



Industrial relations and social dialogue
**Cyprus: Developments in
working life 2022**

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Introduction

This working paper provides a review of the main working life developments in Cyprus over the course of 2022, during which the country's economy was trying to fully recover from the remaining repercussions of the COVID-19 crisis.

Cyprus's real GDP continue to rise after the impressive growth of 2021, which has brought GDP almost at the 2019 level. The real GDP in 2022 is estimated by the European Commission (2023) to have increased by 5.8%, thus outreaching all previous forecasts. GDP growth has been mainly supported by private consumption despite rising prices, a significant increase of business services exports and the return of tourism, which, however could not reach the 2019 levels due to the loss of Russian and Ukrainian arrivals caused by the outbreak of the war of Russian Federation against Ukraine. Tourism is expected to expand in 2023 as a result of improved economic outlook of the country's main trading partners. However, rising prices and interests' rates are forecast to decelerate GDP growth down to 1.6% in 2023.

High energy prices and supply chain disruptions have led inflation to rise by 8.1% in 2022. Falling oil prices in the preceding months and gradual evening of supply is forecast to moderate inflation in 2023 to 4%. Rising inflation of consumer prices has brought wage determining policies to the epicentre of working life developments and aggravated the conflicts between the government, employers' organisations and trade unions. In Summer 2022 the government proceeded unilaterally to a major minimum wage reform by introducing a statutory national minimum wage, which has been moderately criticised by employers and from a different perspective harshly by trade unions. Moreover, employers' organisation and trade unions collided over the renegotiation of an expired agreement defining the disbursement conditions of the cost-of-living allowance, the country's longstanding wage indexation system, which culminated in a general strike in January 2023.

Employment continued to rise over the decrease rate of unemployment and labour shortages have been repeatedly reported, with employers' organisations exerting pressure on the government to ease the rules for the recruitment of employees originating from third countries. Efforts to facilitate the recruitment of some thousands Ukrainian refugees were apparently not sufficient enough to meet the increasing labour demand. The government began in the late months of 2022 to work on a reform of the employment strategy for third country nationals. This, by the government unilaterally designed, new employment strategy, which was meant to be the last act of Mr. Anastasiades' government before handing over to the February 2023 elected president Mr. Christodoulides, provoked the fierce reaction of the country's trade unions and fuelled the deterioration of another major conflict the country is expected to be confronted with in the course of 2023.

Political context

In 2022 no elections took place in Cyprus. However, due to the presidential elections of 5 February and 12 February 2023 (first and second round respectively), the country's political system has begun to engage with the elections campaign already at the end of 2021. This early emergence of presidential elections policies has bestowed the country with the longest presidential campaign since its independence, 62 years ago.

In view of the early 2023 presidential elections, the country's social partners entered into a rather active and prolonged interaction with the main candidates competing for the presidency. This interaction was not only about influencing the candidates' labour, economic and social agenda. It was also about mobilising support for one or another candidate. So, the Pancyprian Federation of Labour (PEO) supported Mr. Mavroyiannis, who got the second ticket for the second round and was also supported by the country's left leaning AKEL, while the Cyprus Workers' Confederation (SEK), the Democratic Labour Federation of Cyprus (DEOK) and Cyprus Employers and Industrialists Federation (OEB) casted their support for the first-round winner, Mr. Nicos Christodoulides. Mr. Christodoulides, member of the previous ruling conservative party DISY, foreign minister until January 2022 and long-standing associate of ex-President Anastasiades, was elected with 52%.

Despite being member of DISY, Mr. Christodoulides choose to avoid his party's internal procedures and announced an independent candidacy, attracting the support of various middle and small size political parties. DISY nominated its president, Mr. Averof Neofytou, to run for the elections, who due to leaks from DISY's supporters base towards Mr. Christodoulides, he failed to qualify for the second round of the elections. Mr. Christodoulides has formed a rather politically diverse government comprising of non-high profile personalities originating from his supporting parties and from DISY.

The early 2023 presidential elections were not only unique because of its prolonged duration. It was maybe the first time in the post 1974 war era that issues of labour importance, such as the cost-of-living allowance and the country's minimum wage regime, have been prominently debated. This is certainly attributed to galloping consumer prices in course of 2022, as well as due to the fact that the long expected statutory minimum wage reform was completed in the middle of the pre-election campaign and the dispute over the final settlement of the cost-of-living allowance peaked just couple of weeks before the first round of the presidential elections.

