



Contents

1.	New and Upcoming Publications (www.FEScyprus.org)	2
2.	FES Cyprus Events	3
3.	Cyprus Problem.....	3
4.	Hydrocarbons.....	5
5.	Greek Cypriots	5
	Economic Developments	5
	Domestic Developments.....	5
	Labour Relations and Trade Unions.....	6
5.	Turkish Cypriots.....	7
	Economic Developments	7
	Relations with Turkey	7
	Domestic Developments.....	8
	Labour Relations and Trade Unions.....	8

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

February

**Nayia Kamenou, Enver Ethemer,
Costa Gavrielides, Okan Bullici**
***The LGBTI Movement in Cyprus
Activism, Law, and Change Across the Divide***
(In English, German, Greek, Turkish)



Nicos Trimikliniotis
***Cyprus as a New Refugee “Hotspot” in Europe?
Challenges for a Divided Country***
(In English, German, Greek, Turkish)



**Hubert Faustmann, Gregoris Ioannou, Sertac
Sonan**
Cyprus, Trade Union Monitor [for 2018]
(In English, German, Greek, Turkish)
[https://www.fes.de/internationale-
politikanalyse/internationaler-
gewerkschaftsdialog](https://www.fes.de/internationale-politikanalyse/internationaler-gewerkschaftsdialog)



April

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



May

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, German, Greek, Turkish)

2. FES Cyprus Events

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

3. Cyprus Problem

The peace dividend report published on February 5 by the Peace Research Institute of Oslo (PRIO) found that a solution to the Cyprus problem would bring enormous economic advantages to Cyprus. The report emphasizes that the economic potential of the island is currently held back by a range of factors that the division of the island amplifies. Overall, according to the report, a solution would boost average incomes - gross domestic product (GDP) per capita by between €6,8k and €11k compared to a scenario with no solution. Moreover, the overall GDP would increase by roughly €11bn to €17.4bn after 20 years.

A gender socio-economic impact assessment on the economic benefits of a solution was released by the World Bank and the UN Good Offices. It had been mandated by the Security Council. According to the report the cost of a Cyprus stalemate increases with each failed round of negotiations, because foregone benefits are unlikely to be restored at the time of a settlement. Reportedly, a settlement accompanied by supportive policies and institutions could result in the average annual real GDP growth rate, increasing by an additional 0.4% in the Greek Cypriot

community and by an additional 1.8% in the Turkish Cypriot community. The employment gains will be driven mainly by the construction and tourism sectors. A settlement would also spur investment as the integration of the energy, transport, and water systems could generate about €1.1bn worth of investment opportunities within two to three years of a settlement.

On February 15 a delegation of Turkish and Turkish Cypriot officials including the Turkish Vice President, Fuat Oktay held a meeting to discuss the opening of the fenced town of Varosha. This suburb of Famagusta was inhabited by Greek Cypriots and has been closed off since the Turkish invasion in 1974. The meeting was held within Varosha and in the absence of Turkish Cypriot leader, Mustafa Akinci. Akinci described the move as an “election ploy” and reiterated his opinion that Varosha should be opened under the supervision of the UN in line with a resolution of the United Nations. The Union of Turkish Bar Associations, which was the organizer of the event titled “The Legal, Political and Economic Aspects of the Maras (Varosha) Initiative,” issued a final communiqué where among other things, it pointed out that the most effective tool to proceed with the reopening of Varosha was the Immovable Property Commission (IPC), which is recognized by the European Court of Human Rights as an effective domestic remedy for Greek Cypriots attempting to either reclaim their property or at least receive compensation. Meanwhile, a

proposal by the Turkish Cypriot government¹ to introduce real estate tax hikes of 15 per cent to raise the needed funds to finance the IPC has attracted strong criticism from opposition parties and mayors. Due to a lack of funding, the IPC has been having difficulties to pay compensation to the Greek Cypriot owners.

In response to the development on Varosha, Greek Cypriot leader Nicos Anastasiades sent a letter to UN Secretary-General, Antonio Guterres, requesting for assistance to organize a bicomunal committee on Varosha as a confidence building measure. On February 22, during an interview with Euronews, Anastasiades warned that the Republic would veto EU financial assistance to Turkish Cypriots and funds to Turkey, if Ankara opened Varosha for settlement in violation of international law.

The bi-communal Technical Committee on Culture organized an art exhibition, which was inaugurated by the two leaders, Mustafa Akinci and Nicos Anastasiades. On display were art works, and visual and auditory recordings, which were exchanged following an

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).

agreement between the two leaders that was struck in February 2019. As part of the deal, the Turkish Cypriot side returned 219 paintings by Greek Cypriot artists and the Greek Cypriot side handed over visual and audio recordings of Turkish Cypriot artists from their respective archives.

