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

October

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



Sarah Morsheimer, Kyriaki Chatzipanagiotou,
Tina Mykkänen, Hrishabh Sandilya
A Systemic Analysis of the Impact of the
COVID-19 Pandemic on Refugees, Migrants
and Asylum Seekers in Cyprus: Part I - An
Overview
FES Cyprus/Project Phoenix/Justice
Project/Report
 (In English, German, Greek)

November

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



Sertac Sonan, Ebru Küçükşener, Enis Porat
Politics and Society in North Cyprus: A Survey
Study, 2019 Report
 (In English, German, Greek, Turkish)



Ömer Gökçeşu, Sertac Sonan
Socio-Economic and Political Impact of
Austerity Policies in North Cyprus:
A Brief Assessment
 (In English, German, Greek, Turkish)



Simona Mihai-Yiannaki, Fiona Mullen
National Recovery Strategies – Cyprus
Report
 (In English)



Nayia Kamenou, Enver Ethemer, Costa
Gavrielides, Okan Bullici
Die LGBTI-Bewegung in Zypern: Aktivismus,
Rechte und Wandel auf beiden Seiten der Insel
Το ΛΟΑΤΙ Κίνημα στην Κύπρο: Ακτιβισμός,
Δίκαιο, και Αλλαγή κατά Μήκος της
Διαχωριστικής Γραμμής
Report
 (In German, Greek)

Podcasts

Our podcasts can be found in the new media section of our homepage at:

<< <https://www.fescyprus.org/media/> >>



Cihan Dizdaroğlu, Hubert Faustmann, Mete
Hatay
Cyprus Youth Report: Will the Cypriot youth tip
the scales in the Cyprus problem?
 (In English)



Hubert Faustmann, Elias Ioakimoglou, Nicos
Trimikliniotis
The Post-Pandemic Stimulus: Could a Minimum
Wage Boost the Beleaguered Cypriot
Economy?
 (In English)

2. FES Cyprus Events

November

Thursday, 12th November, 5.00 – 7.00 p.m.

Project Phoenix / Justice Project / FES

Launch

A Systemic Analysis of the Impact of the COVID-19 Pandemic on Refugees, Migrants and Asylum Seekers in Cyprus: Part I - An Overview

Online Event

Livestream available at:

<<<https://www.fescyprus.org/media/>>>

and on our Facebook Page

<< Friedrich Ebert Stiftung - FES Cyprus >>

3. Cyprus Problem

In September, Greece and Turkey agreed to resume talks over contested maritime claims following weeks of tension in the Eastern Mediterranean. In the meantime, the UN Secretary General made attempts to initiate the revival of the stalled Cyprus Problem negotiations.

On September 1, the Turkish Cypriot President Mustafa Akinci said that the decision made by the US government to partially lift its arms embargo against Republic of Cyprus was a step taken in the wrong direction. The statement came in response to the an-

nouncement of the decision by the US Secretary of State, Mike Pompeo during a phone call with Greek Cypriot leader Nicos Anastasiades. Akinci was informed of the decision by the US Ambassador to Cyprus, Judith Gail Garber during a phone call. Garber told Akinci that the partial lifting of the embargo would last for one year – with the possibility of renewal – and applied to non-lethal systems. Akinci responded that the move would further bolster support for the Greek Cypriot side and harm efforts to reach a comprehensive solution to the Cyprus problem.

Some of the restrictions to cross sides at the Ledra Palace checkpoint have been lifted. The Turkish Cypriot Deputy Prime Minister and Foreign Minister, Kudret Ozersay announced that the limitations on crossing hours were lifted to avoid causing difficulties for Turkish Cypriot students who attend private schools in the south. Due to the pandemic, people had only been allowed to cross at Ledra Palace between 8am and 8pm.

On September 15, the UN Secretary-General, Antonio Guterres expressed his readiness to convene a five-party meeting, consisting of the two Cypriot communities and the three guarantor powers (Greece, Turkey and the UK) after the Turkish Cypriot elections in October. Guterres also urged the sides to refrain from unilateral actions and to focus on confidence building measures.

