

The impact of Europeanization in Cyprus Contract Law and the spill-over to matters of civil procedure

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7.6 Impact Paragraph

One of the five headline targets of the Europe 2020 strategy was to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020.¹¹³ Although the number of people at risk of poverty or social exclusion fell by 3.1 million between 2008 and 2017, the EU remains far from its targets set by the Europe 2020 strategy.¹¹⁴ As Micklitz and Domurath emphasize, consumer credit plays a pivotal role for both growth and social inclusion because it enables citizens to foster economic growth by buying goods and services on the internal market and to fulfil their own consumerist desires and achieve a higher standard of living.¹¹⁵ Consumer credit has been increasingly expanded into all layers of society by liberalizing access to such credit, with Cyprus seeing a steady increase in the standard of living of its population after EU accession. However, the financial crisis which started in 2008 and hit the island in 2013 was a source of high levels of indebtedness and over-indebtedness which have led to foreclosures and risk of default. Courts, however, could use a number of contract doctrines to address the problems deriving from high levels of indebtedness, while EU regulatory law enables courts to further achieve this aim. The objective of this research was to analyze the impact that EU law has had in the areas of the law that can influence change in terms of problems of over-indebtedness (contract law) and are simultaneously influenced by them (civil procedure). This dissertation has provided examples of jurisprudence where European law was utilized in conjunction with other avenues offered by the common law of contract (such as undue influence and misrepresentation) in order to grant partial relief. This is evidence of both the influence of EU law in national contract law as well as the importance of courts and contract law in the aftermath of the global financial crisis of 2007-2008. Moreover, it examined the hurdles in the system of administration of justice and the role that EU law has played in the solutions adopted.

Contract law and civil procedure in Cyprus are only now experiencing major processes of transformation as a result of the financial crisis and the claims that reach courts, despite acceding to the EU 16 years ago. EU accession was initially seen by many as an opportunity for reform and modernization of the legal system of Cyprus. However, this will only be realized after the problems for the legal system caused by over-indebtedness, both with regard to substantive as well as procedural law, are resolved. Over-indebtedness problems and the congested judicial procedures, as a result of limited resources and a high number of applications, have been the impetus for change, with the EU having a major role in the solutions adopted. This dissertation examined this role of the EU and in general the influence of EU law with a particular focus on

¹¹² See *Section 5.8.1*. Wayne, Morabito 2012, p. 6.

¹¹³ Communication from the Commission “EUROPE 2020: A strategy for smart, sustainable and inclusive growth” COM(2010) 2020.

¹¹⁴ Eurostat, Europe 2020 indicators – poverty and social exclusion see https://ec.europa.eu/eurostat/statistics-explained/index.php/Europe_2020_indicators_-_poverty_and_social_exclusion.

¹¹⁵ Micklitz, Domurath 2016, p. 3.

the consumer *acquis*, on Cyprus law and how, and to what extent, private law in Cyprus has changed as a result of the Europeanization of the law. The theory of competition between legal systems is used in order to explain the drivers of change within the EU in general and Cyprus in particular. The dissertation also is aimed at incorporating Cyprus into the literature on mixed jurisdictions, examining the basic legal institutions, and whether the legal system, due to its mixed character, has been more receptive to EU influences. The analysis of the jurisprudence from Cyprus and the cross-comparisons with other jurisdictions that have been influential for the development of Cyprus law, are available to both Cypriot lawyers and academics, as well as jurists and groups working on harmonization of laws, in particular contract law and civil procedure.