

Project of Scientific and Technological Park in CYPRUS



Preliminary Project Concept Report

Presented by
Yves RAYNAUD
General Manager of the French Riviera
Chamber of Commerce and Industry

(Chamber of Commerce and Industry and SAEM-SACA)

Contents

- I. Overall objectives of the Cyprus Government
- II. Key success factors and pre-requisites for the Cyprus Project
- III. Key strengths and weakness of Cyprus in relation to this Project
- IV. Possible major weaknesses and difficulties of the Project
- V. Park's Identity
- VI. Description of the targeted clients

Contents

- VII. Description of the Park
- VIII. Description of proposed ownership and operational philosophy of the Project
- IX. Type, scope and extent of support that will be required by Governmental and other authorities for the successful implementation and operation of the Project
- X. Conclusion



I. Overall objectives of the Cyprus Government

I. Overall objectives of the Cyprus Government

- ❑ To contribute to the diversification of the economy
- ❑ To achieve a satisfactory rate of sustainable development and to gain the biggest possible benefit from the accession of Cyprus to the European Union
- ❑ To extent and upgrade the infrastructure in the fields of research
- ❑ To capitalize on its location as one of the EU external borders and act as an economic, political and cultural bridge connecting the two shores of the Mediterranean
- ❑ To become an international center for the production of knowledge through scientific research
- ❑ To encourage the active involvement of the Cypriot scientists, both those living in Cyprus as well as abroad, in research and entrepreneurial activities



II. Key Success Factors and pre-requisites for the Cyprus Project

II. Key Success Factors and pre-requisites for the Cyprus Project

These Key Success Factors and prerequisites may be classified in three categories :

- 1 - Favorable economic environment
- 2 - Favorable implementation conditions
- 3 - Excellent Governance of the Project

1- Favorable economic environment

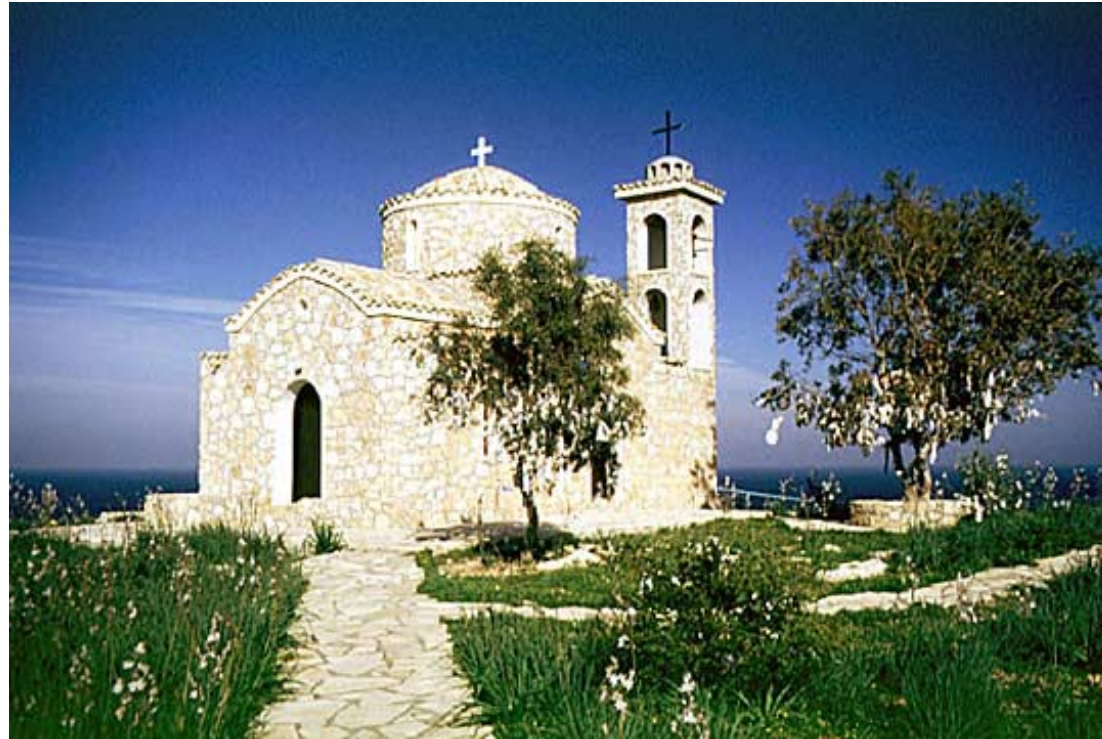
- Open Cyprus Policy for foreign high-tech investment
- Strong Public Program to facilitate and develop Research and Development activities
- Long term Development Program of the University and of other educational Institutions in Cyprus, especially in the Scientific and Technological Fields
- Major upgrade of Airports facilities and applied technologies and long term development of the airlines network from and to Cyprus
- Long term Development Program of the Congress and Exhibitions activities in Cyprus, targeting foreign visitors
- « Quality driven » programs for Public Services
- Strong program to facilitate the « in-house » development of new high tech Companies (incubators, Venture Capital, etc)
- Long term Political Stability

2 - Favorable implementation conditions

- Competitive prices for land and offices
- Competitive wages levels
- Financial incentives for implementation, for the first period (5 years approximately)
- Tax rates (Salaries, Added Value, Profit) and Social charges below European average
- State of the art infrastructures, facilities and services
- Short and efficient decision process for investment approval, land and offices acquisitions, residential and work permits
- High quality of english Teaching Schools
- Sufficient availability of offices spaces, warehouses, housing (for rent and sale)
- Large variety of spectacles (Theaters, concerts, movies... etc)
- High quality Telecommunication Network

3 - Excellent Governance of the Project

- Common Vision (medium and long term) at the Political Level
- Long term Commitment (25 to 30 years) by the Cyprus State
- Strong Positioning : A Major National Project
- Strong and clear Identity of the Park
- Clear Governmental Drive with appropriate financing for the first years and good balance between Land Development and Business Development
- Dedicated Development Agency (Public and/or Private)
- Long term public control of the land, for the Park
- Strict selection process of Companies authorized to locate in the Park
- Short term « relocation program » of existing high tech activities in Cyprus to reach rapidly a « critical mass »
- Strong and permanent communication and marketing of the Park



III. Key Strengths and weakness of Cyprus in relation to this Project

III. Key Strengths and weakness of Cyprus in relation to this Project

1 – Some economic data to describe Cyprus positioning

Global Competitiveness Report 2003 (World economic Forum)

Growth competitiveness ranking

- 1 Finland
- 2 United States
- 3 Sweden
- 4 Denmark
- 5 Taiwan
- 6 Singapore
- 7 Switzerland
- 8 Iceland
- 9 Norway
- 10 Australia

26 France

35 Greece

Business competitiveness ranking

- 1 Finland
- 2 United States
- 3 Sweden
- 4 Denmark
- 5 Germany
- 6 United Kingdom
- 7 Switzerland
- 8 Singapore
- 9 Netherlands
- 10 France

