



## **Contents**

1.	Cyprus Problem.....	2
2.	Hydrocarbons.....	7
3.	Greek Cypriots .....	8
	Economic Developments.....	8
	Domestic Developments .....	9
	Labour Relations and Trade Unions .....	9
4.	Turkish Cypriots .....	11
	Economic Developments.....	11
	Domestic Developments .....	12
	Foreign Policy .....	14
5.	FES Cyprus Events .....	14

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## 1. Cyprus Problem

In January, the negotiations for a settlement of the Cyprus problem continued with the Cypriot leaders meeting on the 7<sup>th</sup>, 14<sup>th</sup> and 29<sup>th</sup> of the month as part of the intensified phase of the Cyprus peace talks.

During the first meeting of 2016, on January 7, President Nicos Anastasiades and Turkish Cypriot leader Mustafa Akinci reviewed the course of the talks in a bid to focus on outstanding issues and explore avenues for further convergences.

During the second meeting on January 14, the two leaders reviewed the progress made so far and exchanged views on the basic principles that need govern the substantive aspects of a solution. These include territorial re-adjustments, outstanding issues on property and governance, and the power to sign international treaties where the principle of one international identity must be respected. During the meeting, the two sides also exchanged the respective lists of the members comprising of the technical committee on education. This was established in November to review existing research and good practices in education in Cyprus. Following their meeting, both leaders shared over social media that they had received and accepted an invitation for a joint meeting with the United Nations Secretary General Ban Ki-Moon in Davos, Switzerland, during the World Economic Forum from January 20 and 23. The invitation triggered much press speculation over possible

back channel diplomacy in both communities. Greek Cypriot parties, in particular DIKO, EDEK and the Greens, reacted harshly, raising their concerns over a potential upgrade of the TRNC<sup>1</sup> and the status of the Turkish Cypriot leader.

On January 29, the leaders agreed on the procedures to be followed during the negotiations over the coming months. Although issues of substance were not discussed, Anastasiades and Akinci agreed on the range of topics that need to be tackled. According to a Cyprus News Agency report, three points were agreed regarding the way forward: Firstly, a list of issues discussed so far without agreement will be drafted, so that discussion can continue. Secondly, a discussion of issues not yet tabled were also agreed upon. Finally, the two leaders decided to start laying the groundwork for the implementation of an agreed solution from day one, if and when a solution is reached. The next leaders' meetings are scheduled for February 8 and 26.

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<sup>1</sup> 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).

At the World Economic Forum in Davos, Switzerland, Anastasiades and Akinci made an unprecedented joint appearance on January 20 before the world's political leaders and business elite in an attempt to reach financial support for a settlement of the Cyprus problem. The two leaders shared the platform at a special session entitled "Reuniting Cyprus". Both Anastasiades and Akinci stressed on different occasions that they are counting on the support of the international community for technical and financial assistance to help bring about a solution. The costs of a solution are currently estimated to be around USD \$25 billion. On the sidelines of the World Economic Forum, Anastasiades and Akinci met separately with US Vice President Joe Biden and jointly with UN Secretary General Ban Ki-Moon. Anastasiades attended a dinner hosted by the founder of the Forum, Klaus Schwab. He also met with the President of the European Bank for Reconstruction and Development Suma Chakrabarti and Greek Prime Minister Alexis Tsipras. Akinci met with President of the World Bank Jim Yong Kim and British Prime Minister David Cameron.

The leader of AKEL, Andros Kyprianou, was received in Istanbul on January 23, by Turkish Foreign Minister Mevlut Cavusoglu and Turkish Prime Minister Ahmet Davutoglu to exchange views on the Cyprus problem. An invitation by the Turkish FM was extended to Kyprianou on January 2, through the Turkish Cypriot negotiator Ozdil Nami. The meeting, which was heavily criticized by the rejectionist parties EDEK and DIKO, was considered an exceptional oppor-

tunity for the Greek Cypriot side to directly convey its positions to the Turkish leadership and to learn first-hand about the Turkish stance on key aspects of the Cyprus problem. The meeting was equally important for the Turkish side, considering that AKEL is opposed to any NATO guarantees. This is a scenario that would possibly satisfy Turkey in a new security arrangement within the guarantee aspect. Speaking after the meeting, Kyprianou commented that Turkey would like to have a say on the issue of guarantees, but in a different way than under the current system. Kyprianou also stated that Turkey will allow Akinci a free rein on internal issues since Ankara is more concerned with the issue of security and guarantees. Lastly, Kyprianou noted that the Turkish leadership seemed to understand that without a solution of the Cyprus problem, Ankara would not be able to play an important role in the Southeastern Mediterranean. In his comments, Mevlut Cavusoglu described his meeting with Kyprianou as "very positive" and highlighted the fact that AKEL supports President Nicos Anastasiades in the negotiations. Kyprianou described his meeting with Ahmet Davutoglu as "remarkably friendly".

