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

August

Hubert Faustmann, Gregoris Ioannou, Sertac Sonan
Cyprus, Trade Union Monitor Report
(In English, German)



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



Cihan Dizdaroğlu
The Perceptions of Cypriot Youth Matter 2019 FES/PRIO Briefing/Report
(In English)



Elias Ioakmoglou, Nicos Trimikliniotis
The Post-Pandemic Stimulus to Restart the Cypriot Economy: A Wage-led Growth Strategy Report
(In English)



September

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)

Podcasts

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)

<https://www.fes.de/mediathek/hoerbar/permalink/the-impact-of-the-covid-19-pandemic-on-cyprus-as-a-new-migration-hotspot>



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 July 6, new crossing measures were announced by the Turkish Cypriot side. The measures created confusion especially among Kato Pyrgos and Tylliria residents which have been using the Limnitis crossing point. This crossing was the last to open after the two sides relaxed restrictions in June.

On July 7, UNFICYP engaged with the Turkish Cypriot side to clarify the situation that resulted in a revision of the crossing measurements announced. According to the updated measures of July 9, individuals crossing between the two sides will be required to carry out a one-off coronavirus test within 72 hours before the crossing on the condition they have not left the island in the last 14 days. Random tests will be carried out at crossings. Further regulations stipulated that tourists could cross to the north in particular from category A countries. But any possibility of tourists going north was effectively blocked by the regulations of the Greek Cypriot side. Those crossing into the south are required to present a negative test conducted within 72 hours before each crossing. Only Cypriots and residents in the south can pass through the crossings. Therefore, EU citizens can cross from the south into the north, but they can-

not re-enter the Greek Cypriot side if they are not residents in the south. The same restriction applies to EU citizens living in the north.

Political parties represented in the TRNC¹ parliament issued a joint declaration on July 13 calling on the Greek Cypriot authorities to stop preventing foreign nationals from crossing to the north. The statement said that since July 1, when the TRNC started allowing in tourists, the Greek Cypriot side had banned the free movement of people between the two sides with a view of undermining the Turkish Cypriot economy. The declaration argued that this was in violation of the Green Line Regulation and the parties called on EU officials to take the initiative so that conditions return to the pre-pandemic period.

Several protests were staged on the Turkish Cypriot side of two crossing points on July 17, calling on the Greek Cypriot authorities to lift restrictions particularly on tourists, crossing over to the north. One protest staged by a group which included the Turkish Cypriot Chamber of Commerce, Turkish Cypriot

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).

Chamber of Industry, contractor companies, hoteliers as well as other stakeholders in the tourism sector was held at the Agios Dometios crossing point while a second demonstration was held by shopkeepers at the Ledra Street/Lokmaci crossing point.

Meanwhile, the Turkish Cypriot side protested to the UN over the placement by the Greek Cypriot side of trenches of portable heavy weapons near the Limnitis crossing point. In particular TRNC Foreign Minister, Kudret Ozersay reportedly asked, in a letter to the Special Representative of the Secretary-General in Cyprus and Head of UNFICYP Elizabeth Spehar, for clearance of the trenches near the crossing point.

Ahead of the UNFICYPs mandate renewal, Spehar held separate meetings on July 14 and 15 with both the Turkish Cypriot and Greek Cypriot leaders, Mustafa Akinci and Nicos Anastasiades, respectively.

On July 16 Turkish Cypriot leader Mustafa Akinci stated that the authority and democratic legitimacy of the elected Turkish Cypriot leader was not up for discussion. His statement followed Foreign Minister Nicos Christodoulides' disclosure, that Ankara was pushing for talks between Greek Cypriots and Turkish Cypriots but with Ozersay instead of Akinci. *"The President of the TRNC is the only interlocutor for the Greek Cypriot side and the United Nations and is regarded as the Turkish Cypriot leader,"* Akinci stressed, while adding that the long-accepted parameters of the Cyprus problem include talks between the leaders of the two communities on all issues that concern the two sides.

Akinci, in a written statement, reacted to the announcement by the US embassy in Cyprus of Washington's intention to provide International Military Education and Training (IMET) to the Greek Cypriot National Guard. Akinci said that the US could only contribute to peace and stability in the region, not through military support and cooperation, but by pursuing a balanced approach to both sides and encouraging constructive dialogue and cooperation between regional actors.

