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FES NEWS

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1. Cyprus Problem

In February, Turkey escalated tensions using war ships present in the Cypriot EEZ effectively postponing the Greek Cypriot hydrocarbon exploration program within Block 3 which was assigned to Italian energy company ENI. This also had an immediate effect on the Cyprus issue as both the problem itself and natural gas are now interlinked despite Greek Cypriot diplomatic efforts to keep them apart.

On February 15, President Anastasiades met with UNSG Special Representative Elizabeth Spehar in order to explore the prospects for the resumption of the negotiations. Following their meeting Anastasiades clarified that negotiations could not resume while Turkey was causing tensions in the Cypriot EEZ.

On February 18, CNN Turk reported that Turkish Cypriot leader Mustafa Akinci would like to see a compromise formulated as part of an interim solution to resolve the issue of drilling in the Cypriot EEZ. Akinci warned that if such a formula is not found the Turkish Cypriots, along with Turkey would launch its own hydrocarbons exploration in the island's EEZ.

On similar lines Turkish Cypriot Economy and Energy Minister Ozdil Nami stated on February 25 that Cyprus' hydrocarbons programme should be co-managed or frozen until a Cyprus solution was reached. He also threatened that Turkey would prevent drilling plans in all of Cyprus' EEZ blocks. Meanwhile Turkish Cypriot

Foreign Minister, Kudret Ozersay suggested that a solution could be found that would allow Greek Cypriots to pursue offshore drilling, on the condition that Turkish Cypriots were in some way included in these endeavours. He suggested that the Turkish side "should continue acting in a deterrent manner and that if necessary a bilateral delimitation agreement with Greek Cypriots for separate EEZs "might come onto the agenda".

In response Anastasiades stated that the Turkish Cypriot claims were unjustified, given that an agreement was reached on the matter by former president Demetris Christofias and former Turkish Cypriot leader Mehmet Ali Talat. The agreement provided that any decisions concerning sea zones, the continental shelf and the EEZ, will be handled by the federal government post-reunification. According to Anastasiades, the government had submitted a bill to parliament that provides for the creation of a fund, similar to the Norwegian sovereign fund, to administer proceeds from hydrocarbons thus "securing the interests of existing and future generations of all Cypriots." Newly appointed, Foreign Minister Nicos Christodoulides also responded to the comments made by Turkish Cypriot officials stressing that the Turkish Cypriot side is using the hydrocarbons issue as an excuse not to return to the negotiating table. He called on Turkish Cypriots to decide whether they want a future with Turkey or within a reunited Cyprus

On 27 February, Spehar met separately with Turkish Cypriot leader Mustafa Akinci. Spehar reiterated that the UN has requested that all parties reflect on the way forward and that the UN is waiting to hear their views for a common approach on the way forward. Asked whether any leaders meeting should be soon expected, Spehar stated that for the time being the parties are conducting preliminary discussions.

On February 14, UN Secretary General Antonio Guterres stated that a solution to the Cyprus Problem was the best way of resolving the hydrocarbons dispute between Cyprus and Turkey. Guterres regretted that tensions over hydrocarbons exploration had escalated and stressed that all concerned parties should do their utmost to defuse tensions. He recalled that the Turkish Cypriot and Greek Cypriot leaders had previously agreed that natural resources in a unified Cyprus would lie within the competence of the future federal government.

In a statement to the Turkish Cypriot public news agency, the presidential spokesperson Baris Burcu said, that the map which had been presented to the UN as part of talks on territory at the Conference on Cyprus had been returned upon the request of President Akinci. Burcu reminded that following the failure of the Conference on Cyprus, the Greek Cypriot leadership had announced that it had withdrawn all proposals it had put on the table during the conference. When the timing of the statement (which came only a few days before the second round

of the Greek Cypriot presidential election) attracted criticism, Akinci said that “this issue was only made public recently following the inquiry of the media. It is out of the question to accept the efforts made to present this as an interference in the elections in the south”.

Turkish Cypriot leader Akinci congratulated his Greek Cypriot counterpart Nicos Anastasiades on his election victory and said “I hope Mr. Anastasiades during his second term will follow a more realistic and constructive policy for a comprehensive settlement and peace in Cyprus”.

Turkish Cypriot negotiator, Ozdil Nami tendered his resignation to Akinci following his appointment as the minister of economy in the new government. Akinci said, that he was not thinking of appointing a new negotiator at this point, as he did not want the negotiations to drag on in the same way for another 50 years. “Negotiations can only be possible if a strategic framework emerges provided that the Greek Cypriot side experiences a mental transformation and truly accept the political equality of Turkish Cypriots”, Akinci added. He reminded that the UN Secretary General Antonio Guterres had not appointed a Special Advisor to replace Espen Barth Eide following the collapse of the talks at Crans Montana: “This shows us that there is no such urgency”.