Meanwhile, in a move considered as a good will gesture that could positively contribute to the efforts to reunify the island, Anastasiades initiated a move to check the possibility of whether Turkish could be included as an official language at the EU, as it is one of the two official languages of the Republic. Akinci's spokesperson, Baris Burcu said that Anastasiades' initiative was

long overdue but described it as yet a positive move.

The Turkish Cypriot Minister of Interior and Labour, Asim Akansoy announced that the tender launched by the UNDP for the opening of the Lefka/Aplici and Deryneia/Derinya crossing points has been completed. Akansoy said that the European Commission has released €2.1 million, which had been earmarked earlier for the road works.

In the last few days of 2015 and first days of 2016, around 20-30 MW electricity was transferred from the southern part to the northern part because of a defect in the Turkish Cypriot electricity authority's power plant. Baris Burcu, Akinci's spokesperson, said that the work launched within the framework of the Cyprus negotiations have not yet come to the point of permanently uniting the electricity networks in Cyprus, but electricity could be transferred on a temporary basis. Commenting on the issue, the Turkish Cypriot Minister of Agriculture, Natural Resources and Food, Erkut Sahali said that the unification of the electricity networks was "a temporary but important step".

In his report on the UN Peacekeeping Force in Cyprus, (UNFICYP), UN Secretary General Ban Ki-Moon said that he was "heartened by the steady determination shown by the leaders in the intensified phase of the negotiations" and added "I encourage them to maintain the momentum and to continue their efforts to bring the process to a successful conclusion and

reach a comprehensive settlement as soon as possible".

On January 15, the UN Secretary General's Special Adviser on Cyprus Espen Barth Eide briefed the Security Council members on the latest developments in the Cyprus negotiations in a closed session in New York. Despite difficulties, Eide said, a solution is "more than possible". "In some fronts, the progress has been quite remarkable. But the last part is always the most difficult. The weeks and months ahead will be about dealing with these essential core questions that remain unresolved ... I also do not want to create the impression that it's just around the corner, because some of the essential issues for both communities are still to be finally tackled. But as I have said to the Council, there is willingness in all relevant quarters to make this possible." Furthermore, Eide added that the UN Security Council "will have a role to play" if a final solution is agreed. "It will be a different role, and the council at that time will be called upon to define the parameters of a future UN mission," Eide said.

In January, Eide gave an exclusive interview to the Cyprus News Agency, where the financing of the settlement and his contacts to this end were the main focal points. Asked whether a way to finance the solution had been found, Eide said that he was seeing "a lot of good people thinking about this, very creatively — both about opportunities for public financing but also for private sector capital to be connected to settlement plans, as long term investments". "I

have had concrete discussions with people who are genuinely interested in this,” he added. Asked if this aspect was going to be a heavy burden on both communities, Eide said: “The premise for this is not to leave this to the taxpayers in Cyprus, but that we get real money to pay for the upfront cost”. “People talk about cost as if it’s money you will throw away; but it is actually money that people will get, they will circulate; we assume you will get money —public, private or combination— and a lot of people will get compensation. This money does not go away from Cyprus, but it comes to Cyprus. It’s the other way around; it’s money coming in, not money going out”. As regards to the cost of a solution that some estimate at €25 billion, Eide said: “I can say one thing, every figure I have seen is probably wrong, because it is based on relatively brute calculations without actually knowing all the realities of what the property deal will entail ... For all these experts to be able to work on financing they need to know the parameters – what there is to be financed; and until the leaders agree on those issues [i.e. the territorial adjustment and property dossiers], that work can’t really start. So, we now gathered Cypriot experts, very good people in the economy working group, as well as IMF, World Bank, ECB, European Commission, and now also private sector — I have been talking to people in London; a lot of people, some of the best brains in the world on these issues are now working on Cyprus, but you still have to get some input to get output and that input is still not there”. Finally, on guarantor powers, Eide

said: “Since this process is leader-led, and since the actual negotiations on this issue have not started, I am not the right one to say what will be the outcome of this. What I have said – and I repeat – is that the three guarantor powers are communicating to me, to each other, and to the rest of the world that they want to see this problem solved and that they realise that this has something to do with themselves; that they have to do something with their own policies, in order to get there”.

