

## CBI MARKET SURVEY

## The Natural Stone and Stone Products Market in Cyprus

Publication date: July, 2007

**Introduction**

This CBI market survey gives exporters in developing countries information on some main developments in the natural stone market in Cyprus. The information is complementary to the information provided in the CBI market survey 'The Natural Stone and Stone Products Market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

Note: In the chapters about consumption and production, we refer to 3 product groups:

- Blocks and Slabs
- Landscape design
- Monumental and Funeral

The last group (Monumental and Funeral) is an aggregate of 2 sub products groups that will be addressed separately in the Import/ Export section: Flooring and Cladding and Funeral and other arts. For more explanation about the product group segmentation, please refer to the Appendix A of the CBI survey 'The Natural Stone and Stone Products Market in the EU'.

**1 Market description: consumption and production****Consumption and industrial demand**

- In 2004, Cyprus consumed approximately 40 thousand tonnes of stone, of which 37 thousand tonnes of finished stone products represented a total of € 20 million (note: no value data for intermediate products).
- Cyprus is a small consumer of intermediates products accounting for only 0.04% of the consumption volume of the EU 25 countries. The biggest consumers are: Italy (50%), Spain (18%), Greece (11%) and the UK (4%). Among the new EU Member States<sup>1</sup> however, Cyprus ranks fourth.
- In terms of value, Cyprus accounts for only 0.3% of the value of finished products of total consumption of the EU 25 countries. The market share of Italy, Spain, United Kingdom and the Netherlands is 30%, 19%, 10% and 2% respectively. Cyprus here ranks third when just looking at the new Member States.
- The expectations for the Cypriot economy are positive. An economical growth of 3.8% in 2007 and 3.9% in 2008 is expected.<sup>2</sup> The prospects for the construction sector, the largest consumer of stone in Cyprus, are also looking good. Since joining the EU a significant amount of construction has been taking place in Cyprus. Therefore, both in 2007 and 2008 the construction sector will be one of the main drivers of the Cypriot economy supported by a strong demand for dwellings by non-residents and by other large infrastructure projects.<sup>3</sup> Both developments will have a positive impact on the demand for natural stone.

**Production**

- Cyprus only extracts beige sandstone. It imports all other stone material to meet its domestic demand. Cyprus does also process imported blocks and slabs into finished stone products.<sup>4</sup> Unfortunately however, there is no production data available.

<sup>1</sup> The ten new Member States are: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Bulgaria and Romania have not yet been included in this market survey because they just entered the EU in 2007 and are therefore considered to be Extra-EU countries.

<sup>2</sup> Source: European Commission

<sup>3</sup> Source: European Commission

<sup>4</sup> Source: Vassos Ellinas

### Opportunities and threats

- + Since joining the EU, Cyprus has access to EU funds that go towards large building and construction projects. The demand for natural stone is therefore increasing and will continue to do so in coming years.
- + Cyprus will adopt the Euro on 1<sup>st</sup> January 2008. Based on experiences of other EU Member States expectations it will improve its competitive position, attract investors and most importantly will provide a healthy and stable business climate.<sup>5</sup>
- Because of its limited market size, Cyprus represents only limited market openings for importers.

Please refer to chapter 7 of the CBI survey 'The Natural Stone and Stone Products Market in the EU' for more opportunities and threats.

## 2 Trade channels for market entry

The most important trade channels in Cyprus are:

- Wholesaler/importers: buy their natural stone directly from supplying countries. The market is dominated by a few large companies.
  - Kouzaris and Sons:  
<http://www.kouzaris.com.cy/>
- Retailers: mainly buy from wholesaler/importers; however large retailers are also known to buy from supplying countries directly.
  - G. Nicolaou:  
<http://www.gnicolaou.com.cy/>
- Natural stone processing industry: buys from wholesalers/importers, quarry their own stone or depending on the size of the company directly from supplying countries. After processing these companies mainly supply to retailers and consumers.
  - Vassos Ellinas (processor and importer):  
<http://www.lifetime.com.cy/>
- Other: major companies (e.g. building) or governmental organisations buying directly from supplying countries for large building projects.
  - Ministry of Communications and Works:  
[http://www.mcw.gov.cy/mcw/mcw.nsf/dmlindex\\_en/dmlindex\\_en?opendocument](http://www.mcw.gov.cy/mcw/mcw.nsf/dmlindex_en/dmlindex_en?opendocument)

