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1. New and Upcoming Publications/Podcasts (www.FEScyprus.org)

May



Hubert Faustmann, Gregoris Ioannou, Sertac Sonan
Cyprus, Trade Union Monitor [for 2019]
(In English, German)



Ömer Gökçekuş, Sertac Sonan
Socio-Economic and Political Impact of Austerity Policies in North Cyprus: A Brief Assessment
(In English, German, Greek, Turkish)



Sertac Sonan, Ebru Küçükşener, Enis Porat
Politics and Society in North Cyprus: A Survey Study, 2019 Report
(In English, German, Greek, Turkish)



Ömer Gökçekuş, Sertac Sonan
Corruption Perceptions in North Cyprus: 2019 Report
(In English, Turkish)

Podcast: The LGBTI Movement in Cyprus

With Enver Ethemer, Independent Researcher & Co-founder, Envision Diversity; Okan Bullici, Psychologist & Co-founder, Envision Diversity, Nayia Kamenou, VC2020 Senior Lecturer, School of Applied Social Sciences & Deputy Director, Media Discourse Centre, De Montfort University, UK; Costa Gavrielides, Adviser to the President of the Republic of Cyprus for Multiculturalism, Acceptance and Respect to Diversity & Former President, Accept – LGBTI Cyprus (2012 to 2017)
(In English)

<https://www.facebook.com/600328553408402/posts/2980377862070114/?d=n>

or:

<https://www.fes.de/mediathek/hoerbar/permalink/default-ce4a91a247-1-2-1-1-1?fbclid=IwAR0zIMMX0sBGe1OI2yFZ85sc9COBoB5rzzeSA4UenNYCy0VT0A5WT1gyF9o>



Podcast: The Impact of the Covid-19 Pandemic on Cyprus as a new Migration Hotspot

With Nicos Trimikliniotis, Professor of Sociology at University of Nicosia. Head of the team of Cyprus' team for the Fundamental Rights Agency of the EU.
(In English)



1. FES Cyprus Events

All upcoming public events have been cancelled until further notice in response to the spread of the corona virus.

2. Cyprus Problem

On May 21 Greek Cypriot and Turkish Cypriot leaders, Nicos Anastasiades and Mustafa Akinci, agreed to open the checkpoints on June 8 for certain groups of people including cancer patients, students and Maronite enclaved residing in the north. They also agreed to reconvene the bicomunal Technical Committee for Health as soon as possible to exchange views on the gradual reopening of the crossing points. However, within the semi-presidential system in the north the government made up by UBP and HP did not agree with the decision of the president. The TRNC¹ health minister Ali Pilli stated the crossing points would not open on June 8 if the south continued to report new cases of COVID19.

¹ The Turkish Republic of Northern Cyprus (TRNC) is only recognised by the Republic of Turkey. While for Turkey and the Turkish Cypriots, Mustafa Akinci serves as President of the TRNC, the international community considers him the communal leader of the Turkish Cypriots. As the government of the Republic of Cyprus remains internationally recognised as the government of the whole of the island, the entire island is now considered to be a member of the European Union. However, the *acquis communautaire* is suspended in northern Cyprus pending a political settlement to the Cyprus problem (see Protocol no. 10 of the Accession Treaty).

Members of the Health Ministry's advisory committee on the coronavirus are expected to take part in a teleconference with the Technical Committee for Health discussing the reopening of the crossing points on June 1st. The committee will assess the epidemiological situation on both sides. Turkish Cypriots have not reported a Covid-19 case in several weeks while the Republic of Cyprus has been consistently reporting low single digits.

In a letter addressed to the Turkish Cypriot leader Mustafa Akinci, the UN Secretary-General (UNSG) Antonio Guterres welcomed the sharing of information between the two leaders in the fight against the Covid-19. Guterres also urged the leaders to find additional ways to build trust between the two communities, noting that he expected a joint decision on arranging for the re-opening of crossing points as soon as the health situation on the island stabilized. The UNSG also encouraged the leaders to work closely with his representative in Cyprus, Elizabeth Spehar, on all issues. Finally, Guterres also said that he was aware that there were contacts with Spehar for financial and technical support to the Turkish Cypriot community and that he had noted their request for support, reassuring that the UN would continue to evaluate possible options to enable help during the pandemic.