According to the Greek Cypriot Minister of Finance, the government will do everything to achieve a settlement in 2016 or the earliest possible time and said that a settlement would create a positive impact on the economy. The boost on the economy will derive from the lifting of the restrictions on trade and transactions on the northern part and the opening of the Turkish market, the finance minister said. “In order to confirm and not put this very positive prospect at risk, some necessary preconditions have to be satisfied which concern nothing more and nothing less than what is provided for the participation of a state and the functioning of an economy in the EU and the euro area,” he added

On January 25, the EU and Turkey welcomed the ongoing settlement talks in Cyprus and agreed that they would continue to give full support to the efforts of the UN Secretary General’s Special Adviser on Cyprus, Espen Barth Eide, towards achieving a comprehensive settlement. The pledge was made in a joint state-

ment following the high-level political dialogue meeting held in Ankara and issued by Turkish Foreign Minister Mevlut Cavusoglu and Minister for EU Affairs and Chief Negotiator of Turkey, Volkan Bozkir, the EU High Representative for Foreign Affairs, Federica Mogherini, and the EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes Hahn.

Turkey's Minister for EU Affairs and Chief Negotiator Volkan Bozkir paid an official visit to the northern part of Cyprus where he said that in respect to the solution process on the island, a very important phase had been reached and added that Turkey's EU membership negotiation process had also reached a new platform.

In an interview with a Turkish daily, Bozkir said that the paradigm in Cyprus has changed as a result of the completion of the water transfer project linking the northern part of Cyprus to Turkey and discovery of natural gas, and emphasized that what has rendered a solution possible in Cyprus was Turkey. Furthermore, he was quoted as saying "if the Cyprus issue is solved, - there are high hopes that it will be solved this year- the 8 chapters that were blocked with a decision by the council and the 5<sup>2</sup> chapters that were blocked by Greek Cypriots can be opened, meaning that within 2 months we are prepared to open 14 chapters".

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<sup>2</sup> If the minister was not misquoted than he was wrong. Currently 6 chapters are blocked by the Republic of Cyprus

Contrary to the positive remarks coming from Ankara in general and Bozkir in particular, the Turkish Ambassador to Nicosia Derya Kanbay made remarks reminiscent of traditional Turkish policy towards Cyprus, during a visit paid to him by a group of TMT (Turkish Resistance Organization) veterans. Pointing out that the concerns expressed by the society members were true and justified [see below], the Turkish Ambassador said "our views on how the negotiations should be conducted are the same". Referring to the prospective federal state, he added: "... two lands, two peoples and two sovereignties ... They will unite and form single international sovereignty. How they will do this eludes me". Yilmaz Bora, chairman of the TMT veterans association, for his part said that they were opposed to any kind of solution formula and any negotiation process which does not take as basis the TRNC. "Bi-zonality is fundamental. It cannot be watered down with the EU norms ... We are opposed to even a single Greek Cypriot coming and settling in the north, because the unchanged Greek Cypriot mentality will cause conflicts again. The active and effective guarantees of motherland of Turkey are of vital importance and cannot change".

On January 27, the remains of 86 Turkish Cypriot civilians buried near the village of Santalaris/Sandallar in the Famagusta district were found. According to daily Turkish Cypriot paper Kibris, the remains were located in a mass grave of people murdered in August 1974 by the EOKA B paramilitary organisation.

The renewal of the mandate of the UNFICYP via an UN Security Council resolution 2263 was adopted unanimously on January 28, amid discord between Russia on the one and Britain and the US on the other hand. The Russian Ambassador, Vitaly Churkin described the document as “seriously flawed” and characterized the system of guarantees as a “relic” of British colonial rule. British Ambassador, Matthew Rycroft argued instead that efforts focused on striking a fine balance on emotive issues so that no party felt undermined. US Ambassador, David Pressman urged all Council members to “engage on Cyprus sincerely, free of ulterior political motives driven by external factors and in the best interests of the Cypriot people”. Egypt was also critical of the absence of a direct reference to Turkey’s occupation.