Actors, institutions and processes

Social partners

The most significant developments regarding trade unions in 2022 (According to the data provided by the Trade Union Registry Office) were the following:

- Two trade unions, the Cyprus Building, Wood, Mine and General Workers Trade Union and the Cyprus Metal Workers, Mechanics & Electricians Trade Union, both belonging to the Pancyprian Federation of Labour (PEO), finalised their “merger”; the process had begun in late 2021.
- The Cyprus Association of Firemen (trade union) was formed in 2022 (in 2021 there was one new trade union as well, the Independent Trade Union of Technical and Labour Staff of the Electricity Authority of Cyprus).
- The Free Workers and Employees Trade Union of the Cyprus Petroleum Storage Company (member of the Cyprus Workers Confederation) was disbanded in 2022 (in 2021 one trade union disbanded as well, the Pancyprian Trade Union of Government Pharmacists).

Regarding the membership of trade unions, the Trade Union Registry Office does not have the data for 2022; in fact, trade unions have until February 2023 to report their membership numbers for 2021 (as such, the official numbers of 2022 will be registered in 2024). Comparing the data from 2019, 2020 and 2021 (for those trade unions that have reported them), it appears that, in general, the numbers remain relatively stable.

As for the employers organisations, the Trade Union Registry Office (which is also responsible for employer organisations and business associations) testified that in 2022 there was an increase in the interest and the mobilisation of employers to form new organisations; the most salient example comes from the banking sector, where high ranking officials report that the re-activation of the Cyprus Bankers Employers Association (disbanded in 2016) has begun in 2022, and it will be finalised within 2023 (Christou, 2022).

Social dialogue bodies or frameworks

There were no developments regarding social dialogue bodies or frameworks in 2022, nor was any relevant discussion that would indicate that there are plans regarding this issue for 2023.

Other working life related institutions

There were no developments regarding working life institutions in 2022; there were new legislations (regarding parental leave according to the relevant work-life balance directive and the protection of wages) as well as a governmental decree regarding the new national minimum wage, but no new institutions for the implementation of these new rules; the responsibility of the implementation falls to the labour inspections services (established in 2020) of the Department of Labour Relations.

Governmental responses to inflation

The inflation rate in Cyprus increased to 8.1 % in 2022 (Ministry of Finance, 2023) mainly due to the high prices of oil and the dependence of the country on oil products inciting increases in fuel and electricity. Inflation also concentrated in increases on basic food due to the war in Ukraine and the subsequent supply chain disruptions, which reduced the purchasing power of workers and households (Stockwatch, 2022). Additionally, the financial viability of many businesses has been threatened as a result of inflation of raw materials cost and the cost of fuel and electricity, particularly in the construction sector, agriculture and manufacturing.

In response to the increasing inflation, the government has taken some short-term measures but no measures have been set that could provide more permanent, long-term solutions to the adverse consequence of the increasing cost of living wheeling out the ‘capabilities of public finances’, according to the Finance Minister (Cyprus Profile, 2022). At first, an ‘electricity support package’ⁱ has been set for the support of households, businesses and the vulnerable groups, which is made of five (5) measures as follows: (1) reduction of the VAT rate of electricity from 19% to 9% for all households and to 5% to the vulnerable groups, (2) increase of the allowance of photovoltaic systems and thermal roof insulations, (3) extension of the list of vulnerable consumers of energy, (4) 100% coverage of the annual electricity consumption from photovoltaic systems production for households and businesses and (5) speeding and simplifying the procedures for installation of renewable energy source systems.

A second measure is the ‘financial support for families and persons with disabilities’ⁱⁱ, which provides a lump sum payment for different vulnerable groups covering the period June – August 2022. The allowance was paid in accordance with the annual income of the household of the previous year and the number of dependent children; it ranges from €60 to €150 for every child. For example, a household with an annual income between €10,001 to €19,500 received an allowance of €120 for every child under 18 years of age. Public allowance beneficiaries without dependent children were paid €100, plus €50 for spouses and €25 for every child up to 28 years of age living in the household of the beneficiary. Similarly, persons with disabilities that do not fall in the above categories, were paid for €100.