In a written statement on September 19, Government Spokesman, Kyriakos Koushos rejected claims by Turkish Foreign Minister, Mevlut Cavusoglu that President Nicos Anastasiades had proposed negotiating a two-

state solution to the Cyprus problem in the past. Cavusoglu had stated that after his meeting with Anastasiadis on July 7, 2017 in Crans-Montana, he had argued that negotiating for a federation on the island would no longer be beneficial and that a two-state solution should be negotiated. According to Cavusoglu, Anastasiades then reportedly referred to the presidential elections in February 2018, which he expected to win, and if he did, he would negotiate a two-state solution *“under the umbrella of the EU”*. With regards to a new Guterres’ call for a new round of talks, Cavusoglu argued that there was no point in embarking on new initiatives in Cyprus which were doomed to fail. The Turkish Foreign Minister stated that *“We can’t start again where we left off. It is not possible for us to start negotiations from the point that the Crans-Montana talks were launched. We have said over and over again that we will no longer negotiate for a federation on the Cyprus issue.”* In addition, Cavusoglu noted that Turkey’s priority lies in options outside a federation, including two states, confederation or any other similar idea.

On September 23, Anastasiades spoke with Guterres via teleconference as part of discussions for the 75th UN General Assembly. Anastasiades expressed his readiness to resume talks on the Cyprus problem after October’s elections in the north. Anastasiades affirmed that he was ready to continue negotiations from where they left-off in Crans-Montana in 2017 and based on what was agreed in Berlin with Guterres and Turkish Cypriot leader Mustafa Akinci in November

last year. Guterres will have a teleconference with Akinci on October 2.

On September 27, Daily Simerini reported that UN Secretary-General’s Special Envoy, Jane Holl Lute, is expected to launch contacts with Akinci and Anastasiades as well as the guarantor powers Greece, Turkey and the UK at end of October as part of preparations for a new round of consultations on the Cyprus problem.

As of the preparation of this issue an ongoing Special European Council held in Brussels was discussing the imposition of sanctions on Belarus against 40 of its officials accused of rigging the country’s August’s presidential elections. Cyprus had been blocking the sanctions demanding that sanctions were also imposed on Turkey for oil and gas explorations along Cyprus’s coast and for raising tensions in the Eastern Mediterranean. With the exception of Cyprus, all member states were in favour of imposing sanctions on Belarus. On the contrary most of the member states were not on board with imposing sanctions on Turkey. Germany in particular had pushed back against the imposition of EU sanctions on Turkey, fearing that it will disrupt efforts to cool tensions between Turkey and Greece also over oil and gas drilling. The summit was originally scheduled to be held on September 24 and 25 but was postponed for a week after.

4. Hydrocarbons

On September 22, Turkish President Recep Tayyip Erdogan proposed a regional conference with all Mediterranean coastal states, including the TRNC¹, to address tensions over maritime boundaries and hydrocarbon exploration in the region. In separate statements on 17 September, Turkish Foreign Minister Cavusoglu stated that problems in the Eastern Mediterranean would be solved with the creation of a mechanism to share gas revenues.

On September 23, after weeks of tension in the eastern Mediterranean, mediation led by German Chancellor, Angela Merkel, and European Council President, Charles Michel, resulted in an agreement between Turkey and Greece to restart talks over their contested maritime claims in the eastern Mediterranean. The talks were broken off in 2016. Turkey's decision on September 12 to pull the Oruc Reis seismographic vessel out of disputed waters was interpreted as a positive development towards this end. Turkey still has two oil and gas exploration ships in waters off the

coast of Cyprus, the Yavuz and the Barbaros Hayrettin pasa.

5. Greek Cypriots

Economic Developments

On September 7, the President of the European Investment Bank (EIB), Werner Hoyer, held meetings with the Cypriot government in Nicosia, to discuss new ways to support the economy during the challenging conditions created by the Covid-19 pandemic. During his contacts, Hoyer provided an update on how the EIB can efficiently and effectively support Cyprus and Cypriot businesses during the challenging economic conditions created by the coronavirus pandemic and the bank's ongoing efforts to provide transformational investment on the island.

On September 29 Finance Minister, Constantinos Petrides revised the Ministry's forecast for Cyprus' economy performance in 2020. A contraction of 5.5% is expected, revised from the previous forecast of 7%. Unemployment for the current year is expected to reach 8%, down from the previous forecast of 9%.

According to the Economic Research Centre of the University of Cyprus, economic sentiment in Cyprus deteriorated slightly in September over the previous month, driven by weaker business confidence in services, construction and services. The centre's Economic Sentiment Indicator (ESI-CypERC) decreased by 1.0 point compared with August 2020.

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).

According to the Passengers Survey carried out by the Statistical Service, from January to July revenues from tourism fell 88.5% by approximately €1.26bn. Meanwhile, New Eurostat figures have highlighted the dependence of Cyprus' tourism sector on foreign visitors at a time when the coronavirus outbreak has limited travel. These show that 95% of nights spent at tourist accommodations in Cyprus in 2018 were attributed to non-residents. Similarly, tourist arrivals in August 2020 fell by 81%. A total of 104,261 tourists arrived compared to 553,845 during the same period last year.