The Action for Cooperation and Trust (ACT) programme, which was funded by USAID in the amount of USD \$60 million and implemented by UNDP, came to an end on 31 December 2015. The programme, which had been started in 2005 helped create a set of relationships across ethnic lines, spanning civil society, business and politics. The programme has also contributed to restoring the island’s historic buildings in a major boost for the island’s memory and identity. According to the UNDP in Europe and Central Asia website, “the surveys now indicate that 53% of Greek Cypriots and 29% of Turkish Cypriots trust one another, as compared with 19% and 4% respectively in 2006”.

## 2. Hydrocarbons

A new tripartite meeting between the leaders of Cyprus, Greece and Israel took place on January 28, in Nicosia. In particular, President Nicos Anastasiades, Greek Prime Minister Alexis Tsipras, and Israeli Prime Minister Benjamin Netanyahu agreed to appoint a group of specialists to explore the possibility of building a natural gas pipeline transferring East Mediterranean natural gas to Europe via Crete and an electricity cable, the EuroAsia Interconnector, which will send up to 200 megawatts of power to Europe by linking Israel, Cyprus and Greece. The European Union includes both plans among its “projects of common interest”, which are designed to bolster energy security and improve European market integration. Hydrocarbons Expert and CEO of the ECP Natural Hydrocarbons Company Charles Ellinas however considers both options as not economically viable.

On January 27, BG Cyprus (BG = British Gas), a subsidiary of British multinational oil gas company BG Group, joined the consortium which has the concession on Block 12 of Cyprus’ Exclusive Economic Zone (EEZ) with a 35% stake. The agreement was signed between US based Noble Energy, Israeli firm Delek Drilling Oil Exploration, BG and Cypriot Energy Minister Giorgos Lakkotrypīs. Noble still maintains operatorship of Block 12 with a 35% stake, while Delek and Avner hold 15% each. Already on January 28, the cabinet had approved the entry of BG Group into the consortium. Lakkotrypīs

described the development as “highly significant”.

On January 19, the government signed a two-year extension with the ENI-KOGAS consortium for the exploration of blocks 2, 3 and 9 within Cyprus’ EEZ. In December, the cabinet had approved the request by the Italian – South Korean consortium to extend its exploration activities by two more years. Meanwhile, on the sidelines of the World Economic Forum, President Anastasiades had the opportunity to hold separate meetings with the Executive Director of French energy giant TOTAL, Patrick Pouyanné, and the Executive Director of Italian energy giant ENI, Claudio Descalzi. Following a productive meeting between Anastasiades and Descalzi the latter expressed his company’s commitment to engage in further activity in Cyprus’ EEZ.

### 3. Greek Cypriots

#### **Economic Developments**

A Eurogroup meeting on January 14 between Eurozone finance ministers praised Cyprus for its progress in implementing its bailout programme, but noted that some obligations still remain towards the Troika<sup>3</sup>. Specifically, the Cypriot Parliament still needs to approve a bill

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<sup>3</sup> The Troika is comprised by the International Monetary Fund (IMF), the European Commission (EC) and the European Central Bank (ECB).

on the privatization of the state’s telecom company CyTA in order for Cyprus to receive the last tranche of €400 million from its international lenders, and conclude its review positively. Meanwhile, on January 22, the IMF made €126.3 million available for disbursement to Cyprus.

According to the Central Bank, the non-performing loan ratio in the Cypriot banking system fell from 48% in October to below 46.1% in November, which is the lowest since January 2015. The drop in the non-performing loan ratio in November, the first after a cumulative increases since May, was caused by both a €40 million monthly drop in overall bad loans to below €27.4billion and an almost €2.4billion increase in total facilities to €59.5 billion. Overall loans in the Cypriot banking system rose by a monthly €307.7million to almost €62.8billion in December, outstripping deposits which rose a monthly €203million to almost €46 billion.

According to Eurostat, the unemployment rate for December 2015 remained unchanged at 15.7% compared to November of the same year. This marked a 0.6% decline compared to the unemployment rate of December 2014 which stood at 16.3%.