Third, the Cabinet approved the government’s Bill for the amendment of the basic tax law for the ‘reduction of fuel consumption tax’ⁱⁱⁱ to mitigate the consequences of the inflation on consumers and businesses. In overall, the amended provided for a reduction of 7 cents a litre for diesel and petrol, amounting to 8.3 cents per litre if VAT is included, as well as a reduction of 6.4 cents per litre including VAT on heating oil for the period 8 March 2022 to 31 August 2022. The government designed the measure and requested the adoption by the house of representatives after the pressure exercised by the society; no consultation process has been proceeded with the local stakeholders. Similarly, the ‘electricity support package’ and the ‘financial support for families and disabled persons’ above were adopted by the government after the harsh critics and the pressure exercised by social partners, political parties and the civil society. Social partners and political parties submitted specific suggestions to the government that could potentially helped people to cope the on-going increases of essential goods though no structural dialogue have been initiated for the measures designed by the government.

Fourth, the government issued a ‘grant scheme for the installation of photovoltaic systems’^{iv} for charging of electric and plug-in hybrid vehicles (Feb 2022 – Dec 2023). The Scheme provides €750 per kW for the installation or extension of an existing system for each car, with maximum amount of €1500 for every car in a household. Optional costs are also provided: 1. Purchase and installation of a charger (€600), 2. Conversion of the electrical installation of the house to three-phase (€450) and 3. Purchase/installation of a battery (€750 per kW). The scheme was designed by the members of the ‘Renewable Energy Sources and Energy Conservation Fund’ along; social partners were not involved in the process.

Finally, the government issued ‘a tuition fee subsidy scheme’^v for children up to 4 years of age to support families with preschool children to confront inflation and the increasing prices of essential goods. The scheme provides for a monthly allowance of 80% of the tuition fees; the allowance ranges from €100 to €350 for every child based on the income of the family, the number of children of the family and the status of the family (single or two-parent family). A consultation process has been proceeded before the issuing of the measure initiated by the Minister of Labour and Social Insurance and the participation of the member of the Labour Advisory Council, which is composed by representatives of both employers’ organizations and trade unions.

Developments as regards the cost-of-living allowance (COLA) are discussed in the next chapter. Social benefits in Cyprus are not indexed to inflation apart from social pension. No changes to the legislation aiming to increase social benefits in line with inflation have been made.

ⁱ Eurofound (2022), [Electricity support package for citizens and businesses](#), case CY-2022-22/2821 (measures in Cyprus), EU PolicyWatch, Dublin

ⁱⁱ Eurofound (2022), [Financial support for families and persons with disabilities](#), case CY-2022-22/2822 (measures in Cyprus), EU PolicyWatch, Dublin

ⁱⁱⁱ Eurofound (2022), [Tax cut on fuel](#), case CY-2022-11/2423 (measures in Cyprus), EU PolicyWatch, Dublin

^{iv} Eurofound (2022), [Grant scheme for photovoltaic charging systems for electric vehicles](#), case CY-2022-6/2820 (measures in Cyprus), EU PolicyWatch, Dublin

^v Eurofound (2022), [Tuition fee subsidy for children up to 4 years old](#), case CY-2022-36/2823 (measures in Cyprus), EU PolicyWatch, Dublin

Collective bargaining and inflation

How inflation features in wage negotiations

Inflation in Cyprus is traditionally addressed within the framework of the cost-of-living allowance (COLA).

The Cost of Living Allowance (COLA) is a wage indexation system, i.e. wages increase or decrease in line with the consumer price index (CPI). Trade unions have traditionally rendered great importance to COLA, as it neutralises the impact of price increases on the purchasing power of wages and contributed to the conclusion of long-term collective agreements and to labour market peace. COLA was initially introduced in the 1940's for the public sector and from the 1960's onwards also in the private sector. COLA in the public sector is established by law, while in the business economy it is granted to employees upon a standard provision featuring in all collective agreements.

In response to the turbulent years of the previous economic and financial, COLA was suspended in 2011 for the broader public sector and in 2013 for the private. The economic recovery after 2015 facilitated the conclusion of an agreement in 2017 for reactivation of COLA covering. The agreement was meant to apply for a transitional period of three years and included modified conditions. These were: a) the calculation and disbursement of COLA once a year (on 1 January), b) the disbursement of COLA at a reduced rate of 50%, c) the incorporation of the accumulative COLA rate into basic salaries on 31 December 2017 and a new start of COLA rate accumulation from zero and d) the suspension of COLA in the event of economic contraction in both the second and third quarters of the preceding year (Eurofound, 2018). The agreement was supposed to expire on the 31 December 2020 and replaced by a new permanent agreement, which should be designed in line with the 'philosophy' of wage indexation and negotiated and concluded during the transitional period. Due to the coronavirus crisis, the agreement was extended for another year, expiring on 31 December 2021 (Eurofound, 2021).