Akinci's rift with Ankara continued to widen, after an interview he gave to the Guardian where he stated that Turkish Cypriots did not want to become a minority under the Greek Cypriots, nor be ruled by Turkey. Particularly his comments that the prospect of a Crimea-style annexation of the TRNC by Turkey would be horrible, and his remarks that he did not wish to be like the President of the short-lived Republic of Hatay which voted in a referendum to join the rest of Turkey in 1939 prompted a barrage of criticism from Ankara. The Turkish President, Erdogan said his TRNC counterpart's comments were "disrespectful", while Turkish Foreign Minister, Mevlut Cavusoglu, denounced Akinci as an "untrustworthy politician". Turkey's Vice President, Fuat Oktay, also criticized Akinci for his comments, saying they would not permit the Turkish Republic to be used for 'electioneering'.

On February 24, the Foreign Minister of the Republic of Cyprus, Nicos Christodoulides met with Guterres on the side-lines of the 43rd session of the UN Human Rights Council. Guterres expressed his readiness to resume efforts on the Cyprus problem right after the elections in the north in April 2020.

On February 29, the crossing points of Ledra Street, Lefka, Astromeritis and Dherynia were temporarily shut down reportedly for a week

by the Greek Cypriot government, in order to pre-empt a potential spread of the Corona virus. Akinci criticized Anastasiades for taking a unilateral decision instead of jointly deciding on what measures to take. The remainder of the checkpoints, Ayios Dhometios, Ledra Palace and Kato Pyrgos remained open.

4. Hydrocarbons

On February 9, CNA reported that Turkey purchased a third drillship the “Sertao” for \$37.5m in an auction in Britain. The Turkish president Erdogan said that the new drilling ship was a 6th generation ultra-drilling vessel which could drill to a depth of 11,400m.

On February 22, the Cyprus Mail reported that Cyprus and Norway are preparing to sign a Memorandum of Understanding (MoU) on energy issues, that will contain provisions for the exchange among other of expertise in relation to the national hydrocarbons fund.

On February 27, two high-ranking officials from the Turkish Petroleum Corporation (TPAO), Mehmet Ferruh Akalin and Ali Coscun Namoglu, were added to the EU list, subject to sanctions over Turkey’s illegal drilling activity in Cyprus’ Exclusive Economic Zone (EEZ). The restrictive measures consist of a travel ban to the EU and an asset freeze. Moreover, EU persons and entities are not allowed to make funds available to the two listed persons.

5. Greek Cypriots

Economic Developments

On February 12, a report by Moneyval, the Council of Europe’s anti-money laundering body, called on Cyprus to improve weaknesses in several areas of the economy that still leave the island vulnerable to money laundering, such as banking, the real estate sector and shortcoming among administrative service providers. The report also cautioned that the investment for passport programmes run by Cyprus was vulnerable to money laundering. Moreover, it called on Cyprus to pursue more aggressively money laundering from criminal proceeds generated outside of Cyprus and take a more proactive approach to the freezing and confiscation of foreign proceeds.

Meanwhile, Cyprus was among five EU states that the European Commission sent legal warnings to over their delays in applying new anti-money laundering rules adopted by the EU two years ago. EU states were required to enact by January 2020 tighter rules to counter dirty-money risks in a wide range of sectors, including cryptocurrency exchanges, prepaid cards and shell companies.

Domestic Developments

On February 19, Greece’s New Democracy opened an office in Cyprus within the building of ruling DISY in Nicosia.

On February 28, Kyriacos Kokkinos was officially sworn in as the Deputy Minister of Research, Innovation and Digital Policy. The new

deputy department will bring together the Department of Information Technology Services and the Electronic Communications Department. This is the third deputy ministry, following the creation of a deputy shipping ministry in 2018 and a deputy tourism ministry in 2019.

On February 27, Demetris Papadakis, MEP and former EDEK member, filed a lawsuit with the Nicosia district court for the annulment of his party's decision to remove him from the party. Papadakis was ejected from EDEK earlier in the month on grounds he had misused EU funds as a MEP and diverted them to a private business housed in the same office as his. He was also accused of not upholding his pledge to EDEK of donating 10% of his salary as a MEP back to the party.

On February 29, all political parties except far-right party ELAM criticized the government for the week-long closure of the four checkpoints.

Labour Relations and Trade Unions

Major upheavals have troubled the hotel industry since hoteliers are violating the agreed upon collective agreement. The new collective agreement was signed on 18 December 2019 following a mediating proposal by the Labour Minister and is valid for four years: from 1 January 2019 until 21 December 2022.