According to the Statistical Service, the number of tourists visiting Cyprus in 2015 rose by an annual 8.9% to an all-time record of 2.659.405 based on a strong increase in the number of tourists from Britain, Cyprus’s largest market, more than offsetting a drop in arrivals from

Russia. In 2015, the total number of British tourists in Cyprus exceeded the one-million mark for the first time since 2011 and rose to 1.041.208, which is almost 20% above the respective 2014 figure. The number of tourists from Russia, which in recent years emerged as Cyprus's second largest source of incoming tourism, fell by almost 18% to 524.853.

### **Domestic Developments**

For the first time since 1974, Epiphany celebrations took place in the north. Pilgrims from all over the island attended the liturgy of Epiphany in the St George Church (Agios Georgios Exorinos) which lies within the walls of the old city of occupied Famagusta. Around 1,200 pilgrims from the south attended the celebrations.

On January 16, main opposition party AKEL announced its candidates for the upcoming parliamentary elections in May. Among the Nicosia candidates are General Secretary Andros Kyprianou himself and the former head of the Cyprus Tourism Organisation, Marios Hannides. Former interior minister and Nicosia mayor Eleni Mavrou is among AKEL's Kyrenia district candidates. AKEL's candidates list can be found here:

<http://www.akel.org.cy/2016/01/16/psifodeltia-akel-aristera-nees-dynameis/#.Vpo7sLZ97Gh>

On January 15, MEP Eleni Theocharous presented the founding declaration of her Solidarity movement, which aims at 'saving the Republic of Cyprus' and 'restoring the rights of

the Cypriot people.' Theocharous, who left DISY in November citing a divergence of views on the handling of the Cyprus problem, stressed that it was necessary for the country to stop the dangerous decline it was going through. The strategic vision of the movement is the liberation of Cyprus through a democratic agreement founded on the principles and values of the European Union and the Human Rights Charter.

### **Labour Relations and Trade Unions**

All the trade unions of the Cyprus Telecommunications Authority CyTA remain committed against the pending privatization process that awaits the approval of the parliament to proceed and were authorized by their members to strike when their leaderships consider it necessary. However, they continued their contacts with the government and submitted proposals concerning labour relations issues in case the privatization proceeds. The government rejected their demands to commit the new owner to the existing collective agreements and to restricting the new owner from making redundant other employees in addition to those that will leave through the various voluntary schemes.

The conflict between the government and the Cyprus Electricity Authority (CEA) unions continued and escalated over the government's decision to split the CEA into two separate entities, one involved in production and distribution and the other one controlling the infrastructure and the network. The employers' association

OEB and the Chamber of Commerce KEBE issued statements in support of the government and accused the unions of the CEA of blocking the necessary reforms. They have also raised again their claim for the legal restriction of the right to strike in the “essential services”. The unions consider the split of CEA into two entities with different proprietary regimes as the first step towards the privatization process which they are determined to resist “until the end”. They are also considering strike action. In a common statement they commented that what happens currently in north Cyprus, where the private electricity company limits production rather than use a more expensive and less environmentally damaging fuel, is an indication to what would happen in the south, if the CEA was “broken into pieces” and “surrendered to private interests”.

The dispute over the operational time in retail trade continued and escalated as the big retail trade corporations decided to disobey the current legal order and operate under the previous “unlimited operation time” mode which has expired. The small fines imposed cannot restrict the spread of the phenomenon and the parliamentary majority is planning to pass a new law to increase the fines. The Supreme Court is expected to reach a new decision in February after Parliament refused to vote the government’s bill in December 2015.

A new pan-Cyprian union of adjunct academics has been formed. Eligible members are PhD holders working in the fields of academic

research and teaching but not occupying tenure-track posts. In its press release, the union DEDE states that it aims to support all adjunct academics to claim a series of employment and academic rights and that this is in the interest not only of its members but that it will also allow the upgrading of Cyprus academic research and teaching in general.

The bi-communal “All Trade Unions’ Forum” submitted to the two leaders, a policy document suggesting that the federal state that would be formed should have a unified labour relations and social insurance system. Moreover, the Forum expects that employment and trade union freedoms as well as the right to collective bargaining would be respected and states that a common labour market as well as a common wage determination mechanism avoiding all sorts of discriminations should be instituted. Greek Cypriot and Turkish Cypriot trade unions demand a fast macro-economic convergence process and clarity in all interim measures which might need to be adopted during the transitional period.

Employees of the Cyprus Human Resource Development Authority (ANNAD) filed a complaint against their employer for evading its responsibilities for social insurance contribution by registering half of its employees as service providers, despite the fact that they are actually performing dependent work with a specified timetable and at the premises of the employer.