The Turkish Cypriot Ministry of Foreign Affairs issued a written statement condemning an attack against a Turkish Cypriot vehicle in the

southern part of Cyprus. The statement called on the Greek Cypriot authorities to take immediate action and punish those who carried out the crime. It noted that attacks against Turkish Cypriots have increased in recent months and was becoming the norm and called on the Greek Cypriot authorities to take serious action.

2. Hydrocarbons

On February 8, Italy's ENI announced that it made a discovery of lean gas in the exploratory well of Calypso, located in offshore Block 6 of the Cypriot Exclusive Economic Zone (EEZ). According to reports, Calypso is expected to hold somewhere between 6 to 8 trillion cubic feet (tcf) of natural gas compared to Aphrodite's 4.5 tcf found in 2011. According to a statement released by the ENI, Calypso "is a promising gas discovery and confirms the extension of the Zohr-like play" into the Cypriot EEZ".

The euphoria generated by the company's announcement was spoiled on February 9, as ENI's Saipem 12000 drillship was intercepted by Turkish navy vessels while on its way from Block 6 to the Cuttlefish target located in Block 3 of Cyprus' EEZ. The warships which were participating in military drills in waters off the east of the island, ordered the captain to change course. Turkey had issued, on February 6, a Navtex notice of its plans to mariners, reserving the island's southern waters, including Block 3,

for military training until February 22. The initial Navtex was renewed on February 20 until March 10, bringing the duration of the Turkish military exercises in the area to an implausible 30 days.

Being under a blockade for two weeks, where it remained immobilized at a distance of 50 km from the target, ENI's drillship attempted for a second time on February 23 to reach Cuttlefish but was again intercepted by Turkish war ships. As a result of the harassments, on February 26, the drillship departed from Block 3 setting course for Morocco, where ENI has contractual obligations.

Turkey claims it is acting on behalf of the Turkish Cypriots, who also have rights on the island's natural resources. Moreover, Turkey does not recognise the Greek Cypriot dominated Republic of Cyprus, nor therefore that the Republic is entitled to the EEZ it has delineated with several of its neighbouring countries, or a continental shelf. In addition, Turkish Cypriots signed a Continental Shelf Delimitation Agreement with Turkey in September 2011. It is on this basis that Turkish Cypriots declared an EEZ of their own, which in effect claims that half of Cyprus' EEZ belongs to them, including blocks 1, 2, 3, 8, 9, 12 and 13. Turkey also has claims on parts of various blocks in Cyprus' EEZ saying the areas in question form part of its continental shelf. The claim includes part of blocks 1, 4, 5, 6 and 7, to the south and southwest of the island.

The escalation of tension in the Cypriot EEZ caused various responses by the US and the EU but no action was taken to deter Turkey apart from verbal condemnation. Commenting on the issue US ambassador Kathleen Doherty reiterated the US position as follows: "Our policy has been very longstanding. We believe that the Republic of Cyprus has the right to explore and exploit its resources in its EEZ. We also have said publicly, and we have as a longstanding position, that the resources should be shared equitably with all Cypriots in the context of a settlement." According to a statement issued by the French president's office, Emmanuel Macron conveyed to Turkish President Recep Tayyip Erdogan during a telephone conversation that he was concerned about recent events off the coast of Cyprus, stressing "the need to respect Cyprus' sovereignty." European Council, President Donald Tusk, on behalf of all EU leaders, expressed his support on the sovereign right of the Republic of Cyprus to explore and exploit its natural wealth in accordance with European and international law, including the UN Convention on the Law of the Sea.

Energy Minister Giorgos Lakkotrypis stated, that Cyprus' plans to explore develop and exploit hydrocarbons in its EEZ will continue even if ENI's drilling in Cuttlefish has been postponed.

Meanwhile on February 23, during his participation in the Petroleum Week conference in London, Egyptian Minister of Petroleum Tarek al-Mulla announced that a preliminary agreement with Cyprus' government has been signed and

further negotiations are underway between the governments to build a gas pipeline from Cyprus to Egypt before mid-2018.

3. Greek Cypriots

Economic Developments

According to the European Commission statistical office Cyprus' unemployment rate fell from 10.3% or 44.000 people in December to 9.8% or 42.000 people in January. This was the first time in six years that the unemployment rate fell below 10%. However, it still remains the fourth highest unemployment rate in the European Union.