The dispute between the trade unions and the leaders of the Hoteliers Associations concerns:

- The refusal of hoteliers to pay the agreed salary increases to all staff. According to the agreement, as of 1 January 2020, an increase of 1.5% should be granted, from 1 January 2021 an additional 1.5% increase and from 1 January 2022 an increase of 2%.
- The violation of the minimum wage regulations provided for in the Decree of the Minister of Labour, as hoteliers act arbitrarily on the salaries of employees.
- Employers dispute the right of the trade unions to collect the contributions from the Welfare Fund as provided for by an agreement and which has been included in the regulations on hotel service conditions under the aforementioned agreement.

As a response, the employees planned strike action at those hotel units that refused the proper implementation of the agreement provisions. The violations had been denounced in a joint letter from the Trade Unions to the Minister of Labour in early January 2020 asking for a meeting to resolve the issue. The Minister for Labour convened a meeting of all parties on February 21 to discuss the problem. However, the Trade Unions consider the dispute unresolved and have therefore decided to convene a joint Meeting of their Boards of Directors on March 9, with a recommendation to put the industry under strike.

On February 19 workers in the metallurgical and electrical industries went on a 24-hour strike to defend their collective agreements, which provided for wage increases and benefits which are frozen since 2012 due to the economic crisis. However, the employers maintain their refusal to conclude a collective agreement in the sector. The employees of companies that have not accepted the mediation proposal of the Department of Labour Relations, decided to strike again on February 27. It is noted that several companies have approached the trade unions on their own in order to sign the collective agreement. Employees in these companies will not strike.

A strike was announced in EAC by the trade unions while launching a fierce accusation against the Board of Directors for *“evading responsibility and inability to make decisions, which threaten the viability of the Authority [EAC] and negatively affect both the consumers and the workers”*. The trade unions convened sessions on February 27 to decide on the commencements of strikes.

5. Turkish Cypriots

Economic Developments

According to the Statistics Department the rise in cost of living for the month of January was 1.70 percent, while the annual inflation was calculated as 12.67 percent.

Atlas Global Airlines, once an important Turkish carrier, flying also to Ercan (Tymbou) airport has filed for bankruptcy. This is expected

to have negative consequences on the tourism sector by increasing ticket prices.

According to the data provided by the Tourism Planning Department, in 2019 overnight stays of foreign nationals at Turkish Cypriot hotels rose by 3.8 percent compared to 2018.

Smuggled meat has accounted for more than 60 percent of all TRNC meat sales last year according to the president of the butcher's union. According to the report of the Turkish Cypriot weekly Cyprus Today, the union leader blamed the illegal trade on meat prices in south Cyprus being considerably cheaper to those in the north, and called for an increase in imports to provide a temporary solution to the problem. *“The long-term answer, however, is to increase livestock numbers in the TRNC which have greatly reduced in recent years due to the cross-border price differentials,”* he said.

Relations with Turkey

A fully equipped and modern hospital with the capacity of 500-beds will be built in Nicosia, the Turkish Health Minister has announced during a visit to north Cyprus.

A security camera network funded by Turkey is being installed in public spaces as well as main roads and streets in Kyrenia and Nicosia. Eventually, the network will cover the whole north.

The Turkish Cypriot Minister of Education delivered the opening speech at the 5th Eurasia Higher Education Summit (EURIE) which

was organized by the Eurasian Universities Union (EURAS) in Istanbul.

Domestic Developments

The president Akinci announced his decision to run for a second term at an event titled "Trust and Determination Night". After summarizing his achievements in his first term, Akinci said that he would continue to be working for a federal solution which would be based on two founding states and political equality.

The presidential election, where the key campaign issue focused on the Cyprus peace talks, will be held on April 26th. If no candidate obtains the absolute majority of the votes a second round between the two candidates with the most votes will be held one week later. The contest is expected to be mainly between the incumbent President Akinci and Prime Minister Tatar who have been leading the opinion polls; the leader of the main opposition Republican Turkish Party (CTP), Tufan Erhurman who has been coming in third in polls should not be written off too. Presidential elections are held every 5 years and this will be the eighth one since the declaration of the TRNC in 1983.

A fire, which broke out at Nicosia state hospital, killed at least two people and forced the evacuation of hundreds of patients.

Labour Relations and Trade Unions

On February 10th, the gross minimum wage for the first half of 2020 was set at 3600 TL (514 Euro) following the fourth meeting of the

Minimum Wage Commission. While the government's and employers' representatives voted in favour of this figure, the workers' representatives left the meeting in protest. Two weeks later, following the objections from the trade unions, the gross minimum wage was raised to 3820 TL (545 Euro). This time the employers' representatives left the meeting in protest. This was the first time in the country's history that the minimum wage was revised after being set.

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