According to Greek Cypriot negotiator, Andreas Mavroyiannis, Guterres is interested in getting actively involved in the Cyprus problem, but the process is being hindered by Covid-19. Mavroyiannis noted that the pandemic has pushed the Cyprus issue back and

developments are not expected before the elections in the north which were moved to October 2020.

The two main opposition parties on both sides of the divide (which both belong to the political left), the Republican Turkish Party (CTP) and AKEL issued a joint statement where they underlined the need to strengthen cooperation and solidarity between the two sides in order to tackle issues which have emerged as a result of the Covid-19. The two parties also praised the work carried out by the Bicomunal Technical Committee on Health during this period.

Turkish Cypriot workers employed in the south, who had not been able to go to their workplaces due to the closing off of the crossing points, staged a protest at Metehan/Agios Dhometios crossing point calling on both sides to address their problem. According to the Turkish Cypriot daily Yeniduzen, a representative of the protesters said when the families of the workers were accounted for around 6,000 people were affected.

On May 4 the Stelios Philanthropic Foundation donated 50.000 British pounds to the Turkish Cypriot community to support people on the front-line dealing with the coronavirus pandemic.

3. Hydrocarbons

On May 26, the cabinet ratified the EastMed gas pipeline project, which had been signed in

January 2020 between Greece, Israel, and Cyprus. The project is also supported by Italy, which has not signed the agreement yet. The EastMed project entails a 1,900km natural gas pipeline to connect the gas reserves of the eastern Mediterranean to Greece. The project includes a 200km offshore pipeline section that will start from Israel's Leviathan gas field and end in Cyprus, connecting the Aphrodite gas field. The agreement is expected to be submitted to parliament for approval.

Speaking to Turkish TV station Attalia DIM TV on May 24, Turkish Foreign Minister, Mevlut Cavusoglu, stated that only Turkey continues drilling in Cyprus despite the pandemic, supporting the notion that it is up to the Greek Cypriot side to reach a compromise with the Turkish Cypriots. Cavusoglu further noted that if there was an agreement between the Greek and Turkish Cypriots on natural gas, Ankara would reconsider its licensing agreement with the north, but would continue drilling south-west of Cyprus.

On May 15 according to a statement adopted by the Council of Foreign Ministers (FAC), which convened by teleconference, the EU27 member states expressed their full solidarity and support for Cyprus' sovereignty, as they condemned Turkey's illegal actions within the island's Exclusive Economic Zone (EEZ).

In statements to the press on May 16 after a foreign affairs committee meeting in parliament, Rome's Foreign Minister Luigi Di Maio stated that Italy's ENI will not abandon the island while its licence is still in date. Earlier in the month, energy companies ENI and

France's TOTAL had notified the government that they are postponing their scheduled gas drilling operations off Cyprus for approximately one year. The two companies had planned to carry out exploratory drilling at a site dubbed Kronos in block 6 of Cyprus' EEZ.

According to Charles Ellinas, senior fellow at the Global Energy Centre of the Atlantic Council, Cyprus should re-examine and redirect its energy strategy as the future of the EastMed gas pipeline is not promising.

4. Greek Cypriots

Economic Developments

On May 27, Anastasiades announced a new economic package designed to jumpstart the economy which has been crippled by the two-month-long closures due to the pandemic. The new plan consists of €430m in direct government assistance, and the unlocking of up to €1.7bn in new credit facilities. It was released after the government had to pull its original plan as many changes requested by other parties made it unworkable. Among the measures announced were:

- €800m in liquidity to be made available through the Cyprus Entrepreneurship Fund, a joint venture of the European Investment Bank and the Republic of Cyprus, to finance small and medium-sized enterprises (SMEs). Eligible for this will be SMEs with a maximum of 250 staff per business.