39 Greece

NOTA : Cyprus not yet classified

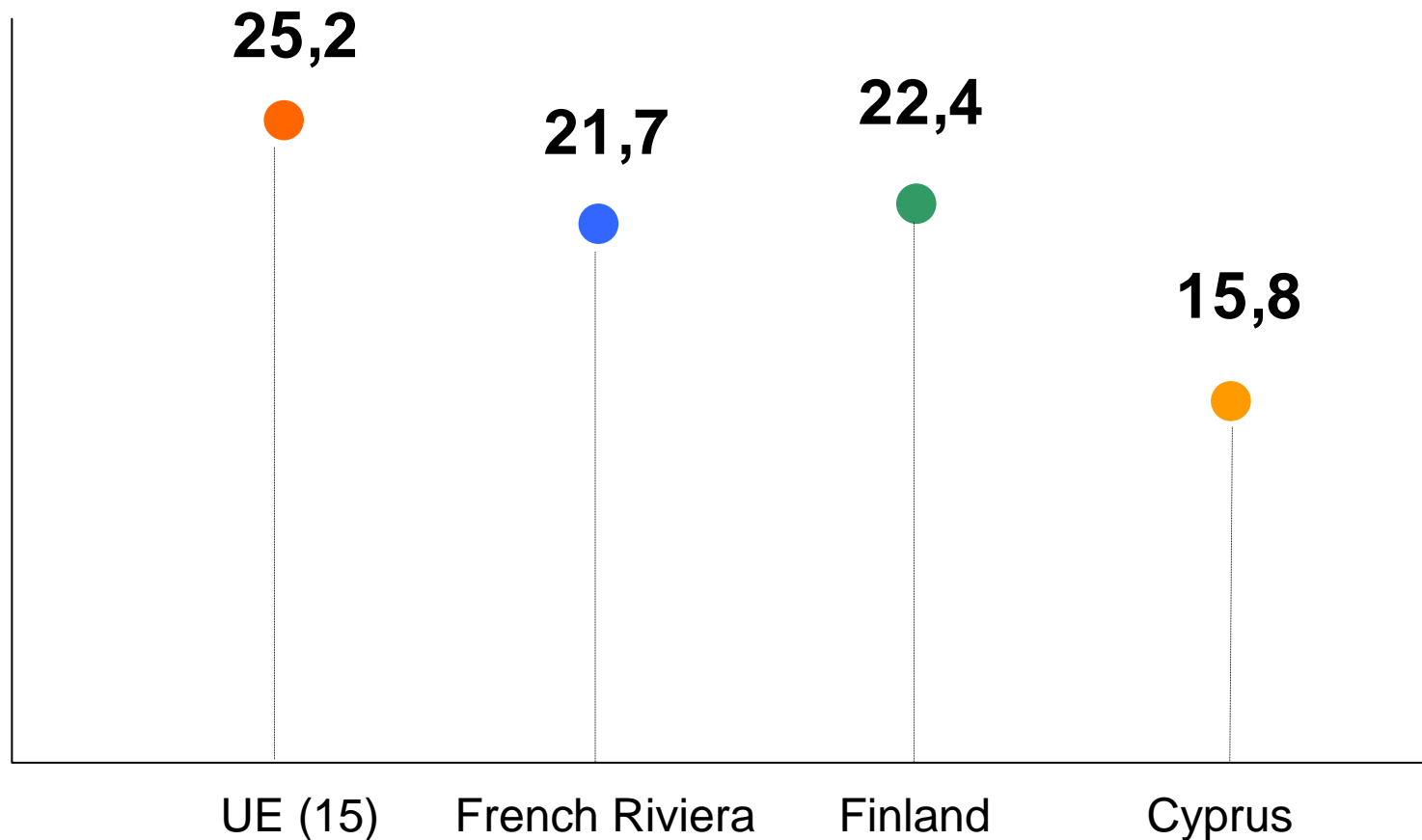
Geographical positioning



Geographical positioning

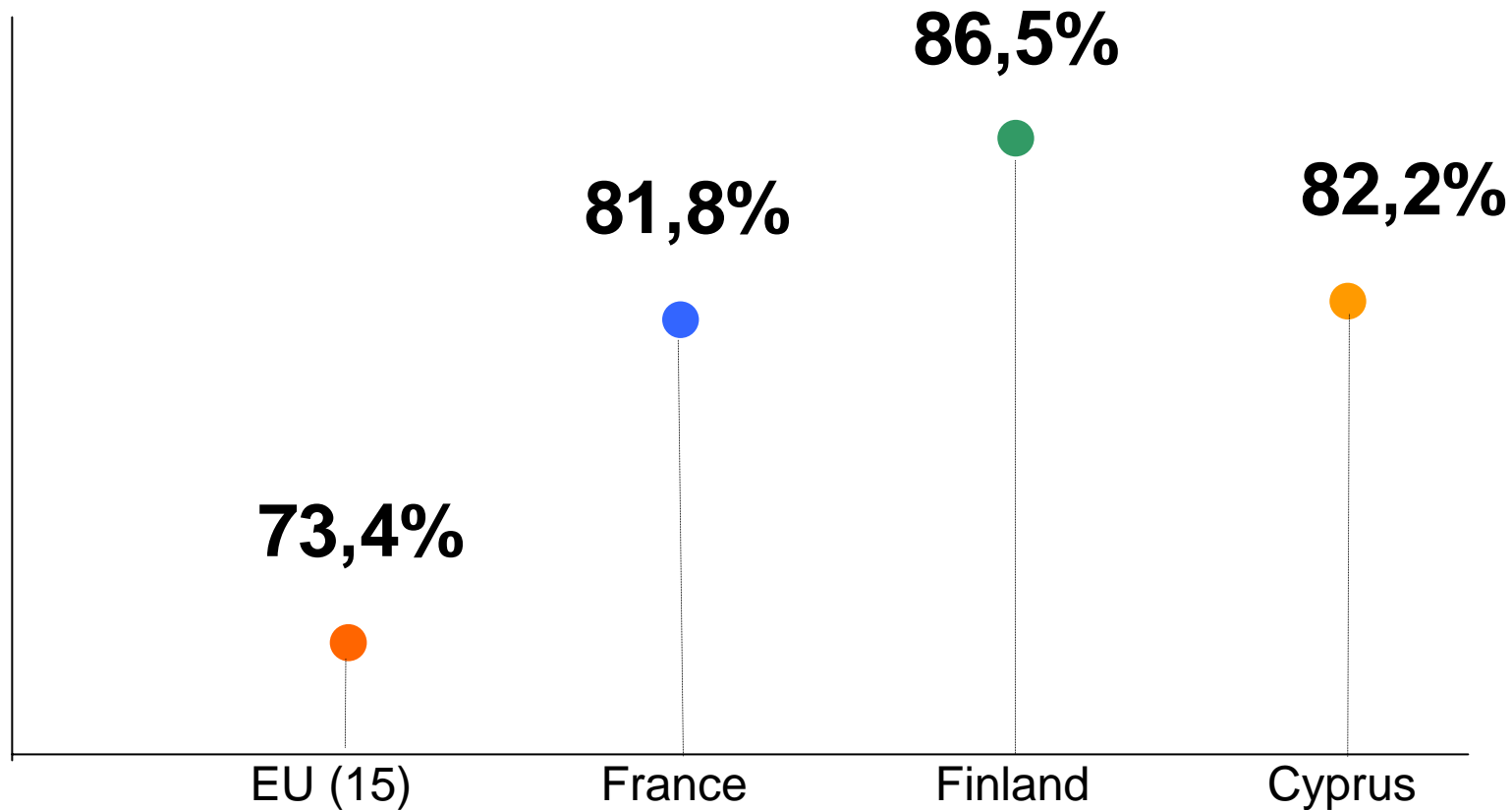


Gross Domestic Product per capita (K€)



References : Eurostat & SIRIUS Côte d'Azur (2003)

