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1. Cyprus Problem

In May, negotiations for a settlement of the Cyprus Problem resumed following a seven month hiatus. The peace talks had been suspended since October 2014, after the Greek Cypriot side withdrew from the negotiation table in response to the dispatch and incursions of the Turkish seismic vessel “Barbaros Hayrettin Pasa” into the Cypriot Exclusive Economic Zone (EEZ). A series of social and high level meetings between the Turkish Cypriot and Greek Cypriot leaders and their respective negotiators renewed optimism regarding the prospects for a solution, which culminated in the announcement of a number of confidence building measures (CBMs) at the end of the month. This positive climate was mainly fuelled by the election of the moderate politician Mustafa Akinci to the leadership of the Turkish Cypriot community on April 26. Civil society also appears to be playing an important role in this new attempt.

In a written statement issued by his office, Turkish Cypriot leader Mustafa Akinci appointed the Foreign Minister Ozdil Nami as his negotiator in the Cyprus settlement talks. “In addition to having a vision for EU membership and settlement, it is my view that Mr. Nami who has been serving as Foreign Minister can make serious contributions to the negotiation process with his experience and knowledge,” Akinci said in the statement. After officially taking over the post of negotiator from Ergun Olgun on May 4, Nami stepped down as Foreign Minister. For a

short bio of the new negotiator please see the following link: (<http://kktcb.org/content01.aspx?id=4&sayfa=27&select=1&lang=en>). Furthermore, Akinci appointed Gurdal Hudaoglu as his undersecretary, Cenk Gurcag as his private secretary and Baris Burcu as his spokesperson. On May 6, the new Turkish Cypriot President Mustafa Akinci travelled to Turkey where he met with President Recep Tayip Erdogan, Prime Minister Ahmet Davutoglu and Foreign Minister, Mevlut Cavusoglu. Despite a heated debate between Erdogan and Akinci in late April concerning Turkey’s relationship with the TRNC¹, the two appeared to be in unison during a press conference over their stance on the course of the negotiations with the latter stating that the Turkish Cypriot side would try to reach a solution through dialogue and cooperation with Turkey.

On May 11, Greek Cypriot President Nicos Anastasiades and Turkish Cypriot leader Mustafa Akinci attended a social dinner at the Ledra Palace hotel hosted by the United Nations Special Representative for Cyprus, Espen Barth

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).

Eide. Following dinner, Eide announced that the negotiations for a settlement of the Cyprus Problem will resume on May 15. The two leaders were joined by Greek Cypriot negotiator Andreas Mavroyiannis and Turkish Cypriot negotiator Ozdil Nami as well as the UN Secretary Special Representative in Cyprus, Lisa Bittenheim.

During the meeting on May 15, Anastasiades and Akinci agreed to work on CBMs that will benefit both communities. Towards this end the leaders announced that filling in a visa slip at crossing points will no longer be required by the authorities in the north. Furthermore, Anastasiades handed over to Akinci ground maps for 28 mine fields laid down by Greek Cypriot forces in the Pentadaktylos area in 1974. Additionally, the two leaders agreed to meet at least twice a month and scheduled their next meeting for May 28. The Turkish Cypriot and Greek Cypriot negotiators, Ozdil Nami and Andreas Mavroyiannis respectively, were instructed by the leaders to come up with a list of joint CBMs on issues of low politics and to conduct meetings on a regular basis. The resumption of the talks was warmly welcomed by the international community namely, the UN Security Council, UN Secretary General, Ban Ki-moon, US Vice President Joe Biden as well as the UK, Greece and Turkey.

On the same day, the Cyprus Chamber of Commerce and Industry (CCCI) and the Turkish Cypriot Chamber of Commerce (KTTO) launched a bi-communal internship programme with the

objective to support cross-community exchanges as part of an internship initiative for young unemployed professionals from the Greek and Turkish Community.

