



ENSURING THAT POLLUTERS PAY

Cyprus

Cyprus's revenue from environmentally relevant taxes remains close to the EU average. Environmental taxes stood at 2.6 % of GDP in 2019 (EU-27 average: 2.37 %). The largest portion of the environmental taxes were the energy taxes at 2.07% of GDP, against an EU average of 1.84 %. Transport taxes represented 0.52% of GDP (EU average being 0.45%), taxes on pollution and resources represented only 0.01%. In the same year, the environmental tax came to 7.3 % of total revenues from taxes and social security contributions (well above the EU average of 5.76 %). (Eurostat, 2019)

Further options

Pay as you throw and landfill tax

Cyprus could consider In order to reduce the amount of biodegradable waste sent to landfill, a PAYT scheme combined with a LFT has been proposed for Cyprus. Currently, citizens pay a fixed annual municipal solid waste fee, regardless of the amount of non-recyclable or recyclable waste they produce. A PAYT would seek to incentivise the separate sorting of waste by households as well as improve separate waste collection, e.g. through pre-paid bags. In addition to a PAYT scheme a landfill tax (at an initial rate of € 30/tonne) is suggested. Currently, Cyprus landfills the majority of its waste (76% in 2017) and lacks the infrastructure and systems for the separate collection of waste and diversion of organics from landfill.

Modelling carried out for the European Commission

suggests that a PAYT would have small negative effects on GDP in a scenario without revenue recycling. However, when the tax revenues are recycled back into the economy, the negative effect is partially mitigated by 2030, seeing a slight reduction to GDP of 0.08%. Depending on the type of revenue recycling, this could lead to either a very small decrease or a very small increase in employment. On the other hand, there are small positive GDP and employment effects to be expected from the landfill tax, due to investment in waste management facilities and a reduction in the cost of employing additional workers. [hyperlink to modelling]. An example of how a PAYT can be designed is in the factsheet for France

PLASTIC BAG LEVY

The Cyprus Plastic Bag Levy was introduced on 1st July 2018 by the Department of Environment of the Ministry of Agriculture, Rural Development and Environment, in the context of the island's harmonization, with the European Plastic Bags Directive, according to which Member states have to reduce the use of plastic bags to a maximum of 90 lightweight plastic carrier bags per person by the end of 2019 and 40 per person by the end of 2025.

How it works

Consumers in Cyprus have been required since July 2018 to **pay a levy of a minimum of €0.05 plus 19% VAT for each lightweight plastic carrier bag they use**. This price was set by the Department of Environment, while sellers of goods could potentially charge more per bag if they wanted. Sellers of goods are no longer allowed to freely distribute these bags and invoicing and costing of the lightweight plastic carrier bags are required to be demonstrated discretely in the relevant receipts. Exceptions to the legislation are only bags used as primary packaging, for hygienic reasons or for prevention of food waste. In December 2020, the cabinet decided to further ban all disposable thin plastic carrier bags at point of sale, including home delivery. This new regulation will enter into force after being passed by the House of Representatives.

What it does

It is estimated that in 2018, Cyprus had around 140 per capita annual consumption of plastic carrier bags. However, just after setting the Cyprus bag levy of €0.05 plus 19% VAT for each lightweight plastic carrier bag, the country was on course to bring down plastic bag use per person from 140 per capita per year to just 20, earlier than expected. In fact, just after a year of this legislation in place, the **reduction rate in supermarket use of plastic carrier bags across Cyprus reached 80% (equivalent to 140,000-380,000 plastic carrier bags per month)** compared to the supermarket data before the implementation of this legislation (which was around

1,200,000-2,600,000 plastic carrier bags per month).

Initially, the profits from plastic bags sales were intended to go into a special fund, so that the money could be used for charitable purposes. However, according to information from the Department of Environment, the money now remains with the sellers of the products, who are tasked with using it for raising awareness on the protection of the environment. Many sellers (mainly supermarkets) have already carried out several awareness-raising campaigns on the negative environmental impacts of plastic use by using these profits.

Stakeholder involvement

The Department of Environment of Cyprus made several [press releases](#) a few months before the introduction of the Cyprus plastic bag levy, as well as implemented a Cypriot-wide [campaign](#) to inform and engage industry and the public, that took place during June and July of 2018. They also developed and disseminated [information material](#) to the public/industry and run several [public consultations](#) to ensure stakeholders were informed and aware of the pending legislation and how to respond to it. The Department of Environment also run a [student-oriented environmental campaign](#) during October and November of 2018 for schools all over the country. The students were asked to create posters on plastic bag use and its negative environmental impacts to learn first-hand about the negative effects of reckless use of plastic carrier bags on the environment. Stakeholders who would like to comment on the plastic bag levy since its introduction can do so by contacting the Department of Environment via email/phone.

NGOs (environmental, consumer, green business networks, citizen science groups, etc.)