According to the Statistical Service the government generated in 2017 a fiscal surplus on a cash basis of €360.7 million or around 1.9% of the economy compared to a surplus of €82.4million in 2016. Total revenue rose last year by €564 million to over €7.2 billion in 2017 mainly due to higher indirect tax revenue which rose by €305 million to €2.9 billion in 2017 while direct tax revenue, rose by €41 million to below €2.2 billion. Government spending rose in 2017 by €195 million to well below €7 billion. The increase in spending was mainly due to a €84 million increase in current transfers to €1.5 billion accompanied by a €56 million and €41 million rise in wages and salaries and non-allocated expenditure to €1.8 billion and €528.4 million. The statistical service also announced that the economic output expanded 4% in the

fourth quarter of 2017 compared to the respective quarter of 2016.

Domestic Developments

On February 4, Nicos Anastasiades was re-elected as President during the second round of the Greek Cypriot Presidential elections. Anastasiades secured a comfortable win over his opponent Stavros Malas garnering 215.281 votes or 55.99% of the vote.

During his swearing in address to the House on February 28, Anastasiades presented the new government's domestic policy for 2018-2023 which includes reforms in the public sector, e-governance, research and innovation, support for start-ups, people with disabilities, children's rights, anti-corruption, tourism and the development of rural and mountainous regions. Anastasiades stated that his government was aiming for an unemployment rate of 4-5% and the introduction of a national minimum wage for all occupations. Another priority would be to further strengthen small and medium-sized business (SMEs) by offering tax breaks and incentives, along with new programmes for women and youth entrepreneurship, the development of e-commerce and addressing the issue of non-performing loans.

With regards to foreign policy four axis were announced:

- Participation in the EU's formulation of a common foreign policy;
- Strengthening ties with Gulf states;
- A formal linkage of Mediterranean's EU member states with neighbouring countries;
- Deepen relations with the five permanent members of the UN Security Council;

On February 13, Anastasiades announced the composition of his new government. The new cabinet which will be sworn in on 1 March is comprised by:

Nicos Christodoulides, Foreign Minister;
Harris Georgiades, Finance Minister;
Giorgos Lakkotrypis, Energy Minister;
Zeta Emilianidou, Labour Minister;
Savvas Angelides, Defence Minister;
Costas Hambiaouris, Education Minister;
Constantinos Ioannou, Health Minister;
Vasiliki Anastasiadou, Transport Minister;
Costas Kadis, Agricultural Minister;
Constantinos Petrides, Interior Minister;
Ionas Nicolaou, Justice Minister;
Natasa Pilides, Junior Minister for Shipping;
Prodromos Prodromou, Government Spokesman;
Klelia Vasiliou, Deputy Government Spokesperson;
Vasilis Palmas, Undersecretary to the President;
Petros Demetriou, Head of the President's office.

Labour Relations and Trade Unions

An agreement was reached in the construction sector between the trade unions and the Con-

tractors' Association in the presence of the Director of the Industrial Relations Department concerning the conversion of the key terms of the collective agreement into a bill to be voted into law by parliament. This has been a diachronic demand of SEK, adopted in the last decade by PEO as well and is expected to protect both workers and businesses from unfair competition by contractors who do not abide by the collective agreement.

A 24-hour strike took place by the Limassol Buses with bus drivers demanding the reinstatement of their salaries and benefits to the pre-2014 levels in the context of the renewed collective agreement. The issue has not been resolved.

PEO reaffirmed its policy position to claim the gradual return to the wages and the benefits existing in the pre-crisis period in the broader public sector and to engage in a more determined struggle against the deregulation of labour relations and against the covering of permanent needs with temporary, subcontracted and flexibly employed staff in the broader public sector.

PEO and SEK staged a series of assemblies and protests of the municipal employees in all cities against the rising trend of outsourcing a variety of activities, violating thus existing collective agreements.

A strike took place at Makarios Hospital by the hourly paid employees, primarily cleaners, protesting against understaffing. The Minister of

Health intervened, promised immediate moves by the government and the strike stopped.

The Cooperative Cyprus Bank attempted to fire a number of its employees because they have non-performing loans. ETYK, PEO, SEK and PASYDY issued statements threatening legal measures as well as strike action and the management of the bank was forced to retreat and give further time to these employees with respect to the issue of their non-performing loans.

An agreement was signed between the Minister of Health and PASYDY stipulating the upgrading of a series of professions in the health sector in the existing pay scale of the public sector. This will be enforced in 2019.