Meanwhile, on May 16, Greek Cypriot members of the “Famagusta our City” group and Turkish Cypriot members of the “Famagusta Initiative” united in demanding the opening of the Dherynia crossing near Famagusta naming it “the Avenue for the Return”. In a joint declaration, the groups stressed that the opening of the road would promote cooperation and cultivate dialogue, thus building trust between the two communities and peace in Cyprus.

A second social meeting between the two leaders took place on May 23. This time Anastasiades crossed to northern Nicosia to have coffee with Akinci at the Buyuk Han area, while Akinci reciprocated with another coffee at the Phaneromeni area in Ledras in southern Nicosia. Anastasiades was accompanied by Nicosia Mayor Constantinos Yiorkadjis, Government Spokesman Nicos Christodoulides and negotiator, Andreas Mavroyiannis. Akinci was accompanied by his spokesman, Baris Burcu, Turkish Cypriot Mayor Mehmet Harmanci and his negotiator Ozdil Nami.

On May 26, Turkish Foreign Minister, Mevlut Cavusoglu arrived in northern Cyprus where he met with Akinci. Cavusoglu welcomed the resumption of the negotiations on behalf of Ankara and expressed that a solution to the Cyprus Problem was possible within this year if

both sides remain determined. He also stressed that the time to discuss the issues of guarantees is not now but in the final stages of the negotiations when a five party summit is expected to be held between the three guarantors (Britain, Turkey and Greece) and the two communities. However on May 27, Turkish President, Recep Tayip Erdogan adamantly stated that Turkey would never give up its guarantor rights in Cyprus and that the EU could not be a guarantor in Cyprus. These comments were made in response to the Greek position and Greek Cypriot expectations expressing that guarantor powers are no longer necessary in Cyprus. Erdogan's hard stance might have to be seen within the context of the upcoming parliamentary elections in Turkey.

On May 28, following their second meeting since the resumption of the negotiations, Anastasiades and Akinci announced five CBMs. These included:

- The opening of more crossing points starting with Lefka-Aplici in the west and Dheryneia in the east. Moreover, they referred a number of other proposed crossing points for further examination to the committee on crossings;
- Agreement to interconnect electricity grids, and to start taking the practical steps towards this goal;
- Desirability of mobile telephone interoperability. The leaders agreed to instruct technical committees on economic and commercial matters to discuss and propose how this issue can be solved;

- Work will commence to prevent radio frequency interferences;
- The leaders agreed that the Cyprus issue can only be properly solved with due understanding of the perspectives of both women and men. To that effect, they agreed to establish a committee on gender equality;

The two leaders also agreed to make a strong appeal on the crucial humanitarian issue of missing persons. Their next meetings are scheduled for June 17 and 29 and July 10 and 27.

Meanwhile, a delegation from the Social Democratic Party (TDP) visited the Greek Cypriot main opposition party Progressive Party of Working People (AKEL) on May 13. The two parties agreed to form a working group to regularly exchange views on the Cyprus problem. Announcing the establishment of the working group to carry out a parallel process to the negotiations, AKEL leader Andros Kyprianou said that their aim was to assist the two leaders. On his part, the TDP leader Ozyigit said that it was pleasing to see that Akinci's election had created a positive atmosphere in the south as well. The committee held its first meeting on May 21 at the TDP Headquarters.

Additionally, the UN Force in Cyprus (UNFICYP) announced in May that it would deploy a demining team to a mine hazard area in the buffer zone north of Mammari, a village west of Nicosia.

2. Hydrocarbons

No significant developments occurred in relation to hydrocarbons

3. Greek Cypriots

Economic Developments

On May 14, Parliament passed the laws regulating properties in foreclosure, enabling the activation of repossessions in related legislation. The laws came into effect after several delays due to the insistence of the opposition to suspend its implementation until an insolvency framework, perceived as a safety net for vulnerable groups, also came into effect. The laws were approved with 33 votes in favour (DISY, DIKO, EDEK, EVROKO) and 21 against (AKEL, the Greens and independent Zacharias Koulias).