PEO urged the government to take measures for the protection of employment and that its failure to do so rendered it responsible for the conditions of social conflict that were emerging as the country had the sharpest rise in inequality in Europe. PEO points to the joint proposals of PEO-SEK-DEOK about the legislative strengthening of collective agreements and the improvement of the institutional framework regarding the terms and conditions of employment in particular sectors and groups as well as employer obligations.

Strike action was decided by PEO and SEK in a private coach firm in Larnaca as a result of the refusal of the employer to respect the terms of the collective agreement after the expiring of the temporary measures which had been agreed by the two sides in the special conditions of 2014.

Employers in the hotel industry as a whole also refused to return to the terms of the sectorial collective agreement after the expiring of the temporary measures agreed in 2013. For this purpose, PEO and SEK called upon their members to be ready and participate in the district assemblies in order to coordinate their actions.

The head of the Labour Parliamentary Committee (from AKEL) stated that there were numerous anonymous complaints about employers in the retail trade forcing their employees to sign two contracts, a formal one abiding by labour legislation and another one stipulating longer

hours and wages lower than the Minimum Wage.

The public sector medical doctors' union PASIKI issued a call to its members to refrain from examining more than 30 patients per day. According to the union, this was in the interest of public health as well as the medical personnel. Hospitals are understaffed and face a series of functional problems. Therefore, the state should assume its responsibilities to solve them, PASIKI noted. It also opposes the plans by DISI and DIKO to extend the retiring age of doctors to 68 and threatened that it will react with work stoppages in the first week of February.

## 4. Turkish Cypriots

### **Economic Developments**

A new technical support program aimed at enhancing the competitiveness of the private sector and building the capacity of local stakeholders has been announced. The "Technical Assistance Private Sector" (TAPS) project will be carried out jointly by the EU and the Small and Medium Sized Enterprise Development Centre (KOBIGEM), which is a unit at the Ministry of Economy, Industry and Commerce. Speaking at the press conference held on January 25, the Head of the TAPS project team Jean Claude Duploux said that the project which would continue for 17 months had a budget of €1.3 million. The aims of the project include strength-

ening the capacity of relevant institutions working for the economic development of the Turkish Cypriot community, carrying out feasibility works and providing advice on incubation centres, innovation centres, clusters and business development centres, assessing the capacity of the other stakeholders working on the development of the private sector and chambers and especially proposing financial support which contributes to the access of small and medium sized enterprises to the funds for finance.

According to Fiona Mullen, an economic analyst and columnist at Cyprus Weekly, overall the Turkish Cypriot banking sector “appears to be in good shape”. “Turkish Cypriot banks are far more liquid than their Greek Cypriot counterparts ... [and] the capital adequacy ratio of the Turkish Cypriot banking sector ... seems to be higher than the equivalent in the south,” Mullen wrote in her column. Earlier in the month, the Greek Cypriot Minister of Finance Harris Georgiades said that Turkish Cypriot banks operated in an “unknown and not sufficiently supervised” environment, while the Turkish Cypriot economy remains an “unknown factor”.

The Greek Cypriot daily newspaper Phileleftheros, reported the amount of credit card payments made by Greek Cypriots in the northern part of Cyprus in 2015. According to the figures released by JCC, a private firm, Greek Cypriots spent around €1.2 million for travelling to Turkey, €1.5 million for gambling, €2.3 mil-

lion for staying at hotels, €450.520 for clothes and shoes, €46.000 for medication and €136.000 for fuel.

The Deputy Undersecretary for Europe and Eurasia of the US Secretary of the Treasury Daleep Singh, who is having contacts in Cyprus, visited the Minister of Finance Birikim Ozgur. Singh conveyed his views to Ozgur regarding the possible financial difficulties and opportunities after a solution and was informed about the Turkish Cypriot economy.

According to the figures released by the State Planning Organization, annual inflation rate for 2015 was 7.78%.