The UN Security Council unanimously renewed the UN's Peacekeeping Force in Cyprus mandate for another six months on July 28 until January 31. The resolution called among other: for the establishment of an effective mechanism for direct military contacts between the sides and the relevant involved parties, the reopening of all the crossing points and the return to the operating status that existed prior to 29 February 2020 and effective coordination and cooperation on health matters, including the Covid-19 pandemic. The mandate expressed concern over the further escalation and increased tensions in the eastern Mediterranean over hydrocarbons exploration.

A statement by the TRNC foreign ministry described the mandate as unfair on the grounds that it allegedly allows the Greek Cypriots to guide the agenda to divide the people, by failing to give emphasis to cooperation on the economy, trade, tourism and policing. The statement noted that by this approach the Security Council reportedly cleared the way for the Greek Cypriots to avoid cooperation with the Turkish Cypriots.

UNFICYP's mandate renewal followed UNSG Antonio Guterres' report on the UN Peacekeeping force released on July 16, which stressed that the absence of a solution is increasingly unsustainable. In his report Guterres identified that rising tensions in and along the buffer zone, the possible opening of the ghost town of Varosha, hydrocarbons exploration and maritime boundary delimitation are possible sources of tension.

On July 3, the Turkish Cypriot Minister of Foreign Affairs Kudret Ozersay said work towards reopening the fenced-off city of Varosha under the Turkish Cypriot administration had reached its final phase. Varosha is a Greek Cypriot suburb of Famagusta fenced off since 1974. He said a field survey carried out within the framework of a protocol signed with a local university was near completion. Touching upon the same issue, the Turkish Cypriot Prime Minister Ersin Tatar said on July 26, *"significant progress has been achieved in both technical and legal areas for the reopening of Varosha for the settlement of the former residents of the town"*. Speaking at a gathering organized by his party in Famagusta, Tatar added: *"The reopening of the fenced-off town, which had been left to its fate for years, will have both economic and political benefits for the Turkish Cypriot people"*.

On July 21, the Turkish Cypriot side raised the issue of reopening the Ledra street crossing during a teleconference of the bicomunal Technical Committee on Health and the problems caused by the Greek Cypriot side's regu-

lation for a negative coronavirus test each time one crosses to the south.

On 26 July, the Louroujina/Akincilar Crossing Point Initiative organized a rally at the village demanding the opening of a crossing point between Louroujina and the neighboring Lympia village. The group which gathered in the Louroujina village square marched towards the Lympia village. The event was attended by a large crowd which included the Prime Minister Ersin Tatar. Reading a press statement during the demonstration, Mayor of Louroujina Hasan Barbaros thanked everyone, including the mukhtar and the residents of the Lympia village for their support in their campaign to open a new crossing point in the village to connect with the south side. He noted the actual distance from the north to the south is approximately 500 metres, but that Turkish Cypriots working in the south were forced to drive either to Nicosia or to the Pergamos/Beyarmudu to cross over to the south to get to their jobs. *"Nearly 60,000 people will have easy access to the south or the north following the opening of the crossing points,"* Barbaros concluded.

July 20, marked the 46th anniversary of the 1974 Turkish invasion which resulted in the occupation of the island's northern third following a military coup engineered by the Greek military junta that toppled the government of the Republic on July 15. Events and memorials were held in the south while in the north a low-key parade took place due to the pandemic, in celebration of what is officially considered by Turkey and the Turkish Cypriot side as a peace operation.

Posters inciting hatred and directing threats at Greek Cypriots who cross over to the TRNC were hung on the outer fence of the Bayraktar Mosque in south Nicosia. The posters which had “Fire and axes to those who worship Turkish occupation” written in Greek, reportedly, caused an uproar on social media where they were posted by an individual. A far-right extremist group named the Revolutionary Liberation Front claimed responsibility for the incident.