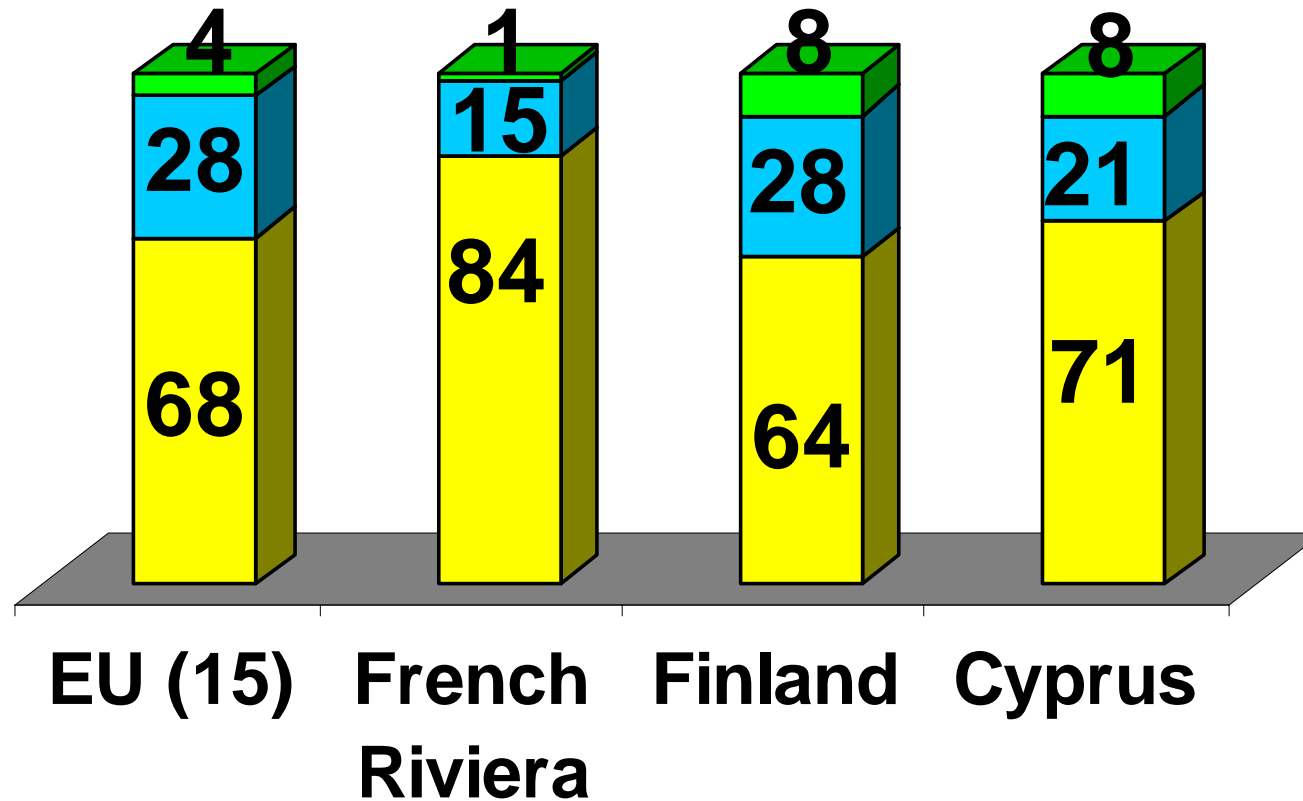
Level of education* (2003)



***Percentage of young people (20-24) having a secondary level/
total population of young people**

References : Eurostat

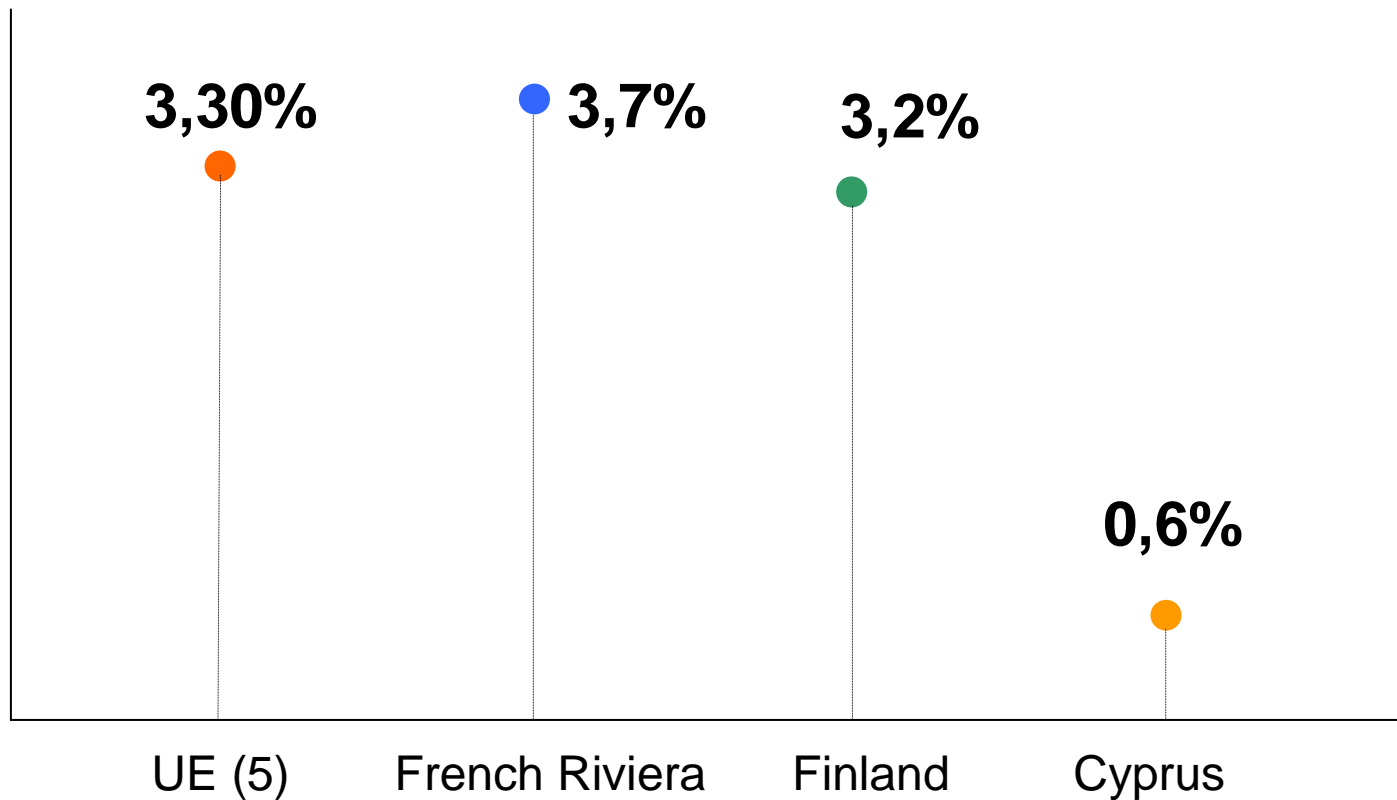
Labour force by branch of activity (%)