Examples of recent responses

In view of the expired agreement on COLA and the exponential rise of the consumer prices during 2022, the Minister of Labour, Mr. Kousios, initiated separate consultations with the country's relevant trade unions and employers' organisations in the last quarter of 2022, announcing that he would submit a proposal for a negotiated settlement of the dispute, only if he had the belief that there was ground for a negotiated solution. The efforts of the Minister have resulted to any positive outcome. After the last meeting with social partners representatives on the 17 January 2023, he declared the completion of his efforts, as the obstacles posed by the conflicting parties were still in comparable (Sigmalive, 2023); thereafter, he handed over to the next government the resolution of the conflict to the next government (Omegalive, 2023). The employers' organisations stuck to their initial position rejecting COLA and denouncing it as an anachronism and expressed readiness to engage in 2023 in negotiations for the replacement of COLA with a more modern and effective system utilising best European practices. On the other side of the conflict, trade unions riposted that the employers' position constitutes a violation of the 2017 agreement providing for the permanent design of COLA to be in line with the philosophy of wage indexation, while signaling readiness to negotiate and accept a gradual recovery of COLA disbursement (from 50% to 10%) over the next years (Cyprus News Agency, 2023).

In anticipation of the negotiations failure, trade unions activated an earlier decision and casted a three-hours long general strike on the 26 January 2023 and some days later announced that further actions are to follow after the presidential elections of February. Thousands of workers and employees of the public and private sector participated in the strike as well as in the demonstrations carried out in cities of the country. The COLA strike was recorded as the first general strike to have occurred in Cyprus in the last five decades (Dialogos, 2023). The strike was supported and co-organised by all trade unions of the public and private sector. The Bank Employees Union (ETYK) supported the strike, decided, however, not to partipate for (unexplained) objective reasons (Philenews, 2023).

The conflict is one of the major declared challenges and priorities of the Labour Minister of the new government, Mr. Panayiotou. He has taken up the COLA conflict by confirming the new government's intention to adhere to COLA, indicating, however, that some modifications are needed. To this end, he announced separate consultations with the country's social partners to be held in the second half of March 2023 (Alphanews, 2023).

Developments in working time

Changes to legislation

There was a significant development in legislation regarding working time in 2022, brought by the harmonization with the EU directive on work-life balance. The new paternity leave, parental care, force majeure and flexible working arrangements law was voted in early December of 2022, and abrogated the previous laws on parental leave, force majeure and paternity leave (Cyprus Bar Association, 2022).

According to the new law, every working father is entitled to paternity leave of two consecutive weeks and can take it from the birth of the child up to two weeks after the end of the maternity leave (the benefit – in lieu of wages – that the father receives is the 72% of the benefit covering maternity leave). He receives it when he has a child with a natural mother, either with a surrogate mother, or through the adoption of a child up to 12 years old. The father is also entitled to paternity leave in the event of a stillbirth, and in the event that the mother dies before or during childbirth or during maternity leave, the right to paternity leave increases with the remaining weeks of maternity leave that the mother would have been entitled to if she had not died.

Moreover, every working parent who has completed 6 months of continuous service with the same employer is entitled to 18 weeks of paid (again through a benefit from the Social Security Fund) parental leave for each child under the age of 8 or an adopted child under the age of 12 or a disabled child under the age of 18. In the case of a widowed parent, parental leave is extended to 23 weeks. There is a minimum parental leave of 1 day and a maximum of 5 weeks per year.

In addition, every worker is allowed 5 days of unpaid care leave (to provide personal care or support to a relative or person living in the same household as the employee) and 7 days of unpaid leave for reasons of force majeure (for reasons related to urgent family reasons involving illness or accident that require immediate personal care by the employee) per year.

This law allows for flexible work arrangements, i.e., employees who have children up to 8 years of age have the possibility to adjust their form of employment, among others by using telework, flexible hours, or by implementing reduced working hours. They also have the right to request to return to their original form of employment before the end of the agreed period for which flexible arrangements were made.

(Note that the changes brought by this law led to the update of the laws regarding termination of employment, social security, annual leave, and equal treatment of men and women in the workplace.)

Bargaining outcomes

There was not any notable developments regarding bargaining outcomes on working time, but there is an ongoing debate focusing around the national minimum wage (see below).