3. Hydrocarbons

In July tensions between Greece and Turkey escalated, after Turkey issued on July 21 a Navtex for seismic surveys south of Antalya, in waters between Cyprus and Crete. In response Greece and Cyprus issued a counter-Navtex covering the same area. The Greek navy was put on standby and high alert, while there was an increased presence of Turkish ships in the area. The situation de-escalated after lengthy talks over the phone between Turkish President Recep Tayyip Erdogan and German Chancellor Angela Merkel, with Turkish Spokesman Ibrahim Kalin announcing on July 28 that Turkey would pause energy-exploration operations in the eastern Mediterranean, pending talks with Greece. Kalin stated that Ankara was ready to discuss all issues, the Aegean, continental shelf, islands, airspace, research and screening efforts, and the eastern Mediterranean along with other bilateral matters with Greece without any preconditions. On the same day however, Turkey issued a new Navtex for seismic explo-

ration by the Barbaros Hayrettin Pasa in Cyprus’ Exclusive Economic Zone (EEZ), east of Famagusta, from July 28 until September 18. The reserved area covers large swathes of Cyprus’ offshore blocks 2 and 3, and a small part of block 13. The move was considered as a signal to Nicosia that Ankara was only interested in resolving issues with Greece, and at the behest of Merkel and the EU, which Cyprus, with the support of France, has been pressing to take stronger measures against Turkey for its continued violation of its EEZ. Indeed, French President Emmanuel Macron had called for a harsher EU reaction and sanctions against Turkey’s provocations in the eastern Mediterranean following a meeting in Paris with Anastasiades on July 23.

On July 17, the House plenum ratified the agreement signed last January between Cyprus, Greece and Israel on the East Med pipeline, aimed to connect the gas reserves of the eastern Mediterranean with Europe. The €6bn EastMed project entails a 1.900km natural gas pipeline. The EU is to contribute €2bn of the overall cost.

On July 21, Chevron Corp announced the acquisition for about \$5bn of Noble Energy Inc who is concession holder for Cyprus’ Aphrodite field. Energy Minister Natasa Pilides reportedly received reassurances that Noble will continue its obligations and will work with the government throughout the transition period until the completion of the acquisition, ensuring there will be a smooth transition.

According to government spokesman Kyriakos Kousios, during a phone call with Russian President Vladimir Putin, Anastasiades briefed

the former on Turkey's latest activities, including the issuance of a Navtex for exploration within Cyprus' EEZ, as well as the presence of the Turkish research vessel Barbaros, which entered the island's EEZ on July 30. According to a readout from the presidential palace, Putin promised to intervene with Erdogan to defuse the crisis, but also to engage in a creative dialogue to resolve the Cyprus problem.

4. Greek Cypriots

Economic Developments

On July 3, Parliament unanimously passed the third supplementary budget for 2020, worth just over €231m. The additional funds are intended to cover increased costs until October 2020 of the labour ministry's schemes aimed at further supporting the economy to address the effects of the Covid-19 pandemic.

On July 7, Cyprus raised €1bn after it re-opened bonds due in 2024 and 2040 in a bid to absorb cheaper cash to repay more costly debt. According to Finance Minister, Constantinos Petrides the strong demand demonstrated the confidence of international markets in Cyprus.

Standard & Poor's Global Ratings on July affirmed its B+/B long- and short-term issuer credit ratings for Bank of Cyprus (BOC), maintaining a stable outlook, noting that the bank will be loss making in 2020 and 2021 and will return to profit in 2022. It added that the Covid-19 crisis will push the Cypriot economy

into a recession, estimated at 7.5% in 2020 followed by a rebound of 5.5% in 2021.

An EU27 Summit held in Brussels between EU leaders on July 17 agreed on the Multiannual Financial Framework 2021-27 and a Recovery Fund pumping a massive amount of money into economies. Cyprus is eligible for over €2.7bn of which: €1,4bn will be raised from the Multiannual Financial Framework 2021-2027, and up to €1.3bn from the Recovery Fund, aimed at addressing the consequences of the pandemic and promoting the development of the Cypriot economy.

According to the Cyprus Statistical Service tourist arrivals reached 9,119 in June 2020, compared to last June's 509,662 arrivals, recording a 98.2% decrease. From January to June 2020, arrivals totalled 255,675, while last year arrivals totalled 1,631,023, a drop of 84.3%. The decrease is due to the entry ban imposed during the coronavirus lockdown from March 2020 to June 8.

