natural persons who have obtained authorization from the Minister of Finance. Authorization is subject to an economic needs test.</p> <p>Professional association (partnerships) among natural persons is permitted. No body corporate is allowed.</p> <p>(4) Unbound</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound</p>	<p>(1) None</p> <p>(2) None</p>
Taxation Services (CPC 863)			

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Taxation Services (cont'd) (CPC 863)	(3) Access is restricted to natural persons who have obtained authorization from the Minister of Finance. Authorization is subject to an economic needs test. Professional association (partnerships) among natural persons is permitted. No body corporate is allowed.	(3) None	
<b>COMPUTER AND RELATED SERVICES</b>			
Consultancy Services related to the Installation of Computer Hardware (CPC 841)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Software Implementation Services (CPC 842)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
Data Processing Services (CPC 843)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
Data Base Services (CPC 844)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>RESEARCH AND DEVELOPMENT SERVICES</b>			
Research and Development Services on Social Sciences and Humanities (CPC 852)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
<b>INSURANCE AND INSURANCE RELATED SERVICES</b>			
Life Insurance Services (CPC 8121)		(1) No person or company can operate as an insurer within the Republic of Cyprus unless so authorised by the Superintendent of Insurance.	(1) None

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Life Insurance Services (cont'd) (CPC 8121)	<p>Foreign Insurance companies may offer insurance services through the establishment of a branch or agency. In both cases an authorization is required in accordance with terms and conditions stipulated by the Insurance Act. The foreign insurer must have been authorised to operate in its country of origin before authorised to establish a branch or agency.</p> <p>(2) None</p> <p>(3) Restricted to insurance companies registered in Cyprus and so authorised by the Superintendent of Insurance, in accordance with national regulations.</p> <p>Investment by non-residents in insurance companies requires the prior approval of the Central Bank.</p>		

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Life Insurance Services (cont'd) (CPC 8121)	The share of foreign participation in the capital of local insurance companies is determined on a case by case basis, in accordance with economic needs.  (4) Unbound	(4) None  (1) No person or company can operate as an insurer within the Republic of Cyprus unless so authorised by the Superintendent of Insurance.	
Non-Life Insurance Services (8129 other than 81299)		International marine, aviation and transit services can be offered without any limitation by any insurer, irrespective whether authorised or not in Cyprus.	

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Non-Life Insurance Services (cont'd) (8129 other than 81299)	<p>Foreign Insurance companies may offer insurance services through the establishment of a branch or agency. In both cases an authorization is required in accordance with terms and conditions stipulated by the Insurance Act. The foreign insurer must have been authorised to operate in its country of origin before authorised to establish a branch or agency.</p>	<p>(2) None</p> <p>(2) None</p> <p>(3) Restricted to insurance companies registered in Cyprus and so authorised by the Superintendent of Insurance, in accordance with national regulations.</p>	<p>Investment by non-residents in insurance companies requires the previous approval of the Central Bank.</p>

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Non-Life Insurance Services (cont'd) (8129 other than 81299)	The share of foreign participation in the capital of local insurance companies is determined on a case by case basis, in accordance with economic needs.	(4) Unbound	(4) Unbound
Reinsurance and Retrocession (81299)		(1) None (2) None (3) None (4) Unbound	(1) None (2) None (3) None (4) Unbound
Services Auxiliary to Insurance and Pension Funding (8140)		(1) None (2) None (3) None (4) Unbound	(1) None (2) None (3) None (4) Unbound