Debates on duration and organisation

In 2022 the Social Dialogue process regarding the national minimum wage was completed – the resulting degree was put in effect in 2023 (Ministry of Labour and Social Insurance, 2022). According

to the trade unions, the degree is a step backwards from the direction taken in 1992, when an agreement was signed by trade unions and employers' organisations which stated that the maximum duration of working time should be 38hr per week; it is habitual in collective agreements since then to provide a 38hr work week (Insider, 2022). The reasoning behind the view of the trade unions is that any mention of worktime has been omitted from the national minimum wage degree, apparently due to the insistence of the employers' organisations. Trade unions have protested against this, especially given the fact that earlier degrees, which covered only certain professions, provided for an hourly minimum wage for some of the covered vocations.

On the other side of the matter, employers' organisations and the government appear open to discuss regulating the working time issues plaguing the national minimum wage degree, but only after the first trial year is over (Stavrou, 2022).

Labour market shortages and social partners

The annual report 2022 on Job Vacancies of the Statistical Service of Cyprus is not yet available but based on the third quarter report of 2022, the job vacancy rate is 2.2%. In compared with the same quarter of 2021, there is a 44,3% increase and a 17.4% decrease in relation the second quarter of 2022. The largest job vacancy rates in the third quarter are observed in the following sectors:

- I. Accommodation and Food Service Activities 4.6%
- H. Transportation and Storage 4.5%
- E. Water Supply, Sewerage, Waste Management and Remediation Activities 3.5%
- J. Information and Communication 2.7%

Similarly, no new information on job vacancies by occupation is available. Based on the results of the latest study of the Human Resource Development Authority of Cyprus (HRDA, 2017), it was predicted that by 2027 there will be an increase in the number of people employed in all broad occupational categories. Specifically, the higher-level occupations that are forecasted to present the greatest employment needs until 2027 are:

- Accounting assistants (461 persons or 4.7% per year)
- Legal practitioners (254 persons or 4.5% per year)
- Nurses and midwives (230 persons or 3.7% per year)
- Accountants (157 persons or 3.1% per year)
- Secondary school teachers (141 persons or 1.7% per year)
- Other teachers not elsewhere assigned (136 persons or 6.0% per year)
- Loan and credit officers (118 persons or 2.6% per year)
- Commercial agents (112 persons or 2.0% per year)
- Journalists (101 persons or 7.1% per year)
- Trade managers (100 persons or 4.8% per year)
- Application developers (97 persons or 3.4% per year)

The middle-level occupations that are projected to have the highest employment needs (demand) up to 2027 are:

- Shop and ticket office cashiers (617 persons or 6.6% per year)
- General clerks (595 persons or 4.1% per year)
- Desk clerks (567 persons or 5.8% per year)
- Shop assistants (535 persons or 3.4% per year)
- Car, taxi, van and motorcycle drivers (288 persons or 3.8% per year)
- Storekeepers and clerks in transport and production (268 persons or 5.1% per year)
- House builders (251 persons or 3.7% per year)
- Cooks (244 persons or 4.7% per year)
- Private secretaries (234 persons or 4.1% per year)
- Truck and bus drivers (228 persons or 4.0% per year)
- Shopkeepers (203 persons or 3.6% per year)

Labour shortages in Cyprus remains an outstanding issue. The issue has been discussed within the frame of the Labour Advisory Council but social partners did not manage to come to decisions on policies addressing labour shortages in the long term. Cypriot businesses face shortages of skilled and unskilled staff, which remain accrue in certain sectors of the economy, such in accommodation and tourism sector. Employers' organizations stand for their position for the recruitment and employment of third country nationals with employment terms that do not comply with the provisions of the collective agreements, which is something to which trade unions are vehemently opposed. Furthermore, the plans and ambitions of the government for the green and digital transition, the process for the digitalization of public services and the on-going investments and location of international high-tech companies in Cyprus have widened the labour shortage gap but highlighted the skills needs in the sector, in particular, but across all sectors of the labour market, at the same time.