The Committee of Employment of the European Parliament discussed the issues raised by the union of temporarily employed academics of Cyprus, DEDE, such as the absence of rights for non-regular staff and the non-enforcement of the European Charter of Research and other EU recommendations. DEDE had also a strike at the University of Cyprus in January. The European Commission responded that from its own part it has issued a series of recommendations and that it is the states and the universities that should enforce them. The European MP Neoklis Sylikiotis who took the issue there, asked the European Commission to provide written steps that the Commission intends to take so that these recommendations are enforced in practice.

SEK had a meeting with the newly re-elected president of the Republic, Nikos Anastasiades providing him with its recommendations. These included the boosting of the collective agreements, the combat of unemployment, the non-privatization of semi-public organizations, the discontinuing of the policy of outsourcing work-posts in the broader public sector, progressive tax reform and the enhancing of public services and local government efficiency.

SEK and PEO condemned statements made by the heads of the Cyprus Tourism Organisation and the Hoteliers Association (PASYXE) against hotel employees who, while being unemployed in the winter season and receiving unemployment benefit, work in their fields or elsewhere. SEK stated that these people are outside hotel work involuntarily in the winter season, that they are willing to undergo further training and that the problems will not be solved with such derogatory statements but through the upgrading of Cyprus' tourism services. PEO spoke about an "insult" to workers who enjoy their hard won right to unemployment benefit and stated that the trade union movement will never accept the conversion of the unemployed into cheap labour for any employer. It is the hoteliers who avoid the risk of keeping their hotels open during the winter and who refuse to take up the partial cost of training sessions during the winter for their employees, said PEO.

4. Turkish Cypriots

Economic Developments

According to the Central Bank figures, 83% of the budget was financed by domestic revenues in 2017. This was 69% ten years ago.

The average occupancy rate of tourist facilities in the northern part of Cyprus increased in 2017 to 58.5% from 48.6% in 2016. The average occupancy rate of the casino hotels was 62.7%, while the average occupancy rate of the other hotels was 48.7%.

At 14.68% the inflation rate in 2017 had reached the highest level in recent years. The State Planning Organisation announced that the cost of living went down in January by 0.22%.

Relations with Turkey

The Turkish Ambassador to Nicosia, Derya Kanbay, visited the new Turkish Cypriot Prime Minister Tufan Erhurman and presented a letter from the Turkish Prime Minister Binali Yildirim. Kanbay said "we wish you all the best and express the Republic of Turkey's support to your government". Erhurman for his part stressed that the relations with Turkey was of vital importance. "I am sure that we will continue our relations with Turkey at the best level. We will show an utmost effort for this and we will continue working together in cooperation" the Premier said. Kanbay separately visited all ministers and wished them success on their new positions. Common message given by

Kanbay to all ministers was “The state of the Republic of Turkey is beside the TRNC ... Turkey will always be the most important supporter and assistant in all works to be carried out in north Cyprus for the future of Turkish Cypriot people”.

Domestic Developments

After finalizing the work on the protocol at a meeting they held on the last day of January, the leaders of the Republican Turkish Party (CTP), the Peoples’ Party (HP), the Social Democratic Party (TDP) and the Democratic Party (DP) signed the protocol for the new government in a ceremony at the parliament on February 1. Speaking at the ceremony, the CTP leader Tufan Erhurman said that the four parties had a common understanding on the principles on which they would be governing the country. He said that the goal would be to introduce sweeping public reforms and that coalition government would work on the basis of creating a more democratic, free, egalitarian and inclusive country on the basis of the rule of law. Erhurman admitted that the four-party coalition would face challenges in solving the country’s outstanding problems. However, he expressed his belief that it would be possible to overcome these problems: “Everything is possible through cooperation and good will. I believe this...I’ve seen this” he said.

Elsewhere Erhurman said “The leading principle that we have all agreed upon is that we shall crack down on all illegal and irregular practic-

es”. Touching upon relations with Turkey, Erhurman said that it was the duty of any government in office to establish good relations with Turkey. He said that any party that failed to do so was doomed to fail. He added that negotiations on the new protocol to be signed with Ankara had already begun.