Domestic Developments

In July, the confirmed COVID19 cases rose from 998 to 1,114. In total 26 people with Covid-19 have died, with the virus being the underlying cause of death for 19. A spike in cases occurred in the last days of the month the majority of which occurred in Limassol.

On July 26, Environmentalist and MP Charalambos Theopemptou became the new leader of the Green Party replacing Giorgos Perdakis who was the leader of the party since

2014. Theopemptou was named to the post during an extraordinary national conference.

On July 28, the Ministry of Health announced the revised lists of countries from which Cyprus accepts passengers which will be in effect from August 1. According to the latest update, the UK has been moved from category C to B. Category A countries deemed safer due to epidemiological outlook include: Austria, Germany, Denmark, Greece, Estonia, Ireland, Latvia, Lithuania, Malta, Hungary, Poland, Slovakia, Slovenia, Finland, Switzerland, Iceland, Liechtenstein, Norway, Georgia, Japan, Canada, New Zealand and South Korea. Passengers from category A countries are not required to provide proof that they are not infected with Covid-19 and are not tested upon arrival. In category B, in which are countries with potentially low risk but more precarious than category A are: Belgium, France, Spain, Italy, Croatia, The Netherlands, Czech Republic, United Kingdom, Andorra, Monaco, Vatican City, San Marino, Australia, Morocco, Rwanda, Thailand, Tunisia, Uruguay, and China. Passengers arriving from category B countries are permitted to perform the COVID-19 test upon their entry to the Republic of Cyprus and to self-isolate. Long awaited flights from the UK are set to resume on August 1 as Britain has moved to a category B country, though it comes at a time when cases are on the rise on the island after weeks of low numbers and zero hospitalisations or deaths from Covid-19. The government announced that it would accept negative coronavirus test certificates issued by the British NHS from passengers arriving from the UK.

On July 28, three MPs, and two senior officials from centre-right DIKO announced they were resigning from the party for political reasons and forming their own party. The party's vice president Alecos Tryfonides and Christos Tsingis, a member of the central committee as well as the three MPs, Georgios Prokopiou, Angelos Votsis and Marinos Mousiouttas, issued their resignation from the party in a joint letter addressed to party leader, Nikolas Papadopoulos. The letter stated that wider political issues such as the economy and the Cyprus issue had been shelved within the party, internal processes were discredited and that DIKO changed its relationship with the other political parties in its attempts to seek cooperation with the ruling party DISY.

On July 31, Health Minister Constantinos Ioannou announced that everyone will have to wear masks in indoor crowded spaces including malls, banks, supermarkets, hospitals and churches. Those found not wearing a mask will be fined €300. Ioannou also announced restrictions on gatherings in the Limassol district, the centre of the recent spike in cases. There, no more than 10 people will be allowed to get together in social gatherings, while the maximum number of customers in restaurants, cafes and bars has been decreased to 75 indoors and 150 outdoors. The announcement followed a meeting at the Presidential Palace between President Anastasiades and his advisory team after 48 new Covid-19 cases were announced from July 29 to July 31.

Parliament on July 31 voted into law two bills and approved regulations aimed at tightening

Cyprus' citizenship by investment programme. One of the amendments came from the Green Party which specifies that one of the conditions in the scheme which sees the exchange of an investment for a passport, would be at least €100.000 going towards the national solidarity fund for depositors, who lost funds during the 2013 haircut, as well as bondholders.

Labour Relations and Trade Unions

On July 15, the drivers of the new Cyprus Public Transport bus company held a three-hour strike. They protested against the exhausting 12-hour driving program without breaks. This program was imposed on them by the new company. According to the law, for every four and a half hours of driving, a driver must take a break of 45 minutes and in between he or she can take breaks of 10 minutes or 15 minutes. However, with the schedules and itineraries imposed on them there is no time for drivers to stop and take their breaks. Their demand concerns the working hours and breaks of drivers as they are exhausting and endanger the safety of both drivers and passengers. The trade unions asked from both the Ministers of Labour and Transport to help them find a compromise with the company.

On July 3, the trade unions protested outside the Ministry of Labour to support the seasonal hotel workers. They expressed outrage regarding the unequal and unfair treatment of hotel employees by the state following the closure of the hotels by decree due to COVID

19. The hotel employees were rendered by the state as not eligible for the special unemployment benefit of 60% of the salary provided to various people due to the COVID-19 crisis. This practice is considered unfair by the trade unions because these employees are victims of the violation of the agreement for the winter suspension of hotel operations by their employers and more specifically for the non-payment of 2.8% of their salary during the suspension period.