In addressing all these needs, the Deputy Ministry of Research, Innovation and Digital Policy issued the so-called Digital Action Plan (2021), a provision of the Cyprus Recovery and Resilience Plan 2021-2026, which foresees a budget of €30.65 million. The actual implementation of the Plan started in 2022 and provides a comprehensive approach for the support of the digital skills development of the workforce in the both the public and private sectors. It also provides for the upskilling and reskilling of ICT specialists, the training of citizens including the vulnerable and the redesigning of the educational system. More specifically, the Plan foresees the implementation of educational training programmes for society on two pillars (1) basic skills, aiming to equip citizens with the necessary digital skills for successful interactions, communication and transactions in the digital environment and (2) lifelong learning, aiming to empower citizens to effectively address the new challenges. Additionally, the Plan provides basic to advanced training programmes for the workforce in both the public and private sector and the unemployed. On the educational system, the Plan covers activities such as the equipment of digital infrastructures of schools, improvement of the educational curricula and preparation of new educational material for 120 school subjects to enhance digital skills and STEM methodology as a cross-curricular theme, advancement of Secondary Technical and Vocational Education, training of educators, promotion of STEM career paths and organization of awareness and cultural events for students, educators and parents.

A related development was the decision of the previous government to proceed unilaterally to a reform the employment rules of third country nationals. This 'New Employment Strategy for Third Country Nationals', which was adopted by the previous Council of Ministers in a hasty manner - just six days before handing over to the new government, has the potential to evolve to a huge labour dispute in 2023. The country's relevant trade unions have fiercely opposed the as per decree introduced new strategy, called the new government to revoke it entirely and to initiate consultations with the social partners. In the view of trade unions, the new strategy presents an effort to misuse vulnerable third country workers in order to further deregulate the country's labour market. They also criticise the fact that the new strategy does not provide for any substantial role for trade unions in the employment permission granting process.

The new labour minister, while identifying some concerns and operational issues, he expressed understanding for the previous government's act to forestall labour demand in view of the forthcoming summer season (Alphanews, 2023).

Other important policy developments

Employment status and contracts

No related developments, other than the new discussion regarding platform companies' employees and conforming to the legislation. After a spontaneous strike of delivery drivers (employed by contractors and provided to food delivery platform companies), a tripartite collective bargaining process was initiated to regulate the working conditions of these workers, regarding, inter alia, the new national minimum wage degree, working time (since many of them are students from third countries and as such cannot normally work for more than 20 hours per week), employer suitability (since many of them are asylum seekers and there are suitability criteria and certification an employer must acquire in order to employ them) etc (Cyprus Times, 2022).

Self-employed

In 2022 there was a court decision stating that the self-employed teachers in the various programmes of the Ministry of Education (which were turned from employees to self-employed contractors in 2014) must regain the status of wage employees. This is the second relevant court decision with the same outcome, the first coming out in 2020 (Cyprus News Agency, 2022).

In other developments, the new paternity leave, parental care, force majeure and flexible working arrangements law, voted in early December of 2022 (for more see above), excluded the self-employed, but the government appears committed to deal with this in 2023 (Stockwatch, 2022).

Wage setting

The minimum wage regime of Cyprus has been significantly reformed in 2022. The new regime, which was designed by the government unilaterally, extends coverage by minimum wage to all employees, except of the employees in agriculture, animal production, domestic work and maritime activities. The new regime was introduced with the release of a minimum wage decree by the Council of Ministers and entered into force on the 1 January 2022. The new decree KDP 350/2022 replaced the previous decree KDP 180/2012, which was providing coverage only to a fraction of the country's employees, namely to only nine professional groups.

The level of minimum wage is set at €885, increased to €940 after the completion of six months of continuous service. This represents an increase of just 1.7%, compared with the minimum wage 2012 thresholds of the previous regime providing coverage to nine professional groups.

The new minimum wage is expressed only in monthly rates, contrary to the previous regime, where the minimum wage of at least two professional groups with unregulated weekly working time was set in hourly rates. As the new regime does not fix any working time thresholds, combined with the absence of a statutory definition of normal daily (8 hours) and weekly (38 or 40 hours) working time, employees from different sectors of the economy may be required to work between 38 and 48 weekly hours to obtain the minimum wage rate. Thus, the actual minimum wage expressed in hourly units may diverge by 26.3%.

The new decree does not provide for any additional payments, such as 13th and 14th annual salary and does not provide for annual public holidays or the mode of remuneration of overtime.

The new decree provides for a sub-minimum of 75% applying to persons younger than 18 years old for casual work not exceeding two continuous months. The new regime provides also for reductions of 15% and/or 10% for persons, who, upon an agreement with their employer, are receiving meals and/or accommodation. In case the employee receives both accommodation and meals, the sub-minimum is set at 75% of the full rate.