- In partnership with the European Investment Bank, the government will increase by €500m the existing credit line to SMEs and mid-caps. Eligible are companies registered and operating in Cyprus and employing up to 3.000 staff.
- Cyprus is expected to tap between €300m and €400m from the Pan-European Guarantee Fund, the beneficiaries of which are SMEs and mid-caps damaged by the effects of the pandemic. The loans in question will be guaranteed by the Pan-European Guarantee Fund up to 80%. To be eligible, businesses must not have axed any jobs during the restrictions.
- The government will roll out an interest rate subsidy scheme covering businesses as well as self-employed people who are affected due to the pandemic. It relates to loans granted, or to be granted, from March 1 to December 31, 2020.
- The government will subsidise rents for a fixed duration and with a ceiling on the amount of home loans. These are loans granted, or to be granted, between March 1 to December 31, 2020 and will not exceed €300,000 per case.
- The government will provide direct grants to small businesses and the self-employed, covering a part of rental costs and operating costs, car-

rying a €100m price tag for the state. It applies to around 50,000 small businesses that employ up to 50 staff, which partially or wholly suspended their operations. Businesses will be granted the following amounts: for employing up to one person, €1,250; from two to five people, €3,000; six to nine people, €4,000; 10 to 15 people, €6,000.

- Incentives schemes worth €6.3m for the tourism and aviation sectors will be provided, bringing the total allocated amount by year's end to €15.7m.
- Hotels and catering operations will benefit from a reduction on VAT from 9% to 5%, valid from July 1, 2020 to January 10, 2021.
- €22m in grants will be provided to support the agricultural sector.
- The cabinet has instructed all government departments to immediately launch tenders for development projects.

The plan to restart the Cyprus economy was well-received, overall, by economists and analysts. Former finance minister, Harris Georgiades described the measures as the biggest state intervention since the establishment of the Republic.

According to data released by the Central Bank of Cyprus (CBC) Non-performing loans

(NPLs) in the Cypriot banking system declined to €8.97bn at the end of 2019, with the NPL rate amounting to 27.9% of total loans. NPLs in end-December 2019 marked a reduction of €561m compared with end-September 2019 or 5.9%.

Cyprus will allow commercial flights to Larnaca and Paphos airports in two phases, from June 9 and June 20, from two groups of 19 countries selected by the government's epidemiological team according to their respective epidemiological status. The first category includes: Greece, Malta, Bulgaria, Norway, Austria, Finland, Slovenia, Hungary, Israel, Denmark, Germany, Slovakia, and Lithuania. Six more were placed in category 'B': Switzerland, Poland, Romania, Croatia, Estonia, and Czechia. People arriving from category A countries will not be required to have a test certificate after the start of the second phase on June 20, but those coming from category B countries will still be required to have a test certificate. Sweden is excluded from both groups as there are concerns in several European countries that by allowing Swedish tourists in the risk of new infections would increase.

According to Deputy Minister for Tourism, Savvas Perdios, Cyprus hopes to regain lost ground in its tourism sector from July and expects to be able to re-admit British and Russian visitors. With hotels set to reopen on June 1, best expectations are that about 30% of last year's total of 3.98m visitors will be received this year. Tourists from Israel, Germany, Austria and Switzerland have shown an interest in holidaying in Cyprus this summer.

Meanwhile according to the head of the Paphos hotelier's association Thanos Michaelides, hoteliers in Paphos have not decided when to open and which hotels will operate because they reportedly do not have enough information. Michaelides stated that the UK and Russia, which account for close to 70% of arrivals, are still in the lockdown phase and are not in the two categories of countries from which visitors will be accepted, on June 9 and then from June 20.

According to a study from the Economics Research Centre at the University of Cyprus in May 2020, economic sentiment in Cyprus deteriorated further as the Economic Sentiment Indicator (ESI-CypERC) decreased by 4.1 points compared to April 2020.