On February 2, the prime minister-designate Tufan Erhurman presented his cabinet to the President Akinci. The cabinet, which was approved by Akinci is made up of following members:

Tufan Erhurman (CTP), Prime Minister;
Kudret Ozersay (HP), Deputy Prime Minister and Minister of Foreign Affairs;
Aysegul Baybars Kadri (HP), Minister of Interior;
Serdar Denktas (DP), Minister of Finance;
Cemal Ozyigit (TDP), Minister of National Education and Culture;
Zeki Celer (TDP), Minister of Labour and Social Security;
Filiz Besim (CTP), Minister of Health;
Tolga Atakan (HP), Minister of Public Works and Communications;
Fikri Ataoglu (DP), Minister of Tourism and Environment;
Ozdil Nami (CTP), Minister of Economy and Energy;
Erkut Sahali (CTP), Minister of Agriculture and Natural Resources;

In the meantime, CTP Famagusta deputy Teberruken Ulucay has been elected as the

speaker of the parliament while Zorlu Tore from the main opposition UBP has been elected as the deputy speaker.

The government received the vote of confidence on February 15. While 27 deputies voted in favour of the new government, 22 deputies voted against it. One MP did not attend the session. According to the constitution, no party or group of deputies can table a motion of no confidence for the first three months after a vote of confidence is secured.

Erhurman received the chairman and the board of directors of the Turkish Cypriot Chamber of Commerce (KTTO). Speaking during the visit, the KTTO chairman Turgay Deniz expressed his happiness over the courage shown by the four political parties to establish a coalition and expressed their belief that the coalition government would be successful. Stating that the government program had 90-95% overlapped with the demands of the chamber, he said they fully supported the implementation of the government protocol adding that the chamber was ready to do everything it could to this end. Stating that the government would be result oriented, the Premier said "one of the characteristics of this government is that it has put the economy in the centre of all its policies" and stressed that it was not possible to secure communal liberation without economy.

The six men charged for the attacks last month against Afrika newspaper and the parliament building have been sentenced to between two

and six months in prison. Judge Tacan Reynar who was presiding over the case found all of the six accused guilty of the charges of unlawful assembly, rioting, causing damage to property and inflicting intentional harm. The six men were part of a group of demonstrators who attacked the Afrika newspaper's office on January 22 after the daily linked Turkey's Afrin operation in northern Syria to Ankara's presence in the northern part of Cyprus. Protesters threw rocks and eggs at the building smashing windows and brought the newspaper's sign down causing significant damage.

Labour Relations and Trade Unions

The newly appointed Minister of Labour and Social Security Zeki Celer held his first meeting with a delegation from the Association of Work Place Safety and Health Experts. Celer described fatal accidents at work sites as murders and said that failure to prevent these accidents was a growing source of concern for the Turkish Cypriot community.

Accidents in the workplace were also taken up at an emergency meeting held at the Ministry of Labor and Social Security. An emergency crisis desk was set up at the meeting attended by the Minister of Labor and Social Security, Celer, as well as sector representatives.

Speaking during the meeting, Celer said that to prevent work related accidents precautions and measures had to be taken in line with the law. According to decisions taken at the end of the

meeting, following inspections by inspectors from the Department of Labour, all work at construction sites where the health and safety of workers are not ensured will be indefinitely halted. A committee will also be established with the aim of solving problems associated with health and safety at work places.

5. FES Cyprus Events

March 2018

Thursday, 8th March – Saturday, 10th March 2018

FES workshop

Meeting of Journalists

Home for Cooperation (in the UN Buffer-Zone)
Nicosia

Not open to the public



Tuesday, 13th March 2018, 18:00

FES

Book launch

Education in a Multicultural Cyprus

Home for Cooperation (in the UN Buffer-Zone),
Nicosia

Open to the public



Friday 16th March 2018, 09:00

CYPRUS-INSTITUTE UNIVERSITY MÜNSTER /
University of Nicosia / FES
Conference

**When the Cemetery Becomes Political. Dealing
With the Religious Heritage in Cyprus and its
Neighbouring Countries**

Home for Cooperation (in the UN Buffer-Zone),
Nicosia

Open to the public



Thursday, 29th March 2018, 5pm – 7pm

Civil Society Advocates / FES
Presentation

New Law on Associations and Foundations

Bank of Cyprus Conference Hall
117 Arch. Makarios III Avenue
Limassol, Cyprus

Open to the public

April

Thursday, 12th April 2018, 5pm – 7pm

Civil Society Advocates / FES / KEPLI
Presentation

New Law on Associations and Foundations

KEPLI, Grigori Afxentiou 27
Larnaca, Cyprus

Open to the public



Thursday, 19th April 2018, 5pm – 7pm

Civil Society Advocates / FES / KEPLI
Presentation

New Law on Associations and Foundations

KEPLI,
Sotira or Paralimni (tba), Cyprus

Open to the public

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