■ Tertiary ■ Industry ■ Agriculture

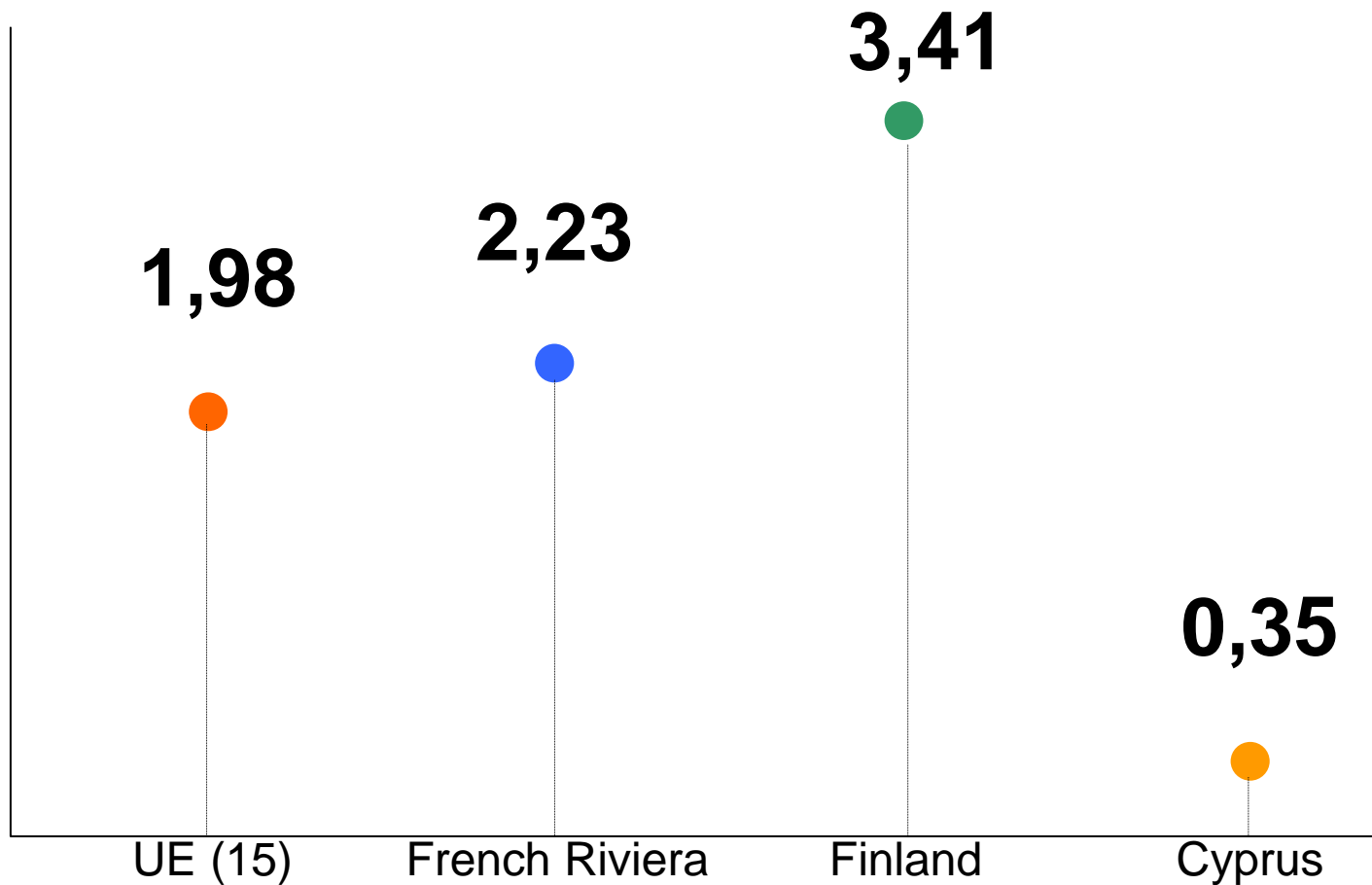
References : Eurostat, SIRIUS Côte d'Azur & the World Factbook from the CIA 2003

% of students per 100 inhabitants



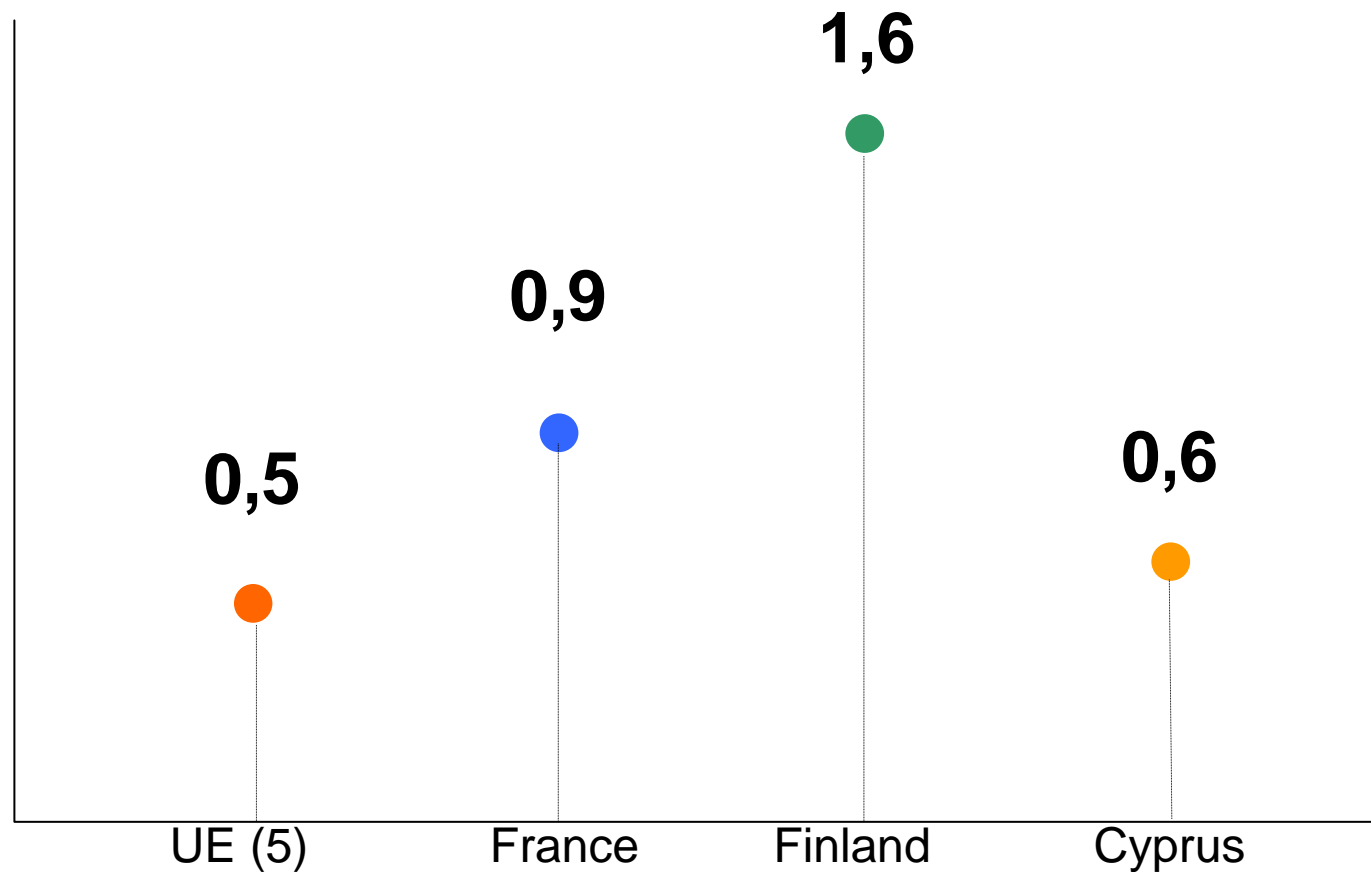
References : Eurostat & SIRIUS Côte d'Azur

Gross Domestic Expenditure on R&D as percentage of GDP (%)