### **Domestic Developments**

The crisis over the structure of the new water utility company, which will be responsible for the distribution and operation of the water transferred from Turkey as well as existing water resources, further escalated in January. Early in the month, in a written statement, the Turkish Embassy in Nicosia said, among other things, that the right address to solve this issue was not the CTP’s party assembly but the Council of Ministers (In December, the senior coalition partner CTP’s party assembly overwhelmingly rejected the agreement drafted as a result of inter-governmental negotiations, which envisaged privatization). In response, the party leader and former president Mehmet Ali Talat said “while the CTP Party Assembly is extremely grateful to Turkey for bringing much needed

water to the country, it has made it clear that the decision as how the water will be managed must be based on our will. How the CTP will take decisions only concerns the CTP". In a similar vein, defending the decision taken by the Party Assembly, the Interior Minister Asim Akansoy said that his party would not abandon its principles for the sake of the water issue and added "I believe that the written statement issued by the Turkish Embassy is unfortunate. Yes, the cabinet is important but as a member of cabinet what really matters for me is the decision taken by the party assembly." Towards the end of the month, Prime Minister Omer Kalyoncu said "We shall be finalizing the issue in the coming days after meeting with officials from Turkey". Kalyoncu also stated that an operation would be defined in the form of public-private partnership for the first time. Commenting on the issue, Kalyoncu added that the careful and detailed deliberations on a sensitive and crucial issue such as water were only natural.

Between January 25 and 28, the European Commission Representation in Cyprus organized a series of seminars to familiarize the different segments of Turkish Cypriot society with the EU Acquis Communautaire. Public employees, local administrators, trade unionists, business people as well as the representatives of civil society organizations were given seminars on 5 different subjects; namely European Legal Network, EU Migration and Internal Affairs Policies, Foreign Policy and Security,

Prevention of Corruption, and, Social Policies and Employment.

Former Turkish Cypriot negotiator Kudret Ozersay held a press conference to inform the public regarding the new party that he has established. "The People's Party was formed after several months of hard work and exchanging views with a variety of visits with different circles," Ozersay said during the press conference. Touching upon the Cyprus issue in a press release, "a balanced solution that protects the rights and interests of the two peoples on the island and where there are no losers is what the People's Party supports," the party said.

The number of Greek Cypriot applications lodged at the Immovable Property Commission declined from 375 in 2014 to 182 in 2015. The Immovable Property Commission was set up in 2005 in accordance with the rulings of the European Court of Human Rights in the case of Xenides-Arestis v. Turkey. The purpose of this measure was to establish an effective domestic remedy for claims relating to Greek Cypriot properties in the northern part of Cyprus. The European Court of Human Rights, with decision on 1 March 2010 as to the admissibility of Demopoulos and Others v. Turkey found that the commission provides an effective remedy and rejected the complaints of applicants for non-exhaustion of domestic remedies. As of early February, 6,269 applications have been lodged with the Commission and 731 of them have been concluded through friendly settlements and 21 through formal hearing. So far,

the commission has paid GBP 275.2 million to the applicants as compensation.

### **Foreign Policy**

The Turkish Cypriot Minister of Foreign Affairs, Emine Colak held a series of official contacts in the Qatari capital Doha. During her meetings, Colak briefed the businessmen on the ongoing Cyprus negotiation process as well as investment opportunities in the country. Colak pointed out that should a settlement reached, the positive atmosphere on the island would create ideal conditions for investment. The Chairman of the Turkish Cypriot Chamber of Commerce Fikri Toros and Cavlan Paralik from the Turkish Cypriot Chamber of Industry were among those who accompanied Colak during her visit.

A delegation headed by Speaker of the Assembly Sibel Siber attended the meeting of the 11th Conference of Parliamentary Union of the Organization of Islamic Cooperation in Baghdad. Turkish Cypriots have an observer member status in the organization.

## **5. FES Cyprus Events**

### **February 2016**

#### **Thursday 11.02.2015**

FES

Discussion

#### **Dialogue between German MP Manuel Sarrazin and Cypriot students**

Ouzeri Orfeas ,  
Nicosia, Cyprus

Not open to the public



#### **Monday 29.02.2015**

FES

Discussion

#### **Dialogue on the Chances of a Reunification in Cyprus between Michael Roth, Minister of State for Europe in the German Foreign Office, and Cypriot students**

University of Nicosia ,  
Nicosia, Cyprus

Not open to the public



## March

### **Friday 11.03.2016**

PRIO / FES  
Conference

### **Cypriot-Greek Relations**

t.b.a.  
Nicosia, Cyprus

Open to the public



### **Sunday 27.03.2016**

PRIO / FES  
Publication Launch

### **Post-Annan Youth Study**

Home for Corporation (Buffer Zone)  
Nicosia, Cyprus

Open to the public

### **Imprint:**

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