During the second quarter of 2020 the Cyprus Asset Management Company's (KEDIPES) cash inflows dipped to their lowest point since the entity's inception. Cash inflows declined to €53m, a reduction of 32% in comparison to the previous quarter. The drop is attributed to the measures to contain the coronavirus pandemic. KEDIPES began operations in September 2018. It is the residual entity following the acquisition of the state-owned Cyprus Cooperative Bank's performing loan book by Hellenic Bank.

According to treasury data, the Labour ministry spending has exceeded €1bn in the first seven months of the year, mainly reflecting state assistance aimed at tackling the economic fallout of the coronavirus crisis. The ministry's spending between January and July rose by €407m, or 68%, year-on-year, almost matching its expenditure for the whole 2019, which reached €1.07bn. During the same period last year, the ministry's spending was at 17%. The rise is due to the various schemes

the state introduced to prop up the economy amid the coronavirus crisis.

Domestic Developments

In September the confirmed COVID 19 cases rose from 1,488 to 1,755. Total deaths from the virus reached 22.

The Ministry of Health has updated the classification of countries with regards to Covid-19. As it stands, there are only eight countries in category A which include: Germany, Latvia, Lithuania, Finland, Australia, New Zealand, South Korea and Thailand. Category B countries from which travellers need a negative test 72 hours before departure are: Belgium, Canada, China, Denmark, Greece, Estonia, Georgia, Vatican City, Hong Kong, Iceland, Italy, Japan, Liechtenstein, Norway Poland, Rwanda, San Marino, Serbia, Slovakia, Sweden, United Kingdom, Uruguay. The remaining countries are treated as category C countries which are considered high risk based on their epidemiological picture. Individuals who arrive from category C countries must self-isolate for 14 days after their arrival. They are also obliged to take a PCR coronavirus test 48 hours prior to the expiration of their self-isolation.

A committee appointed to investigate citizenships granted between 2007 and 2020 as part of a state scheme to attract investments was sworn in on September 9, pledging to make every effort to deliver just and credible findings. Chaired by the former Supreme Court President Myronas Nicolatos, the committee

was sworn in before Attorney General Giorgos Savvides who named the four-member panel. The other members are former Supreme Court judge Costas Pambalis, Deputy Auditor General Kyriakos Kyriakou and financial ombudsman Pavlos Ioannou. The committee will investigate whether all laws, criteria and conditions in force at the time had been applied when the citizenships were granted between 2007 and August 17, 2020. The probe comes in the wake of reports that Cyprus had granted citizenships to individuals with criminal records as part of its citizenship by investment programme.

On September 29, opposition parties AKEL and the Green Party tabled a legislative proposal aiming to extend a ban on tenant evictions as a special relief measure linked to the coronavirus situation and declines in income. The current stay on evictions expires on September 30.

Foreign Policy

On September 8, Russia and Cyprus signed a protocol amending the double taxation treaty following the conclusion of negotiations in August 2020. The protocol was signed by Finance Minister, Constantinos Petrides, on behalf of Cyprus and Russian Deputy Minister of Finance, Alexey Sazanov. The Cypriot side ensured, among other things, the exemption from a 15% withholding tax on dividends for regulated entities, such as pension funds and insurance companies, as well as listed companies. In addition, interest payments from cor-

porate and government bonds as well as Eurobonds are excluded from the 15% withholding tax in the new Cyprus-Russia Double Tax Treaty. Any other type of Cyprus-based entities will still be able to avoid double taxation, but at a higher rate. Meanwhile, Russian Foreign Minister, Sergey Lavrov, was awarded the Grand Cross of the Order of Makarios III for his personal contribution to the development of relations between Russia and Cyprus over the years. Lavrov, was visiting Cyprus on the occasion of the 60th anniversary since the establishment of diplomatic relations between the two countries.

On September 12, US Secretary of State Mike Pompeo arrived in Nicosia for a meeting with President Nicos Anastasiades and Foreign Minister Nicos Christodoulides. The two foreign ministers signed a Memorandum of Understanding for further cooperation on defence issues. The Memorandum was signed in the framework of the bilateral co-operation between the Republic of Cyprus and the United States in the security and defence realm, in order to establish a training facility, in Larnaca, which will be named "*Cyprus Centre for Land, Open Seas and Port Security*" (CYCLOPS). With regards to the tension in the eastern Mediterranean, Pompeo stated that these would not bring solutions to the problems in the Eastern Mediterranean and said Washington remained "*deeply concerned*" by Turkey's ongoing operations surveying for natural resources in areas where Greece and Cyprus assert jurisdiction. He further noted that Cyprus has the right to exploit its natural resources including the right to hydrocarbons found in its territorial sea and in its EEZ.