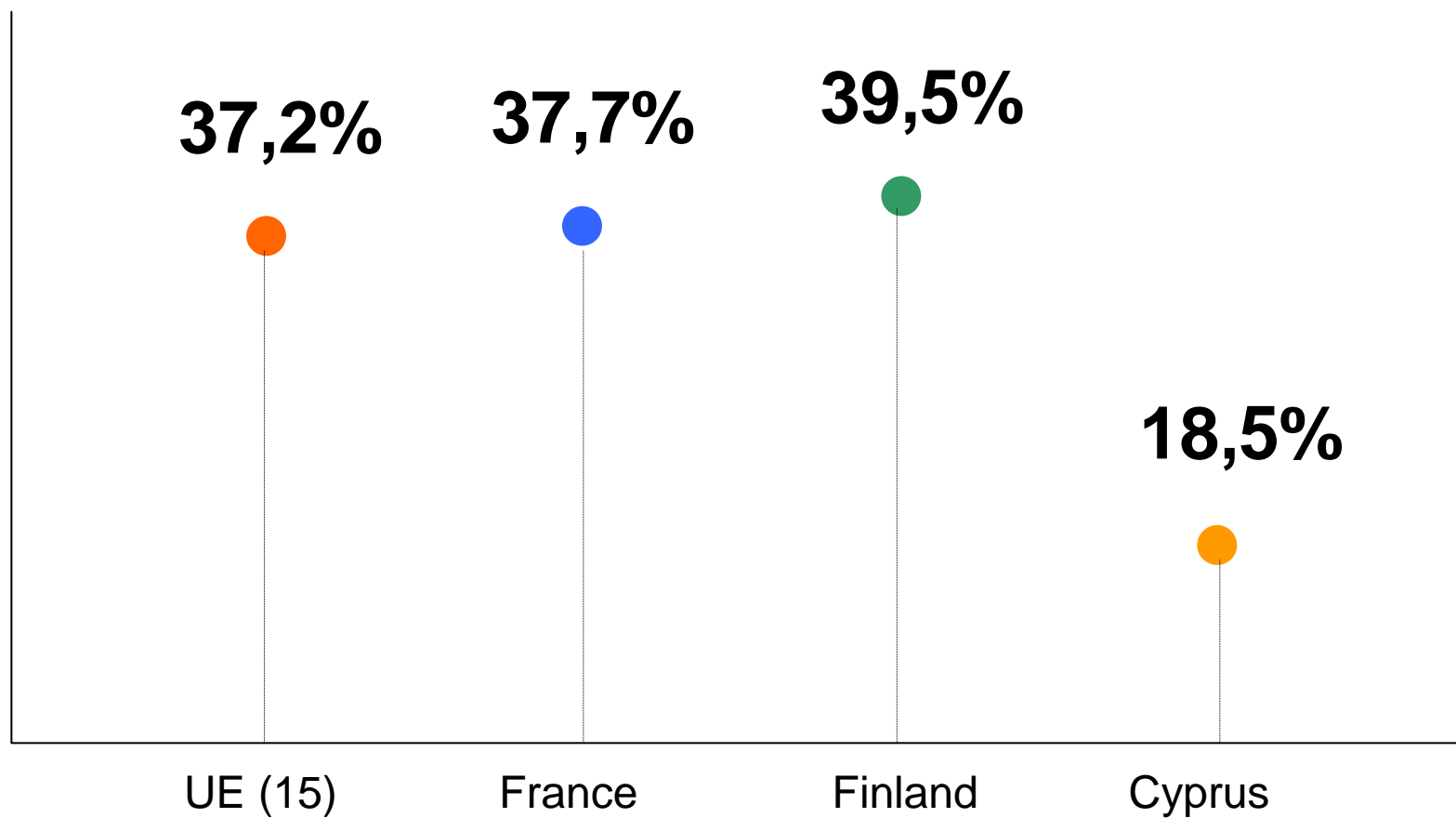
References : Eurostat

Foreign investment flow per one million inhabitants (billions €)



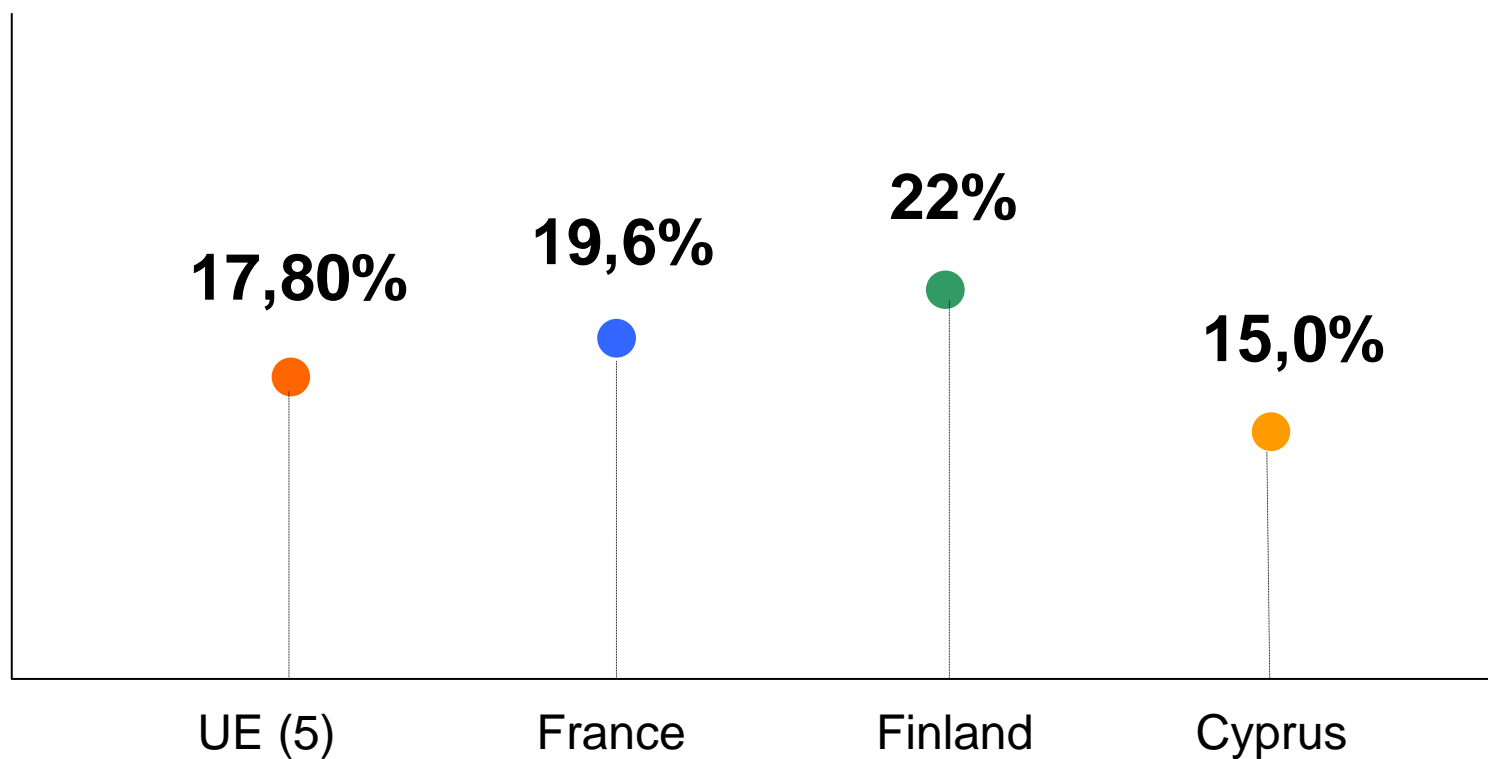
References : Eurostat & Economic services in french embassies

Tax wedge on labour cost (%)