For following adjustments of the minimum wage, the new decree foresees the appointment by the Council of Ministers of the ‘Minimum Wage Readjustment Committee’, composed by three representatives of trade unions, three representatives of employers and three independent academics or experts of recognised competence. Upon criteria, such as the purchasing power of the minimum wage, the level of employment and unemployment rate, the economic development and level of productivity, as well as the development of wages in the economy and their distribution and the impact that any change of the minimum wage may have on the level of employment, the indicators of relative and absolute poverty and the competitiveness of the economy, the committee submits a report to the Minister of Labour two months before any minimum wage readjustment. After collecting and considering the views of the members of the tripartite Labour Advisory Body, the minister submits a proposal to the Council of Ministers for the readjustment of the level of the minimum wage. Finally, the readjustment process shall be activated every two years, beginning with the 1 January 2024.¹

Further changes as regards the wage setting, include the amendment of the Protection of Wages law in 2022. The most important changes were: a) an inclusion and recognition of the role of collective agreements in wage setting; b) all deductions, including union dues or other agreed deductions, are covered by the law; c) the modernization the payment process by making obligatory for the employer to pay the employee by bank transfer (the bank may be of the employee's choice, while for weekly paid workers the payment may still be in cash); d) clarification on what the payroll statement must contain; e) setting of a time limit of 5 days from the day of payment for the statement to be given to the employee in writing or electronically – the minimum information that must be included in the payroll statement includes the working hours (Cyprus Bar Association, 2022).

Gender pay gap

According to the Cyprus Statistical Service, the gender pay gap in Cyprus was decreased from 10.4% in 2021 to 9% 2022 (Cyprus News Agency, 2021 & Brief Team, 2022). Furthermore, it is expected that the new national minimum wage (put in effect in 2023) will further decrease the gender pay-gap.

Health and safety

Although no relevant major policy packages nor changes to the legislation were passed in 2022, there were a series of (minor but nationwide encompassing) degrees and regulations regarding Health and Safety (Department of Labour Inspection, 2022):

¹ A detailed discussion of the Cyprus’s new minimum wage regime is included in the Economy and Employment Report 2022 of the Cyprus Labour Institute – PEO.

- The Safety and Health at Work (Medical and Laboratory Examinations of Employees working with Anticancer Drugs) Order of 2022
- The Safety and Health at Work (Medical and Laboratory Examinations of Employees in factories for preparation, standardization, packaging and repackaging of Plant Protection Products) Order of 2022
- The Safety and Health at Work (Protection from Electricity) Regulations of 2022
- The Safety and Health at Work (Protection from Electricity) Regulations of 2022
- The Safety and Health at Work (Fluid Systems) Regulations of 2022
- The Safety and Health at Work (Code of Practice for the Protection of Persons at Work During Dust Episodes) Order of 2022
- The Electricity in Factories Special (Abolishing) Regulations of 2022

Work–life balance

There was a major development regarding work-life balance in 2022, i.e., the new paternity leave, parental care, force majeure and flexible working arrangements law (presented in detail in the Developments in Working Time section). As mentioned above, the self-employed were excluded from the legislation, but the government appears committed to deal with this in 2023.

Lifelong learning and skills development

In 2022 the Human Resource Development Authority of Cyprus (HRDA) continued to provide a number of programmes regarding Life-long learning and skills development:

- Vocational Training Programmes for the Unemployed
- Vocational Training Scheme for the Long-Term Unemployed in Companies/Organisations
- Business Staffing Scheme for Graduates of Tertiary Education
- Special Vocational Training Scheme for the Unemployed in Public and Wider Public Sector Organisations, Local Government Authorities, Non-Governmental Organizations and Non-Profit Institutions
- Single Business Training Programs in Cyprus
- Single Business Training Programs Abroad
- Continuing Training Programs for Trade Union Officials
- E-Learning Supplement

For most of the above programmes the budget, the budgeted positions and the actual participation in 2022 increased significantly compared to 2021, however actual participation is still much lower than the available (budgeted) positions.

In addition to the above programmes from earlier years, in 2022 the HRDA initiated four new programmes:

- Digital Skills Vocational Training Programmes
- Training Programmes for the Acquisition of Knowledge and Skills related to the Green Economy
- Training Programmes for the Acquisition of Knowledge and Skills related to the Blue Economy

- Training Programs for the Acquisition of Entrepreneurial Knowledge and Skills Working life of Ukrainian refugees

Employment and working conditions

As early as March 2022, the Ministry Council issued a degree regarding employment permits for them. The main sectors which Cypriot employers were expected to absorb this newly-arrived workforce were hotels and catering, retail and construction (Michailides, 2022). After 7 months, and despite several issues regarding the access to the Cypriot educational system, the Ukrainian refugees who stayed in Cyprus managed to find employment, mostly in the sectors of hotels and catering, as well as customers' service, and with many of those who have university degrees being employed in various Cypriot companies (Mousas, 2022).