Domestic Developments

In May, the confirmed COVID19 cases rose from 850 to 944. In total, 24 people with Covid-19 have died, but the virus was the underlying cause of death for 17, for a case fatality rate of 1.8%.

On May 4, Cyprus began easing out of lockdown when a series of phases were introduced to restart economic activities and allow the public to move more freely. On May 21 as confirmed cases of the virus remained in single digits and with the green light for the second phase of reopening provided by the scientific team, curfews and the need for SMS permits to go outside for any reason were lifted, following a two-month lockdown. Gatherings of more than 10 people are still

banned. The third phase is planned between June 9 and July 13 and it includes the reopening of airports, ports, open theatres and cinemas, and gyms.

According to Health Minister, Constantinos Ioannou, Cyprus is the only country in the EU besides Malta to have tested more than 12% of its population for the coronavirus. To date in Cyprus, more than 106.000 tests for Covid-19 have been conducted.

Citing international research, Leontios Kostrikis, a leading member of the ministerial epidemiological team stated on May 29 that there will be no second wave of Covid-19.

The government's new stimulus package, announced on May 28 received a mixed reaction from a divided political field, calling for parliamentary scrutiny especially from AKEL's general secretary, Andros Kyprianou and DIKO's president, Nicolas Papadopoulos.

DISY's president Averof Neophytou meanwhile said the second iteration of the package was stronger than the first and was largely in line with the government's position. The New Wave (Neo Kyma) movement claimed that the government's economic plan as being devoid of vision because of its overdependence on tourism and construction.

The European Asylum Support Office (EASO) announced on May 27 that it was gradually and safely resuming elements of its operations in Cyprus, Greece, Italy and Malta which were suspended due to Covid-19.

Labour Relations and Trade Unions

On May 6, the Pancyprian Association of Entertainment Center Owners (PA.SI.K.A.) held a rather creative protest in Limassol by placing empty seats in a central square of the city. The protest's slogan was "Restaurants demand, they do not beg". They symbolically expressed the concern of thousands of business-owners and their employees for the future of the industry due to the pandemic.

On May 15, trade unions sent a letter to the Minister of Finance regarding the circular suspending new hires in the Public Sector, in the wider Public Sector and in the paid-by-workhour Governmental Personnel. The trade unions disagreed with the decision since the trade unions were not informed and dialogue did not take place. They asked the Minister to revoke the decision and to engage in dialogue with the Trade Unions.

On May 21, Pensioners' union EKYSY sent a letter to the Ministers of Interior and the Minister of Labour and Social Insurance asking for an end to the double health insurance of domestic caregivers who care for retirees. According to the law, all citizens who have their usual residence in the Republic of Cyprus-controlled areas and are European citizens or third-country nationals who have acquired the legal right of permanent residence, are eligible for the General Health System (GESY) and are therefore obliged to contribute to GESY. At the same time, the Law on Foreigners and Immigration creates a separate obligation for having a private insurance, with the result that both the employer (retiree) and the foreign employee are obliged to pay dou-

ble the fees in order to have access to in-hospital and outpatient care. EKYSY demands that the current legislation needs to be amended.

On May 25, the Minister of Labour and the trade unions discussed the problems of the workers in the Hotel Industry as well as the general labour problems that arose due to the pandemic crisis. Hotel employees were severely affected by the seasonality and the fact that the sector is not expected to recover this year, due to the repercussions of the pandemic. It is noted that most hotel employees work seasonally, as a result of which they are excluded from the support plan of the Ministry of Labor.