On June 24, on the occasion of two fatal labour accidents within twenty-four hours, the Construction Workers' trade unions expressed its fears about the phenomenon of frequent labour related accidents and especially fatalities, and suggested three measures. Firstly, to establish mandatory training programs for all employees in the Construction Industry on issues related to safety and health; secondly halting the unregulated entry of unskilled personnel in the construction industry, which is characterized as "a minefield". Finally, the reduction of long working hours which they identify as one of the causes of accidents.

5. Turkish Cypriots

Economic Developments

The cost of living went up in June by 1.01%, according to the Statistics Department. The inflation in 2020 has reached 4.38%.

Figures released by the Chamber of Shopkeepers and Artisans (KTEZO) indicated that

more than 700 businesses have gone bankrupt in the last seven months and only 30 new businesses opened up in the last three months. Hurrem Tulga, General Coordinator of the KTEZO, said that a majority of businesses have been unable to weather the economic crisis caused by the lockdown. *“Even though it was believed that the normalisation process would have had a positive impact on the economy, there is now a 60% drop in business since restrictions were lifted and the reopening process,”* Tulga said.

According to the Department of Commerce, imports in the first five months of 2020 decreased by around 50% compared to the same period in 2019, from US\$ 594 million to 300 million. The Turkish Cypriot daily *Diyalog* reported that travel agents who believe it is not possible to carry out tourism with two flights a day have given up on 2020. Most agencies have shut down their offices. Compared to 40 flights landing every day at Larnaca and Paphos airport in the south, the fact that only two flights land in the north per day has brought the tourism sector to the brink of bankruptcy according to the report.

Relations with Turkey

Construction work has begun for a 500-bed capacity state hospital in Nicosia. The TRNC Health Minister and a delegation from the Health Ministry came together with the members of a technical delegation from Turkey on July 22.

A firefighting helicopter from Turkey has been stationed in the TRNC to provide rapid response against forest fires during the summer months.

Domestic Developments

The Higher Electoral Council announced the schedule for the presidential election, which will be held on October 11. The voters will also vote in a referendum on a proposed constitutional amendment which will increase the number of judges in the Supreme Court from ‘one chief and seven judges’ to ‘one chief and minimum seven, maximum 16 judges’. The election campaign will begin on September 15 and come to an end on October 10. The presidential election was scheduled to be held in April 2020; however, it was postponed by the parliament due to the pandemic.

Democratic Party Nicosia MP Serdar Denktash, announced his candidacy for the upcoming presidential election. Denktash, who had resigned as the leader of the Democratic Party in September 2019, reminded that he had announced in January 2020 that he would not run, but due to the changes in conditions since then he had changed his mind.

Noting that there are no severe COVID-19 cases in the northern part of Cyprus, Prime Minister Ersin Tatar said that it is out of question for those coming from Turkey to be put under isolation for 7 days (as recommended by the Contagious Diseases Committee), and added that they needed to consider the economy when taking certain decisions. All

arriving passengers in the north remain in isolation until their PCR results are announced.

Representatives of medical doctors Association of Turkish Cypriot Doctors and the Union of Doctors have expressed “great concern” over the increase of a fresh wave of Covid-19 and have warned that the bed space in the Nicosia Public Hospital’s corona virus unit has been filled to capacity. They warned that the virus has landed back in the country after steps were taken to “open up” to the outside world with the start of flights. By the end of the month, there were 21 COVID-19 patients receiving treatment in the hospital.

In early July police shot at a boat carrying 30 refugees trying to land on the coast of north Cyprus. One refugee and the boat captain sustained minor injuries. According to Cyprus Today, five civil groups – Cyprus Turkish Bar Association, Cyprus Turkish Human Rights foundation, Queer Cyprus Association, Refugee Rights association and Human Rights Committee, and the Republican Turkish Party (CTP) youth branch called for an “in-depth investigation” to be carried out, and questioned whether gunfire was a “disproportionate” use of force. President Akinci asked the Head of Police Commissioner to launch an investigation.

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