Meanwhile, on May 20 the Troika² successfully concluded the sixth review of the bailout program. Still, the conclusion of the review is subject to the approval process of both the EU and IMF, which are expected to approve the Troika's report and allow the disbursement of the next tranche on June 16. In relation to the Cypriot adjustment programme, the Troika stressed that further actions would be important to support the reduction of non-performing loans

² The Troika is comprised by the European Central Bank (ECB) the International Monetary Fund (IMF) and the European Commission.

(NPLs), including legislation to facilitate the sale of bank loans. Moreover, the lenders called on the authorities to maintain the "structural reform momentum" and pointed at the reform of the public sector administration as key in this respect. Additionally, the Troika stressed that timely implementation of the privatisation plans is necessary to increase economic efficiency, attract investment and reduce public debt. In relation to this, AKEL proposed to suspend the privatizations procedure or delay it until 2017.

Following the Troika's evaluation, Finance Minister Harris Georgiadis announced that the international lenders accepted the Cypriot government's proposal to let the new insolvency and foreclosure framework run to test its effectiveness. According to Georgiadis these laws might be corrected or reviewed "if considered necessary". However, on May 25th, as MP's discussed two proposed amendments prepared by EDEK, the Finance Minister warned that changes to the foreclosures legislation could derail the country's bailout programme anew and advised that it would be preferable "to let the legal framework work" and reiterated the position that changes could be made if issues arise.

The two proposals that amend the foreclosures law and the insolvency framework tabled by EDEK MP Nicos Nicolaides included:

- Firstly, the value of the property accepted by the bank when the initial loan agreement is made to be taken into account during its sale

through auction. The borrower could also ask for an evaluation if he has reasons to believe that market value of the property on sale would be higher.

- Secondly, the exemption of guarantors in the event the property is foreclosed, or have them share the outstanding amount equally if the borrower is bankrupt to the other guarantors.

Domestic Developments

US Ambassador John Koenig was widely condemned by the government and Greek Cypriot political parties for stating that he does not regard the Cyprus Problem as an issue of invasion and occupation. The reaction referred, however, to a point which has to be seen as a part of a longer evaluation of the Cyprus Problem. Koenig said that “the Cyprus conflict of course began 51 years ago and in that context of course it took a huge and tragic turn in 1974 and I am not in any way justifying what happened then, but it cannot be reduced to a problem of invasion and occupation. That is in fact to ignore your own history”. The statements were made on May 27 during an open discussion at the University of Cyprus.

The bi-communal Cyprus Anti-Nuclear Platform, comprised by environmental organizations from Cyprus, Greece and Turkey and with the support of the European Greens, joined forces on May 9 to state their opposition to the construction of a nuclear power plant on Turkey’s southern coast. The platform organized a conference

in the buffer zone to discuss the negative impact a nuclear power plant would have in the Mediterranean region and signed a declaration urging Turkey to abort plans for the construction of the plant.

As a reaction of the resumption of the peace talks the leaders of the centre parties DIKO and EDEK, Nicholas Papadopoulos and Marinos Sizopoulos respectively, agreed to strengthen their ties across the board particularly on the Cyprus Problem during a meeting held on May 6. The meeting took place just one day after EDEK set in motion a process to redefine its stance on the Cyprus Problem by rejecting a bi-zonal, bi-communal federation as the model for a solution of the Cyprus Problem on the grounds of being a “racist” arrangement. EDEK party members will vote to endorse or reject the new stance during a party congress scheduled for June 14. Meanwhile, Marios Matsakis, a well-known hardliner on the Cyprus problem announced his return to DIKO a few days after a number of leading DIKO cadres took a softer line suggesting the election of Akinci as a window of opportunity for a solution. These included former party leader Marios Garoyian, vice chairman Christos Patsalides and MP Athina Kyriakidou. Both EDEK and DIKO have traditionally held a hard-line stance on the Cyprus Problem.

On May 15, AKEL indefinitely suspended prominent member Nicos Katsourides over his alleged involvement in the Dromolaxia scandal. This involved a land scam where Turkish Cypriot

property was purchased by the CyTA pension fund and an office space complex was constructed at an inflated price.