## 3 Trade: imports and exports

### Imports

- In 2005 Cyprus imported a total of € 24 million worth of intermediate and finished natural stone products which represented 67 thousand tonnes of natural stone.
- Between 2004 and 2005 imports in terms of value increased with 57%. The growth in terms of volume was 67%. Despite the exceptional growth the average price of imported stone is dropping.

**Table 3.1 Cypriot imports in 2005 split into different product groups**

Product group	Share %
Blocks and Slabs	6
Landscape design	0
Flooring and Cladding	22
Funeral and Other Art	72

Source: Eurostat (2006)

- In 2005, only imports in the product group Landscape Design (-82%) decreased compared to the previous year. The other groups saw positive results; Blocks and Slabs (18%), Flooring and Cladding (84%) and Funeral and Other Art (51%).

<sup>5</sup> Source: European Commission

- Cyprus is one of the smaller EU importers accounting for 1% of the total value of EU imports. The European top 5 importers in value are Italy (17%) of total EU imports of natural stones), Germany (16%), the UK (15%), France (13%) and Spain (9%).
- However looking strictly at the new EU Member States, Cyprus ranks second with only Poland (3%) importing more.
- In 2005 Cyprus, in volume, imported 44% of all its stone products from developing countries (DC's). DC's accounted for 29% of the value of Cypriot imports. The market share of DC's in terms of value has increased by 5% in 2005 whereas volume increased by 8%. The price of imported stone from DC's is decreasing in value.
- The most important DC's exporting to Cyprus are Syria (10%), China (8%), Egypt (4%), Oman (3%), Lebanon (2%) and India (1%).

### **Exports**

- In 2005, Cyprus exported a total of 1 thousand tonnes of natural stone with a value of € 2 million.
- Between 2004 and 2005, the total value of Cypriot exports decreased by 13%. At the same time volume increased by 3%. In other words, the average price of exported natural stone has gone down.
- Cypriot exports in 2005 consisted out of Blocks and Slabs (48%), Flooring and Cladding (22%) and Funeral and Other Art (29%).

### **Opportunities and threats**

- + The growth in the Cypriot natural stone market is more than likely to continue in coming years
- + Developing countries are expected to become more important trading partners of Cyprus.
- Dropping prices in the Cypriot market will also affect suppliers in developing countries.

Please refer to chapter 7 of the CBI survey 'The Natural Stone and Stone Products Market in the EU' for more opportunities and threats.

### **Useful sources**

- EU Expanding Exports Helpdesk:  
<http://export-help.cec.eu.int/> → go to: trade statistics
- Eurostat – official statistical office of the EU:  
<http://epp.eurostat.cec.eu.int> → go to 'themes' on the left side of the home page → go to 'external trade' → go to 'data – full view' → go to 'external trade - detailed data'

## **4 Price developments**

- The price of natural stone has been dropping globally because of more efficient extraction technologies and more suppliers being active on the global market. The Cypriot market is also influenced by these developments making the average of intermediates as well as finished products drop. It is not clear whether this negative development will extend into the future.
- Listed below are three general websites that include price data for the EU market:
  - o <http://www.findstone.com>
  - o <http://www.stonesource.com>
  - o <http://www.stone-network.com>

## **5 Market access requirements**

As a manufacturer in a developing country preparing to access Cyprus, you should be aware of the market access requirements of your trading partners and the Cypriot government.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select natural stone products and Cyprus in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

## **6 Doing business**

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

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