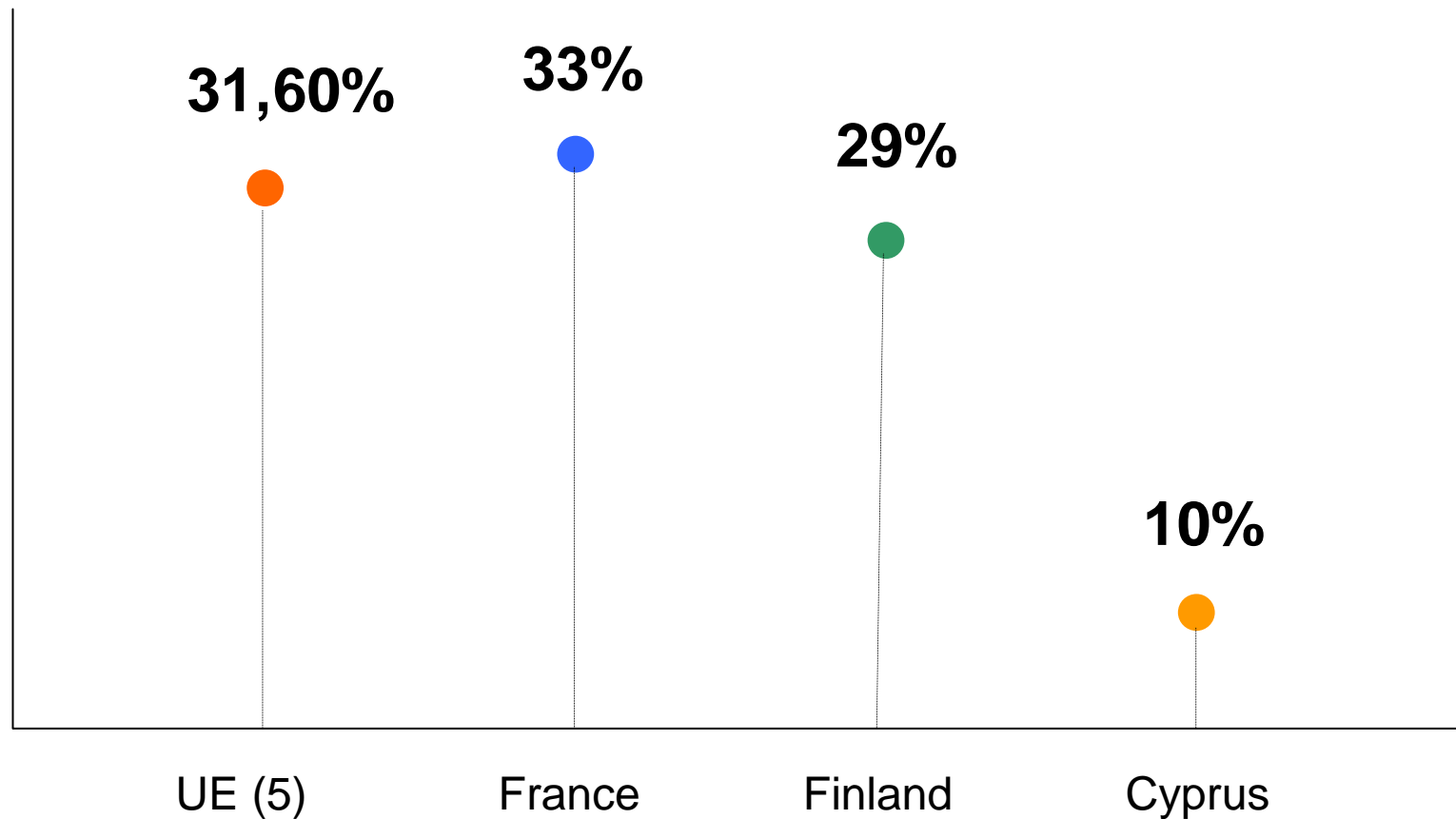
References : Eurostat

VAT standard rate (%)



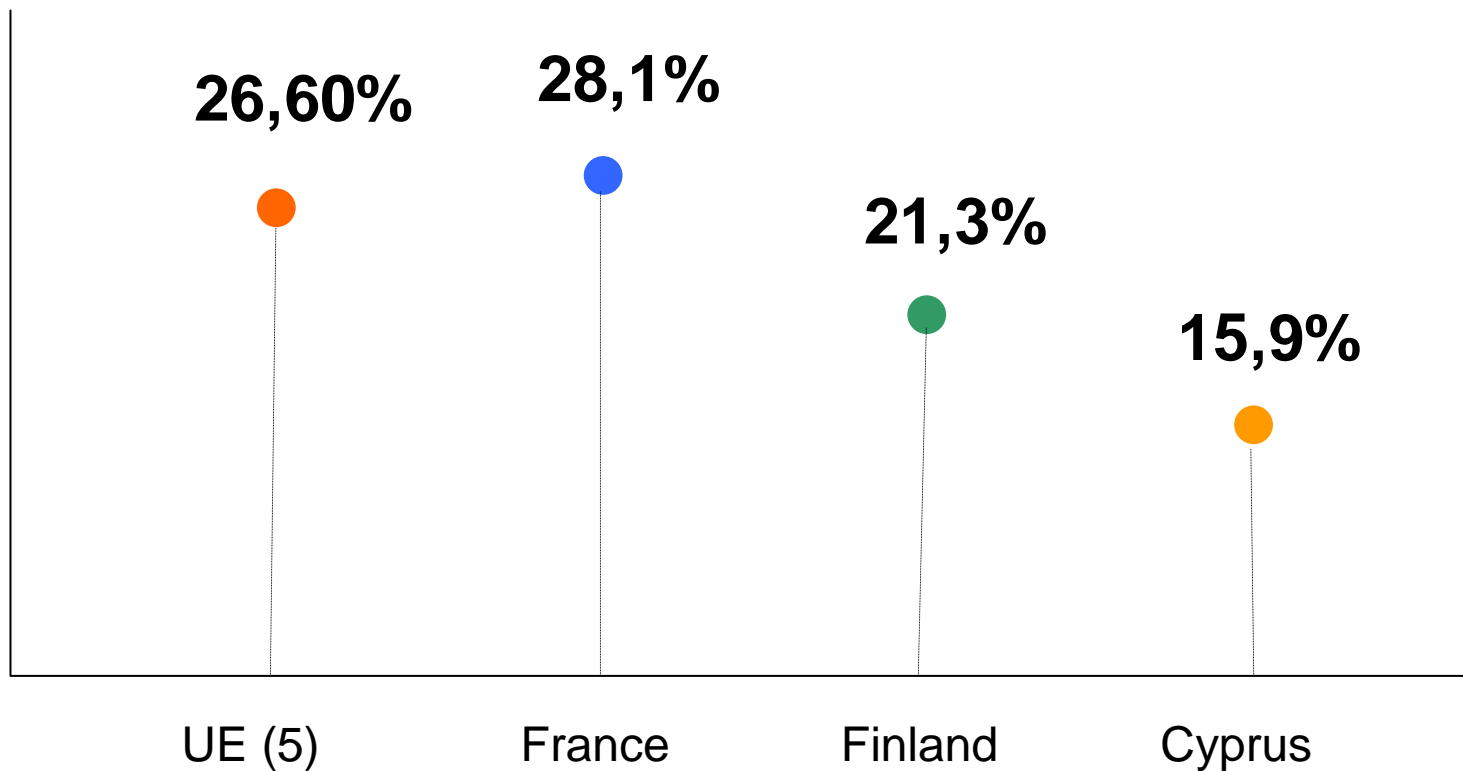
References : European Commission, Directorate General Taxation

Corporate income tax rate (%)



References : European Commission, Directorate General Taxation and CYSTAT

Employers' social contributions of total labour cost (%)



References : Eurostat

Cyprus Diaspora

United Kingdom	270 000
Other European countries	45 000
North America	52 000
Australia	75 000
Other continents	58 000
	<hr/>
TOTAL	500 000
 Population of Cyprus	 710 000

References

- ❑ The world factbook (France, Cyprus & Finland) from the Central Intelligence Agency <http://www.odci.gov/cia/publications/factbook/geos>
- ❑ EUROSTAT <http://europa.eu.int/eurostat>
- ❑ Directorate-General Taxation – European Commission http://europa.eu.int/comm/dgs/taxation_customs/index_fr.htm
- ❑ CYSTAT, Republic of Cyprus – statistical service <http://www.mof.gov.cy/cystat>
- ❑ SIRIUS, Chambre de Commerce et d'Industrie Nice Côte d'Azur
- ❑ Economic services in French embassies of Italy, Germany, Spain and UK when dealing with EU (5) data.