Foreign Policy

On May 9 and 10 President Anastasiades held a series of high level meetings with Russian President Vladimir Putin and the Chinese President Xi Jinping as part of his visit to Moscow to participate in the celebrations of the 70th anniversary of the end of World War II. Bilateral relations and the Cyprus problem were among the issues discussed. Anastasiades also had the chance to meet with UN Secretary General Ban Ki-moon where they exclusively discussed the Cyprus problem.

On May 18, the government welcomed the outcome of the EU-Turkey Association Council where the EU made clear that it expected Ankara to actively support the Cyprus negotiations within the UN framework and in accordance with the relevant UN Council resolutions and with the principles of which the EU was founded. The Council met in Brussels to review EU-Turkey relations. Meanwhile, the European Parliament decided to postpone the vote on Turkey's progress report until June due to a large number of amendments and limited time.

4. Turkish Cypriots

Economic Developments

According to the figures reported in a Turkish daily newspaper, the amount of funds trans-

ferred from Turkey to the TRNC in the period between 2006 and 2015 has reached TL 8,95 billion (€2,95 billion). Bilateral trade volume has also increased by 60% between 2005 and 2014 and has reached a total of TL1,3 billion (€428 million).

According to the State Planning Organization, the Turkish Cypriot GDP is expected to grow by 4.5% in 2015, 3.6% in 2016 and 3.8% in 2017. The inflation rate, on the other hand, is expected to be 3.3% this year, 4.6% in 2016, and 4.5% in 2017.

In a symposium on Occupational Health and Safety organized by his ministry, the Minister of Labour and Social Security, Aziz Gurpinar said that work related accidents in northern Cyprus were very high compared to figures released by the European Union. He noted that in the past 20 years, 250-260 work-related accidents were reported and that on average every year 6 workers lost their lives in such accidents. "We have a lot of work to do" Gurpinar added and reminded that the ministry had prepared a 6 point precautionary package of proposals in order to avoid work accidents and added that they would do everything in their power to raise standards in the northern part of Cyprus to that of EU level.

Domestic Developments

Akinci briefed the Parliamentary Platform, which consists of leaders and representatives of political parties represented at the parliament on the Cyprus negotiation process.

On May 20, the leader of the Democratic Party-National Forces Serdar Denktas resigned as Deputy Prime Minister and Minister of Economy, Tourism, Culture and Sports. At a press conference held earlier, Denktas cited dysfunctionality of the political system and the behavior of the Turkish officials in the island as the reasons behind his resignation. Stating that the system had lost its function and could not meet the democratic needs of the people, he claimed that the parliament, deputies and ministers had fallen from grace and people had lost their confidence in the state. As a first step to address this problem, he suggested the separation of legislative and executive organs. Moreover, touching upon the relations with Turkey, Denktas said "our complaints are not against the behavior of Turkey but to the behavior and approach of the officials Turkey is appointing to the TRNC ... What we are saying is that none of the bureaucrats of Turkey could be superior to the democratic will of the Turkish Cypriot people," targeting the Board of Financial Assistance, a branch of the Turkish Embassy in the northern part of Cyprus, which allegedly wield more power than the cabinet. Under these circumstances, Denktas concluded, it was meaningless to carry on with his duty at the government.

Denktas also announced that the "National Forces" was removed from the party's name. Meanwhile, the DP appointed Mentis Gunduz as the new Deputy Prime Minister and Minister of Economy, Tourism, Culture and Sports.