5. Turkish Cypriots

Economic Developments

Prime Minister Ersin Tatar, in an interview with the Anadolu news agency of Turkey, evaluated the economic impact of the Covid-19 and stated that since the launch of the normalisation process and reopening of businesses, the wheels of the economy had started to turn. The Ministry of Finance statistics published later confirmed Tatar's statement. The public revenues, which had dropped to 381.3 million TL in March reached 553.3 million in May. In January 2020, the figure had been 683 million. Tatar added that thanks to the protocol signed with Turkey, the temporary salary-cuts for the public

employees and pensioners would come to an end as of the end of June: *'We will enter into a new phase in June and I am planning on announcing the details of a second economic package,'* Tatar said. Tatar pointed out that the tourism sector was the worst affected from the coronavirus pandemic and that the sector should rely on domestic market. *"Once the crossings points are opened, the flights to and from Turkey resume and the university students return to the island, the Turkish Cypriot economy will regain its strength and seize its economic potential,"* Tatar concluded. However, in a TV program the Finance Minister, Olgun Amcaoglu, partially contradicted Tatar by stating that *"we are not able to put forward a timeline regarding as to when the pay cuts from the public servants and the state subsidy cuts from the local administrations will be paid back,"* Dimag Çaginer, head of the Turkish Cypriot Hoteliers' Association (KITOB) pointed out that it was close to impossible for domestic tourism to generate enough business for hotels to break even.

The European Commission has initiated a series of new economic measures to help address the broader socio-economic impact of the Covid-19 pandemic on the Turkish Cypriot community. The €11 million package includes support for structural business reforms, grants for micro businesses and industry, and direct investments for energy efficiency measures to stimulate green growth and jobs, according to an announcement by the European Commission representation in Cyprus. The implementation is expected to commence in July 2020.

Relations with Turkey

On May 26, an Economic and Financial Cooperation protocol was signed between Turkey and the TRNC. The protocol, which was signed via videoconference between Prime Minister Ersin Tatar and the Turkish Vice President Fuat Oktay, includes loans and grants. The financial assistance is aimed at mitigating the economic fallout of the Covid-19 pandemic. According to Oktay, *'the 2,288,976,000 TL (€377,4m) in financial assistance will be used for defence, infrastructure and the real sector investments. It will also help contribute to closing the TRNC's budget deficit...'* Oktay, however, said that the TRNC needed to make urgent reforms in order to move forward in terms of its economy. Elsewhere, Tatar announced the breakdown as follows: 650m TL (€87.8m) will be utilised for defence; 273 million TL (€36.8 m) for infrastructure; 116 million (€15.6m) for the private sector investments and 1.15bn TL (€155.4m) to cover the budget deficit.

Domestic Developments

On May 11, the last COVID-19 patient was discharged from hospital. No new cases have been reported since mid-April.

Noting that the government has not given up on the construction of the promised pandemic hospital, the Minister of Health Ali Pilli said that they were working to create a separate intensive care unit for possible new cases. He also said that currently there were 70 ventilators in the country but as of June this number would be raised to 159.

On May 4, the first phase of normalization started with the government allowing certain businesses and establishments to reopen following a 51-day lockdown. As of May 18, all public beaches, cafes, bars, restaurants, patisseries, coffeeshops as well as hairdressers, barbershops and beauty salons have also started under strict hygiene rules and guidelines. All public offices returned to normal working conditions on the same day. Mosques and churches were allowed to open to mass worship on May 24 while gyms were allowed to open on May 27. The government also announced that as of June 1, hotels, casinos, betting offices, tattoo parlours and day care centres would be opened and culture and art events would be allowed. Changes have also been introduced to the night-time curfew. As of May 20, the night-time curfew started at midnight and ended at 6am.

A large swath of forest area between Yorghios (Tepebasi) and Kapouti (Kalkanli) was destroyed in a fire on May 17th. The fire caused massive damage on nature, including centuries-old olive trees. The dormitories of a university nearby and a retirement home were evacuated. While the fire services, forest department and army units battled the flames, water tankers, tractors and heavy machinery from all corners of the island rushed to the area to assist the efforts. Three firefighting aircraft from Turkey and – remarkably - two from the south also joined in the effort. It emerged later that fire detecting cameras which were installed at 13 different locations in the north in 2009 within the framework of the ‘Natura 2000’ project had been out of service since 2012. The €1.5m camera system

funded by the European Union (EU) has not been repaired due to lack of funding.

The Mayor of Büyükkonuk (Komi Kebir), Ahmet Sennaroglu has been arrested by the police for being involved in credit card fraud.

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