EU (5) data stand for the average of 5 countries : FR,IT, DE,SP and UK

The data are to be used carefully, since the corresponding years may be different in a same graph.

2 - Key Strengths

- Cyprus within the European Community
- East Mediterranean geographic position
- High education level of Cyprus population
- Cyprus Diaspora leaving in Europe and North America
- European community living in Cyprus
- Development, underway, of Cyprus University, incubators and new industrial policy
- Competitive level of wages, offices and home spaces, tax rates, social charges
- High quality Telecommunication Network
- Possibility of a strong governmental drive of the Project
- Quality of life in Cyprus
- Widespread use of English as a working language

3 - Key weaknesses

- Limited number of Cyprus inhabitants
- Remote geographic position vis-à-vis Western Europe
- Limited airlines links and poor airports facilities
- Low level of present High Tech activities : Companies, students, professors, R&D Programs
- Very low level of yearly foreign investments
- Intermediate level for international Congresses and exhibitions activities
- Cyprus global image : A tourist destination, not a High Tech Country



IV. Possible major weaknesses and difficulties of the Project

IV. Possible major weaknesses and difficulties of the Project

1 - Possible major weaknesses

To create a scientific and technological Park from a very limited « High Tech Base » in a remote tourist island

2 - Major difficulties of the Project

- To bring rapidly (within 2 to 3 years) significant improvements to the overall economic environment for High Tech Companies (including to encourage investment in innovation and technologies in existing Companies in Cyprus)
- To bring rapidly specific solutions and conditions to facilitate High Tech Companies arrivals
- To implement a short term « Relocation Program » of existing High Tech activities in Cyprus to reach rapidly a « critical mass » in the High Tech Park
- To modify Cyprus global image
- To have the Project well known at least in Europe, Middle East and North America



V. Park's Identity

V. Park's Identity

1 - Scientific and Technological Park

- Not a Business Center
- Not an Industrial Area
- Not a Shopping Center

2 - Dedicated to Innovation and Technologies

- University teaching activities in the scientific and technological fields (at least Post-graduate Programs)
- University, other Public and Private Research Centers (in same fields)
- Incubators and Nurseries (for same fields)
- Start-Up Companies
- High Tech Companies (including specific manufacturing)
- Business School (with a Department dedicated to Management of Innovation and Technology)

3 - International ... and also Domestic

- Venue of foreign Companies
- Relocation and creation of Cyprus Companies in the High Tech fields

4 - Multi-technologies Park

- Not one single technology : too risky
- Not all the new technologies : too difficult

5 - Potential technological domains

- Life Sciences, Agriculture and Fishing
- Computers and Communications
- Applied Software (Finance, Trade, Insurance, Automotive Industry, ... etc)
- Environment protection technologies
- Energy conservation

6 - Large Park

- Strong contribution necessary to create a « second economic » engine to the Cyprus economy
- Within 7 to 10 years : 5 thousand employees (and up to 10/15000, later, in case of success, either in the same park or in other location)

7 - High Quality Park

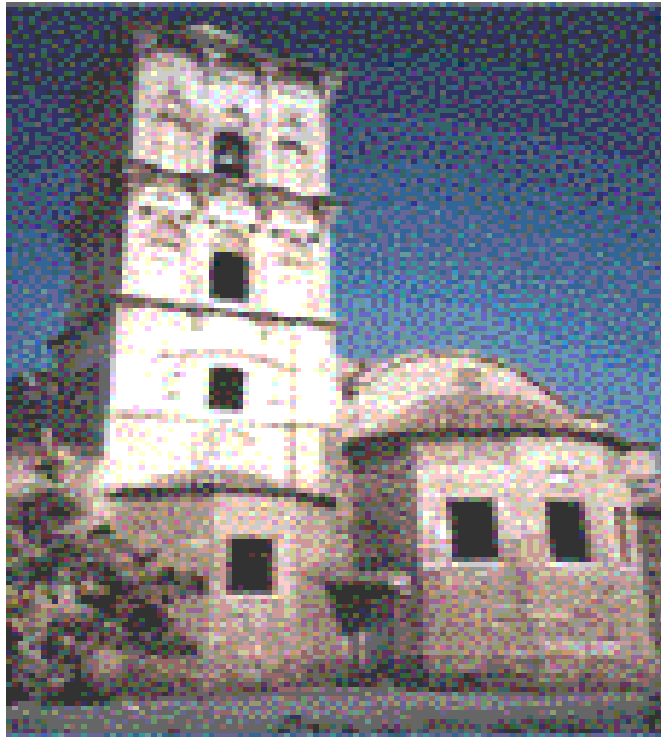
- « Green environment » (Not necessarily a « green belt » as in Sophia Antipolis »)
- Strict requirements for architectural rules
- State of the art infrastructures, facilities and services
- Excellent and certified maintenance
- High level security
- First class Park Development Agency
- Overall High Quality Requirements

8 - Park's Spirit

- Scientific and Technological
- International and Cypriot
- Strong entrepreneurial spirit
- Cross fertilization
- High Quality of Human Relations
- Simplicity, Modesty and Wisdom
- Permanent encouragement to Innovation
- Willingness to progress ... each year
- Directly connected and active member of the worldwide High Tech Community

9 - Park's Name

- Short, clear, strong



VI. Description of the targeted clients

VI. Description of the targeted clients

1 - Within Cyprus

- Existing High Tech Companies, Research Centers, laboratories, post-graduate teaching activities, to try to relocate within the Park
- New Cyprus Companies emerging from incubators or nurseries
- Some offices from the Cyprus Administration
- Later : Services Companies (Audit, Consulting, Finance, Legal, Insurance, Search... etc)
- ... and the Diplomatic Corps existing in Cyprus (not as a final client but as a communication channel)

Description of the targeted clients

2 - Outside Cyprus

- High Tech Companies working in the Technological fields selected for the Cyprus Park :
 - Already implemented in Cyprus with a sale and/or service offices
 - Founded and/or Managed by a Cypriot citizen from the Diaspora
 - With a rapid growth

- Universities, Research Centers and specialized public or private Agencies working in the technological fields selected for the Cyprus Park

Description of the targeted clients

3- Their line of Business

Essentially based on technologies selected for the Park

4- Size of their operations

Any size : From the Start-Up Companies to large multinational Companies

5- Present location

Primarily in Europe and North America. Then Asia. Then any other locations

6- Points of attractions to move operations

Favorable economic environment

Favorable implementation conditions

Overall quality of the Project

A clear positioning : Your high tech Base for Middle East operations

7- Area of concern to move to :

Favorable implementation conditions

High Quality of life in Cyprus

8- Best way to contact them

Several ways simultaneously from articles, advertising, specialized fairs, Diaspora, direct Marketing and two local agents (UK and USA)



VII. Description of the Park

VII. Description of the Park

1 - Services that will be required to meet the demands of the targeted clients :

- **Excellent Web Site** to present all informations related to the Project, to Cyprus economy, to Cyprus regulations for foreign investments, to Cyprus administrative procedures.
- **Advanced « Resources Center »** to present «on the Spot » the Park Project, Cyprus economy and to answer any questions from targeted clients
- **Powerful economic observatory** to gather all data needed for the website and the Cyprus Resources Center
- **Single office A** within the Park Development Agency to prepare any information and documentation needed by targeted clients to decide to come in
- **Single office B** in Cyprus for all administrative tasks related to realize an implementation, including creation of a new Company, resident and works permits (with a rapid decision process)

- 
- **Single office C** in Cyprus to provide all information and support needed for a new family coming in : Housing, Schools, Sports, medical assistance, clubs, tourism, etc...
 - **Single office D** in Cyprus to provide all support services needed by a new foreign Company (probably from the Chamber of Commerce)
 - Incubators and nurseries for new High Tech Companies created locally
 - Wide range of Services : Finance, Legal, Audit, Consulting, Insurance, Search, etc..., real-estate agencies, sport facilities etc..., not necessarily located within the Park during the first years
 - English speaking schools
 - Life long learning programs from the University and other educational Institutions in High Tech disciplines
 - Bars, restaurants and hotels
 - Leisure, culture and housing facilities nearby or in the Park

2 - The physical facilities that must be developed to house the provision of the services

- Dedicated building for the «Park Development Agency» including the «Advanced Resources Centers» and most to the «Single offices» (A to D). Approximately 500 m²
- Dedicated building for the incubators and nursery : Approximately 300 m²
- Private facilities for bars, restaurants and hotels
- Private facilities for services : Finance, legal, Audit, Consulting, Insurance, etc...
- Public facilities for University, Public laboratories, Police, Medical Services, etc....