Labour Relations and Trade Unions

On September 1, the business leaders' round of contacts with various stakeholders was concluded with the meeting of entrepreneurs' organisations, in relation to the new employment and business support projects.

Business organisations argued that the government should implement more flexible forms of employment in order for labour costs to be reduced.

Trade unions have made it clear that they will not accept redundancies of workers, arbitrary wage cuts and changes in working conditions. These demands were not countered from the Ministers of Labour and Finance. Moreover, trade unions argued that the increase in working remotely and increased digitisation of the economy and the labour market does not necessarily entail a change in labour relations, which are governed by collective agreements, and that unilateral actions by employers should not be tolerated.

On September 8, dozens of journalists from the print, electronic and online press staged a public protest. In particular, they demanded:

- The end of under-staffing in all mass communication enterprises, wages that are corresponding to the role and mission of journalists in the political-social situation and free and unhindered exercise of the sacred and constitutionally guaranteed right of trade-unionism.
- Strengthening of the institutional role played by the only trade union of journalists, the Cyprus Editors' Association.

- that the parliament should contribute in safeguarding the rights of journalists

- that civil society should embrace the press, print, electronic and online as, *"a key pillar of a democratic state. Strengthening the press and its functioning means strengthening democracy"*.

On September 8, taxi drivers held a strike at Larnaca airport, protesting a change in their system. For 40 years taxi drivers worked in rotation, with taxis divided into two groups, making either long journeys outside the vicinity of Larnaca or routes within the city. In an announcement by the President of the Licensing Authority, taxi drivers should now go to the airport, get a number, get on a ramp, and make trips either on a long route or within the city. This announcement has upset drivers also because they fear that *"they will be working from 7 a.m. until the same time the next day, without being able to go home for food or rest, which we find unacceptable."*

On September 24, a one-hour protest was held by the employees of Local Governments in all Municipalities and Community Councils. The protest was aimed at raising awareness and activating state institutions regarding *"the stagnation prevailing on the essential issue of reform in Local Government in conjunction with the continuing observed under-staffing of their services, which is the result of the strict policy of approving new hires by the relevant ministries."* The ministries, according to the employees' announcement, attribute these phenomena both to the reform and to the wider economic situation created by the pandemic. However, the situation leads local

government authorities to major economic impasses, lowering the quality of services to the citizens, while it undermines labour relations, mainly due to the increasing use of the “unacceptable” practice of buying services from the private sector (e.g. cleaning, call centers, etc.).

6. Turkish Cypriots

Economic Developments

According to the report of Standard Kibris on September 24 the tourism sector, which is the main driver of the economy, has been going through the worst period in history. The Ministry of Tourism data revealed that the removal of quarantine restrictions as of July 1, did not create the desired level of activity in the sector: Only 28,585 out of the 55,347 people, who came to the country in July and August, stayed as tourists in the hotels. The data also showed that the guests who stayed at the touristic facilities have spent on average 3.6 nights, and the occupancy rate in the hotels was only 11.2% in July and 21% in August. In a similar vein, according to the report of the weekly Cyprus Today on September 26, the number of people working in the tourism sector decreased by almost half as a result of the current pandemic. The report was based on the statements of the head of the Cyprus Turkish Hoteliers' Union, Dimag Caginer and Labour and Social Security Ministry under-secretary, Ercin Tekakpinar. Tekakpinar was quoted as saying: *"In July 2019, the tourism sector was officially employing around 19,000*

to 20,000 people but that has now reduced to around 11,000. ... We paid 2,000TL (€220) each month for registered workers during April, May and June and will make such payments again in September and October, ... If necessary, we can continue making monthly support payments until the end of the year."

Later in the month, the Council of Ministers announced that it would grant around 5 million TL (€0.53 million) to tourism and travel agencies as part of the government's 'Tourism Pandemic Support Programme'.

Retailers and business owners in Famagusta, whose revenues rely heavily on foreign students, protested the senate decision of the biggest university in town (EMU) to start the 2020-2021 autumn term online. The protesters said that *"most shops will have to close"* which would lead to the *"economic chain being broken, and life coming to a halt,"* and called on EMU to *"review"* its decision, which led the remaining foreign students consider returning to their countries.

Air fares to the northern part of Cyprus have "skyrocketed" due to the limitations on the number of flights; only two flights per day are currently allowed to fly to the northern part of Cyprus because of Covid-19. According to the report of the Turkish Cypriot weekly Cyprus Today, tickets cost as much as 3,148TL (€334) for a one-way flight from Istanbul to Ercan with Turkish Airlines and a one-way ticket from London to Ercan with the same airline is currently priced as much as £420.