Commenting on the resignation of Denktas, Turkey's EU Minister and Chief Negotiator Volkan Bozkir said "the father of Serdar Denktas, the late Rauf Denktas was the TRNC's hero and a historical name. However, the late Denktas was the reason for the non-solution of the Cyprus problem. For many years and in several phases when the solution was very close, he took a stance against it ... I can say that he [Serdar] is his father's son. He had always shared the same views. So, I consider his resignation as timely, since it is taking place in a period when the Cyprus negotiations have resumed and in a period when an opportunity for a solution has arisen". Bozkir also expressed the hope there would be a solution by September or shortly after, which would, he said enable Turkey to open some of the frozen chapters in its EU accession process. Denktas reacted strongly to Bozkir's statements, describing them as a "huge political gaffe" and said he could not understand why a Turkish minister would say such a thing when two additional "TRNC presidents, Mehmet Ali Talat and Dervis Eroglu had followed Denktas and yet there was still no solution".

Former Turkish Cypriot leader Mehmet Ali Talat officially announced that he would run for the leadership of the Republican Turkish Party-United Forces (CTP-BG) at the party's congress, which would be held on 14 June. In a statement, Talat said that he decided to run for the party leadership in order to actively contribute to the efforts of the party which showed the intention to be the pioneer of change for the

Turkish Cypriot people. In his 25-point manifesto entitled "A New Page in the CTP," Talat said that there would be bottom-up democracy and discipline in the party. He added that the priority would be to actively support the efforts towards finding a bi-zonal, bi-communal, federal solution based on the political equality of the two sides, as well as the CBMs without deviating from the target of a comprehensive solution.

Talat will contest against Yasar Oduncuoglu, a relatively obscure figure who currently heads the Gaziveren branch of the party. In congress, as well as the election for the party leadership, 121 candidates will run for the 40 party assembly seats.

The leader of the Social Democratic Party (TDP) Cemal Ozyigit announced that his party would update its charter in congress that would be held on 28 June. He said that following congress they would also update its party program. According to a written statement, Ozyigit said that the people had clearly revealed their desire for change and added that the TDP would be a pioneer for change.

Foreign Policy

As Minister of Foreign Affairs, Ozdil Nami made his last visit to Berlin and held contacts at the Office of the Federal Chancellery and the Federal Parliament. The agenda of his meetings in Berlin were mainly on the Cyprus negotiation process.

After his meeting with Philipp Missfelder, Foreign Policy Spokesperson of the CDU/CSU, Nami met with Günther Krichbaum (CDU/CSU), Chairperson of the Committee on the Affairs of the EU. Later, Nami met with Norbert Spinrath, Spokesperson of the SPD on EU Affairs as well as Heinz Joachim Barchmann (SPD), Deputy Chairperson of the EU Affairs Committee. Nami also met with Cem Ozdemir, Co-Chairperson of the Green Party. Furthermore, at a round-table discussion titled "A new round of talks in a more realistic atmosphere," which was organized by the Science and Politics Foundation, Minister Nami came together with German bureaucrats, academics and NGO representatives.

During his visit, Nami expressed his expectations regarding the new negotiation process and explained that if the process were expedited and both sides displayed the necessary political will, it would be possible to reach a solution before this year's end.

Moreover, Nami pointed out that if the EU displayed a supportive role towards the Turkish Cypriot community, it would contribute to the establishment of balance between the two sides. Such a stance would have a positive effect on the negotiations. Nami also highlighted the importance of the support of Germany and other EU countries in this regard.

5. FES Cyprus Events

June

Saturday 13.06.2015, 9.30 am – 1 pm

NCA / UNIC / FES
Conference

**Socio-political Conference on “Cypriot
Collective Identities and our Common Future
State”**

UNESCO Amphitheater, University of Nicosia
Nicosia, Cyprus

Open to the public



Monday 22.06.2015

FES
Conference

**Trade Unions in Cyprus,
Common Challenges Ahead**

Chateau Status (Buffer Zone)
Nicosia, Cyprus

Open to the public

***The detailed program is available in English,
Greek and Turkish on our web-site and on
Facebook***

July

Monday 19.-31.07.2015

ECPR / IAPCS / FES
Workshop

**International Summer School in Peace &
Conflict Studies: State Fragmentation, Regional
Crises & War Endings**

University of Cyprus & Home for Cooperation,
Nicosia, Cyprus

Not open to the public



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