The following organisations were involved in the discussions around the setting of the price of the levy and the introduction of the legislation, as well as in the awareness-raising campaigns to inform industry and the public on the pending legislation and on available alternatives.

[Pancyprian Retail Association](#) [Email: info@pasyle.com]

Cyprus Association of Retail Trade Enterprises [Email: a.paschalidou@ccci.org.cy]

[Pancyprian Consumers Association](#) [Email: info@katanalotis.org.cy]

[Let's Make Cyprus Green](#) [Email: letsmakecyprusgreen@gmail.com]

[Green Dot Cyprus](#) [Email: admin@greendot.com.cy]

Some articles

Ηρακλέους, Μ., 2019. Ψηλότερο Τέλος Ή Οριστικό Τέλος Για Τις Σακούλες. [online] Kathimerini.com.cy. Available at: <https://www.kathimerini.com.cy/gr/periballon/psilotero-telos-i-oristiko-telos-gia-tis-sakoyles> [Accessed 11 December 2020].

ΛΑΖΑΝΙΑΣ, Χ., 2019. Ένας Χρόνος Χωρίς Δωρεάν Πλαστικές Σακούλες -Στο 80% Η Μείωση Της Χρήσης. [online] ΠΟΛΙΤΗΣ. Available at: <https://politis.com.cy/politis-news/kypros/enas-chronos-choris-dorean-plastikes-sakoyles-sto-80-i-meiosi-tis-chrisis/> [Accessed 11 December 2020].



WATER PRICING

Cyprus suffers from the highest water stress level in Europe, especially in years of excessive drought. Increased water demand in combination with climate change impacts have led to severe water scarcity, since demand surpasses the available water quantities by far. Cypriot Law 13(I)/2004 (section 32(i)(d)) the main piece of regulation on water consumption currently in force in Cyprus, is in line with the European Framework Directive on Water (2000/60/EC). In 2010, the national water authority re-assessed the pricing of water in order to fully comply with the EU Water Framework Directive and to appropriately account for water scarcity and the associated negative environmental impacts of extraction and use. The water is distributed to local municipalities by the water boards of each city, and the local municipalities then provide water to the end consumers (public, industry).

Cyprus has an extra charge on water pricing in place to account for the environmental harm of extracting water from a natural body and for the depletion of natural resources. The extra charge is added to both drinking water and water used for irrigation by households, agriculture and industry. Cyprus also enforces restrictions regarding the use of water for irrigation, but not for drinking water use. This water-pricing externality has been developed and applied by the Water Development Department, after the approval of the Council of Ministers and the Minister of Agriculture, Rural Development and Environment.

The environmental harm and depletion of natural resources fee is applied to the following water type/ sources:

- ▶ Drinking water from Government Water Works/ Government Water Supply Systems to local water supply authorities.
- ▶ Drinking water from water sources other than Government Water Works/Government Water Supply Systems (i.e. private boreholes, springs,

What it does and how it works

ivers)

- ▶ Fresh untreated irrigation water from Government Water Works/Government Water Supply Systems
- ▶ Irrigation water from water sources other than Government Water Works/Government Water Supply Systems (i.e. boreholes, springs or rivers and aquifers enriched with recycled water)
- ▶ Recyclable water produced by treatment plants managed by the state.

There are very few recent studies on the impact of the revised water pricing on water usage. The general perception is that it has not severely impacted behaviour, although I should note that there is generally high awareness amongst the general public of the fact that water is in short supply in Cyprus.

Stakeholder involvement

A broad range of stakeholders (business, science, NGOs) are involved in determining and setting the water prices. Their involvement typically takes place in the form of public consultations by the Water Development Department. Interested citizens who would like to engage with the Water Development Department on the issue of water pricing can do so by emailing/calling the Department to express their views.

Academics (universities, thinktanks research institutes, independent researchers)

Key Literature – Zachariadis, T., 2016. [Water Pricing In Cyprus](#). Cyprus University of Technology.

Anastasia Sofroniou, Steven Bishop, 2020. [Water Scarcity in Cyprus: A Review and Call for Integrated Policy](#). In: Tewodros Tena, editor. Water: Ecology and Management. Hyderabad.

Hadjipanteli, A., 2018. [Water Pricing Workshop: Water Pricing Policies In Cyprus](#). WATER DEVELOPMENT DEPARTMENT.

NGOs

The following organisations are mostly involved in conservation efforts and awareness-raising campaigns for freshwater and marine environments, supporting the Water Development Department in considering what price would best reflect the environmental harm of extracting water and of depleting natural resources.

[Enalia Physis Environmental Research Centre](#) [Email: info@enaliaphysis.org.cy]

[Federation of Environmental Organizations of Cyprus](#) [Email: info@oikologiafeeo.org]

[AKTI Project and Research Centre](#) [Email: akti@akti.org.cy]

[Let's Make Cyprus Green](#) [Email: letsmakecyprusgreen@gmail.com]



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