



Contents

1.	Cyprus Problem.....	2
2.	Hydrocarbons.....	5
3.	Greek Cypriots	6
	Economic Developments.....	6
	Domestic Developments	7
	Labour Relations and Trade Unions	7
	Foreign Policy	9
4.	Turkish Cypriots	9
	Economic Developments.....	9
	Domestic Developments	10
	Labour Relations and Trade Unions.....	10
	Foreign Policy	11
5.	FES Cyprus Events	12

FES NEWS

- please visit us on -

www.FEScyprus.org - www.facebook.com/FEScyprus

1. Cyprus Problem

In November, President Nicos Anastasiades and his Turkish Cypriot counterpart Mustafa Akinci continued the intensified round of the reunification talks. Six meetings were held on November 2, 5, 18, 20, 23 and 25.

The intensified phase belongs to a series of continuous meetings in which achievements made or remaining obstacles will only be announced towards its conclusion. Hence, no specific announcements concerning the topics discussed were made following the meetings. Governance, citizenship and the property issue were reportedly discussed. Speaking after the leaders' sixth meeting, UN Special Adviser, Espen Barth Eide stated that the leaders had discussed the main issues in great depth and had made further progress. He also described the intensification phase as constructive and helpful to the whole process and announced further meetings to be held on December 4, 15 and 20.

Since the beginning of the process in May, it was the first time Anastasiades hinted that settlement could be achieved before the upcoming Greek Cypriot parliamentary elections, taking place in May 2016. Answering a question about deadlines during the Economist 11th Cyprus Summit, the president said that there were no timetables in the talks, adding that "the sooner the better". When pushed, he said, according to the Cyprus Mail, "in a half-finished sentence, "it

could be" (before the elections) depending on compromises from both sides'.

Addressing the Economist's 11th Cyprus Summit in Nicosia, Espen Barth Eide was quoted as saying "you need to prepare for [the settlement] because it could actually happen sooner than you think." "Over time the solution will pay for itself," Eide said, adding "we need to prepare for potential growth." In the same conference, the programme manager for Southern Europe of the World Bank Group, Dirk Reinermann, stated that if Cyprus manages to rebrand itself from a divided country to a reunited one "against the stream at a time of disintegration and division, this would send a very strong message to investors." On a different occasion, Reinermann stated that the economic advantages of a possible solution in Cyprus would be more than the disadvantages and pointed out the very high public debt in both communities as a problematic issue that needs to be addressed.

The Cypriot government asked for experts through the Ministry of Finance from the International Monetary Fund and other organizations to calculate the financial cost of the solution. Reportedly, the government spokesperson Nikos Christodoulides said: "We will attempt to collect economic contributions to cover the cost of the solution from the neighbouring countries, the EU, the UN and even from Turkey". "If the

Cyprus issue is not solved a negative situation will arise for everyone," the spokesperson added.

Meanwhile on November 25, the two leaders announced an agreement on establishing a new technical committee for education that will be tasked with reviewing educational practises in an attempt to combat racism, xenophobia and extremism. The committee will review existing research and good practices in education in Cyprus and abroad and undertake new relevant research on how education can contribute to conflict transformation, peace and reconciliation. The agreement on education came in response to an attack on Turkish Cypriot cars on November 16, by Greek Cypriot school pupils during a student protest against the Unilateral Declaration of Independence of the TRNC¹. Around 15 Greek Cypriot teens were charged in connection with the attacks during which three

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).

Turkish Cypriots were injured. The far right extremist organization ELAM is suspected of having planned the attacks. The organisation, however, denied any involvement. In a joined statement Akinci and Anastasiades condemned the attacks.

Following their regular monthly meeting under the auspices of the Slovakian Embassy in Cyprus, the Turkish Cypriot and Greek Cypriot political parties also issued a statement condemning the attack. "The representatives of the political parties support the vision of a united multicultural society with full respect of all citizens and communities, their rights and their culture. The parties strongly condemn the recent attacks by some Greek Cypriot nationalist young people against some Turkish Cypriots. The parties also condemn any violence from anywhere which supports the idea of ethnic separation" the statement read.

On another front Akinci announced that the Turkish army gave permission to the Committee of Missing Persons to carry out excavations in search of missing persons in 30 locations located in military areas in the north. Access will be given over a three year period starting in January 2016, with ten sites to be excavated each year.