Relations with Turkey

The Mediterranean Storm, a joint military exercise was carried out by military units from the Turkish Armed Forces and Cyprus Turkish Security Forces. As part of the exercise, drills on land, air and at sea were carried out with the aim of enhancing training, cooperation and joint operability capabilities. The Turkish Vice President, Fuat Oktay announced on Twitter that the exercise, which was held from 6 to 11 September, was a demonstration of their will to stand against those trying to confine Turkey to the Gulf of Antalya while ignoring the Turkish Cypriots. *“The security priorities of our country and the TRNC are indispensable, along with diplomatic solutions in the Eastern Mediterranean,”* Oktay said.

Domestic Developments

Candidates who will run in the presidential election, which will be held on October 11 submitted their official applications on September 4. There will be 11 candidates running in the election which was supposed to be held in April but was postponed to October due to the pandemic. Mustafa Akinci is running for a second term as an independent candidate but has the support of Social Democratic Party (TDP), which has 3 seats in the parliament as well as United Cyprus Party (BKP), Communal Liberation Party (TKP), Independence Path, Left Movement, which are not represented in the parliament. Prime Minister, Ersin Tatar is running as the National Unity Party's (UBP) candidate, which is the biggest party in the parliament. The Deputy Prime Minister-

Foreign Minister, Kudret Ozersay is running as an independent candidate but has the support of People's Party (HP), which is the junior coalition partner. Leader of the main opposition Republican Turkish Party (CTP) Tufan Erhurman is running as his party's candidate. The former leader of Democratic Party (DP) Serdar Denktas is supported by his party. The leader of the Rebirth Party (YDP) Erhan Arikli is running as his party's candidate while Fuat Ciner is running as the Nationalist Democracy Party's (MDP) candidate. Other candidates are independent with no party backing.

The Ministry of Health announced the safety rules and guidelines that need to be followed during the campaign and voting in the presidential election. Maintaining social distancing, implementing hygiene measures and wearing masks are compulsory throughout the campaigning period. Meetings with more than one hundred participants are not allowed. The maximum numbers of persons that can attend meetings to be held in closed spaces have also been limited in accordance with the size of the venue. During the election day, voting station officials, and voters will be required to wear face masks. Individuals who are in quarantine, self-isolation or receiving treatment for COVID-19 will not be allowed to vote.

The leader of the Rebirth Part (YDP) and presidential hopeful, Erhan Arikli, and Nicosia MP of the same party, Bertan Zaroglu, tested positive for Covid-19. Zaroglu, who is also a Turkish citizen, was later transferred to Turkey.

An alarming rise in locally transmitted coronavirus cases prompted the government to

reintroduce strict restrictions, including the temporary suspension of all but emergency and military flights into the TRNC. In the meantime, the government decided to foot the bill for the quarantine and PCR test costs of TRNC citizens and permanent residents, including students and work permit holders.

Widespread water shortages continued in September as repairs to the 80km undersea pipeline carrying water supplies from Turkey to the northern part of the island could not be completed. The pipeline, which broke in January due to bad weather, was expected to be repaired by the end of the month.

Labour Relations and Trade Unions

El-Sen, the union organized at the electricity authority (Kib-Tek), cut off electricity to government departments, municipalities, universities, hotels and businesses because of their unpaid bills. El-Sen claims that Kib-Tek is owed a total of around 900 million TL (€95,7 million) in unpaid electricity bills and that it took the unilateral action to enforce payment. El-Sen secretary general, Ersan Kasif, said: *"We have taken action against just two ministries and three municipalities so far, but others could soon follow unless they pay up. All 28 municipalities have debts to Kib-Tek."* The action was supported by the Trade Unions Platform. Kib-Tek chairman on the other hand stated that *"Only we have legal authority to cut off electricity, not the union, and we are now taking legal action against it"*. The drastic action taken by El-Sen came after companies, organisations and individuals with large un-

paid bills were named and shamed in a list published earlier in the month.

Cyprus Turkish Civil Servants Trade Union (KTAMS), has filed a lawsuit at the High Administrative Court for the cancellation of temporary job placements at the public sector on the grounds that the placements done by the UBP-HP government were partisan and contrary to the principle of equality of the Constitution. Talking to the press, the president of KTAMS, Guven Bengihan, argued that, days before the election bans, the government has recruited *"the party members, their supporters and their relatives to state institutions and organizations without any examination or criteria"*.

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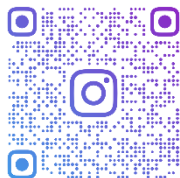
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