Social partner initiatives to support Ukrainian refugees

Back in March 2022, trade Unions argued for caution on the matter, with the Cyprus Workers Confederation stating that Cyprus must be especially careful regarding the new permits that must be granted for the provision of foreigners from third countries specifically for the upcoming tourist season. The Pancyprian Federation of Labour had requested a postponement of the process of deciding on the matter of work permits for foreigners from third countries due to the war, to take the time to assess the new situation and the relevant needs, especially since it was expected that Cyprus would not be visited by Russian tourists (a significant percentage of tourist that choose Cyprus) in the summer of 2022 (Adamou, 2022).

On the other hand, the Cyprus Employers and Industrialists Federation underlined that the need for additional workforce in the hotel industry specifically is high enough to absorb the Ukrainian refugees despite the war, and that their members are willing and able to offer employment to them. The Board of Directors of the Paphos Leisure Centre Owners Association had a meeting with the Ukrainian Ambassador to Cyprus Ruslan Nimchynsky in mid-March, to discuss the possibility of employment of Ukrainian refugees in recreation centres (Christodoulou, 2022).

Commentary and outlook

Cyprus is going into 2023 with a heavy-loaded labour-related agenda. The newly elected President of the Republic of Cyprus and his appointed Minister of Labour, Mr. Yiannis Panayiotou, who is taking office on 1 March 2023, are not expected to have a grace period. The new minister is called upon to find his way through challenging and pressing disputes.

The cost-of-living allowance (COLA), the country's wage indexation system, has become a major issue in the context of galloping consumer prices, as the transitional agreement of 2017 has expired at the end of 2021. COLA has been suspended in 2012 for the broader public sector and in 2013 for the private sector in response to a demand of TROIKA (IMF, ECB and European Commission). The transitional agreement of 2017 allowed the reactivation of COLA, however, with transitional rules, which should be replaced with negotiated permanent regulations. According to the 2017 agreement the permanent regulations shall not contradict the very philosophy of wage indexation. The efforts of the previous Minister of Labour in the second half of 2022 have not resulted in any permanent agreement, as the employers' organisations rejected COLA in general. Trade unions casted a successful three-hours long general strike on the 26 January 2023 and some days later announced that further actions were to follow after the presidential elections. The new Labour Minister has taken up COLA as a priority and confirmed the intention of the government to adhere to COLA, indicating, however, that some modifications are needed.

In relation to the recently introduced national statutory minimum wage regime, it is difficult to estimate whether the new government is intending to proceed with changes. The campaign of the elected president, welcomed the new regime and expressed some reservations regarding its level and the omission of the previous government to define the minimum wage as hourly rate. The new Labour Minister referred for any changes to the timetable as provided by the Minimum Wage Decree. Now it remains to be seen, whether the trade unions choose to put pressure on the government to address these and other adverse features of the minimum wage regime earlier than the first quarter of 2024. The minimum wage decree, namely, provides for a bi-annual readjustment, with the first cycle to commence after January 2024.

The 'New Employment Strategy for Third Country Nationals', which was designed unilaterally and adopted by the previous government in a hasty manner just few days before handing over to the new government, has the potential to evolve to a huge labour dispute in 2023. The country's relevant trade unions have fiercely opposed the new strategy, called the new government to revoke it entirely and to initiate consultations with the social partners. In the view of trade unions, the new strategy presents an effort to misuse vulnerable third country workers in order to further deregulate the country's labour market. They also criticise the fact that the new strategy does not provide for any substantial role for trade unions in the employment permissions' granting process. The new Labour Minister, while identifying some concerns and operational issues, expressed understanding for the previous government's act to forestall labour demand in view of the forthcoming summer season. The evolution of the dispute now depends very much from the trade unions' reaction and labour market developments in the coming months.

Moreover, the agenda includes the reform of the country's statutory pension scheme. The previous government initiated the consultation process just some days before the February's 2023 elections

by presenting various reform scenarios that an actuarial study, to be commissioned to ILO, shall deal with.

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