3 - Characteristics of the location that will best suit the needs of the targeted clients

- Within 30 mn from the Airport of Larnaka
- Within 30 mn from Nicosia
- With a direct road connection to Larnaka, Nicosia and Limassol
- With potential housing and entertainment facilities within 20 mn
- Large area for long term development of the Park
- Secured land ; low risk of floods, fires, earthquakes
- Excellent availability of electricity, water, gas, Telecommunications

4 - Amount of land required to implement the Project (Preliminary estimate)

Number of targeted employees	5000 Within 7 to 10 years	15000 Within 15 years
<ul style="list-style-type: none"> □ Land for office buildings (including parking space and roads) 	80 HA	180 HA
<ul style="list-style-type: none"> □ Common "green" area 	30 to 60 HA	60 to 120 HA
<ul style="list-style-type: none"> □ Total land required 	110 to 140 HA	240 to 300 HA

5 - Suitable type of lay out for the proposed type of Project

- Not an industrial zone : will not be sufficiently attractive
- Not a forest : too costly and too «land» consuming
- A « campus » lay out with large green areas, some small lakes
- A non «perpendicular» lay out, but a diversified, «deregulated» lay out
- A lay out with at least a central "social life place" (cafés, restaurants, hotels, large meeting room, public services)

VIII. Description of proposed ownership and operational philosophy of the Project



1 - Ownership break-down

■ Public

- Roads
- Common «green» areas
- Public networks (if any) : electricity, water, gas, telecommunications
- Public buildings : University, Public labs and Research Centers, Park Development Agency (if public), incubators and nursery, other public services

■ Private

- Everything else
- Private lot of land may be purchased from an initial public ownership

2 - Ownership and land control

- Necessity to control, from the very beginning a large area of land (110 to 300 HA)
- Control may be achieved by a global public purchase
- Control may be achieved :
 - By an initial limited public purchase
 - A regulatory fixing of land price within the ultimate area of Park land



3 – Governance and Management

Governance : A Strategic Committee

Management : A dedicated Company :
Park Development Agency

Strategic Committee

- Chaired by the Minister of Industry, Commerce and Tourism
- Members : Representatives of the Cyprus Administration and of local Authorities

Representatives of the Cyprus Chamber of Commerce and Industry and of the Employers and Industrialists Federation

Representatives of Cyprus University and other educational Institutions and of the Cyprus Diaspora

Eventually, one or two external advisors

One permanent member from the Cyprus Administration to prepare the Strategic Committee meetings and follow-up implementation of its decisions

- Control : Cyprus State

Strategic Committee

- Missions :
 - Define major guidelines including request to different Ministries and to local authorities, *ie : tax clearance and other financial and legal incentives*
 - Define admission criteria for new-comers in the Park
 - Coordinate all governmental policies and programs related to that Project (Innovation, Technology transfer, Foreign investment, etc...)
 - To review and approve the Park 5 years development plan and Agency and Park Budgets
 - Define yearly objectives for the Development of the Park
 - Follow up the implementation of the Project including a formal annual review of the achievements and results
 - Define the necessary budget of public funds

- Meetings : two or three times a year

Strategic Committee

- A "Sub-Committee" : the Admission Committee

- Missions : To review the file of each candidate (Company, laboratory, educational entity) to relocate in the Park
To decide the admission (or refusal) (in line with admission criteria defined by the Strategic Committee)

- Members : to be decided by the Strategic Committee



A dedicated Company : Park Development Agency

Shareholders : Cyprus State, local Authorities
Cyprus Chamber of Commerce and
Industry
Employers and Industrialists Federation
Cyprus University and other educational
Institutions
Financial Institutions

Chairman : Not necessarily from the Cyprus State
and control May be assigned to one of the
Shareholders, associated with a strong
voting position

Park Development Agency

Fonctions :


- ❑ To implement the guidelines and the objectives defined by the Strategic Committee
- ❑ To prepare and up-date the Park "5 years development Plan"
- ❑ To develop the land : infrastructures, common areas, networks and services (including maintenance)
- ❑ To promote and market the Park
- ❑ To attract locally and internationally Companies, laboratories and educational Institutions to relocate in the Park
- ❑ To submit proposals to the "Admission Committee"
- ❑ To negotiate sales of land lots
- ❑ To facilitate new Companies arrivals
- ❑ To facilitate start-up creations and technology transfers
- ❑ To develop social life of the Park
- ❑ To periodically report to the Strategic Committee
- ❑ To prepare and control the Agency Budget and the Park Development Budget



IX. Type, scope and extent of support that will be required by governmental and other authorities for the successful implementation and operation of the Project


IX. Type, scope and extent of support that will be required by governmental and other authorities for the successful implementation and operation of the Project

- 1 - Setting-up a top quality task force to manage the Feasibility Study (with local and foreign representatives)
- 2 - Then, to announce a strong and long term commitment of the Cyprus Government for the High Tech Park as a National Project (to present officially this Park at MIPIM 2006 worldwide event in Cannes for business real estate)

- 
- 3 - Then to organize and conduct an interministerial program to enhance overall economic environment for the High Tech world and foreign investors (chapter 2 and 3 of this presentation)

The guidelines of the World Economic Forum Classification may be of interest.

- 4 - Then to set-up the Strategic Committee and as a Company the Park Development Agency
- 5 - Then to launch a strong "relocation program" of existing High Tech activities in Cyprus (public and private) to the Park
- 6 - To set-up appropriate land control and appropriate financing for land purchase and land development (roads and utilities network)

- 
- 7 - To set-up appropriate financial incentives for the first years to facilitate re-location of activities and Companies in the Park (from Cyprus and Foreign States)
 - 8 - To finance Public buildings and public operations within the Park
 - 9 - To provide political support and lobbying within Europe in order to connect the Cyprus Park to international business, innovation and scientific networks in Europe
 - 10 - To control periodically that the Park Development :
 - Remains in line with Governmental guidelines and objectives
 - Contributes positively to the Cyprus economy



X. Conclusion

X. Conclusion

Cyprus Technological Park Project :

Difficult and long term : Certainly

Necessary for the economic evolution of Cyprus : Certainly

Within Cyprus possibilities : No doubt

However an in-depth feasibility study is necessary :

- To check every assumptions
- To prepare proposals for governmental policies for high tech activities, foreign investments and Companies arrivals
- To finalize the Park's identity
- To finalize the Park's Governance and Management
- To set-up the first 5 years operational and financial plan
- To prepare the launching operation

Conclusion

- ❑ Cyprus entry in the European Community was the last strategic Challenge
- ❑ Cyprus Technological Park is the "economic engine" that will change dramatically and positively Cyprus economy and global position within Europe and Middle East (as Sophia Antipolis did for the French Riviera)
- ❑ This Project is an exceptional opportunity for Cyprus