The Turkish Cypriot Minister of Interior and Labour Asim Akansoy said, that there was not even the slightest obstacle in opening the Derinya/Deryneia crossing point but added that time was needed for the infrastructure work to

be completed. Similarly, the Turkish Cypriot Ministry of Foreign Affairs issued a statement where it is said that mine sweeping activities were continuing at Aplıç/Aplici, and added that contacts were being held with the EU officials for obtaining the necessary funds. The two leaders agreed on the opening of these two crossing points as part of the CBMs in May 2015.

On November 28, the Bi-communal Peace Initiative United Cyprus, a movement consisting of more than 70 non-governmental organisations and associations from both sides of the divide, delivered a message in support for a settlement of the Cyprus Problem to the two leaders.

On November 29, an EU-Turkey summit was held in Brussels and attended by the leaders of the 28 European states and the Turkish Prime Minister, Ahmet Davutoglu. The EU agreed to give Turkey €3 billion to support the country's effort in managing the migrant crisis and to open discussions on Chapter 17 – economy – and to prepare other chapters of Turkey's accession process for discussion. Visa-free travel to Europe for Turkish citizens beginning in 2016 was also discussed. Although Chapter 17 is not among the 6 chapters blocked by the Republic of Cyprus, during a news conference following the summit, Davutoglu linked Turkey's EU accession process with the Cyprus problem. In particular, the Turkish Prime Minister stated that "if we are able to solve the Cyprus question in the next months, and it's going quite

well, Turkey's membership will not be a dream that is in the future but a reality in the coming years".

According to the new Turkish government's program, reaching a negotiated solution to the Cyprus problem will be the priority of the Turkish government. "We shall continue our constructive contributions towards achieving a just and lasting negotiated settlement to the Cyprus Problem", the government program read.

Following his visit to Cyprus, Philip Hammond, British Secretary of State for Foreign and Commonwealth Affairs, wrote an article for a blog supportive of his Conservative Party, where he said he visited the island "to offer UK support to the UN-led process and to both communities in their efforts". Hammond said a settlement would "strengthen Cyprus as a beacon of stability in a troubled region, providing a boost for regional security, and opening the possibility of new energy and economic partnerships in the region. It would contribute new momentum to the EU accession process of Turkey, a crucial EU partner in tackling security and migration challenges". Hammond added that his country would be ready to "cede nearly half of the land mass of the Sovereign Base Areas to a reunited Cyprus".

The All-Cyprus Trade Union Forum, which is made up of several Turkish Cypriot and Greek Cypriot trade unions prepared a list of proposals and demands on how work life should be in a

united Cyprus. The list includes the right to organize, the right to choose employment, standardized employment rules and regulations, standardized social security, implementation of a system for the determination of wages and salaries, prohibition of discrimination on the basis of ethnicity, religion, race, gender or sexual orientation and occupational health and security throughout the island in a federal Cyprus.

According to the World Economic Forum's annual report on the gender gap in 145 countries, covering economy, education, health and political empowerment, Cyprus is ranked 100th globally, the second worst among EU countries after Malta. Cyprus was also ranked rather low in politics and the economy. Though the report did not cover the northern part of the island, the situation in the north is also known to be dire in the area of gender equality, economic empowerment, and political engagement

2. Hydrocarbons

On November 17, the government announced the appointment of the Natural Gas Public Company's (DEFA) new board, comprised of Marianna Charalambous, Giorgos Tripatsas and Stefanos Stefos in replacement of Nicos Makrides, Anastasis Kounoudis and Adam Lomas. Following the appointment of its new

board, DEFA could now resume work for reaching an agreement with a supplier for the so called interim solution to replace oil as the state power company's (EAC) electricity generation fuel with imported natural gas at a lower cost. The interim solution scenario was in the works for three years, but successive extensions to the tender review process pushed the deadline back to December 2015, very close to the date designated as the start of the project, being January 1, 2016.

On November 23, Energy Minister Giorgos Lakkotrypis announced that the British BG Group acquired 35% equity in offshore Block 12 which includes the Aphrodite field, for \$165 m (€ 155m). Under the agreement Noble remains the operator of Block 12, retaining 35% of the equity. The other stakeholders are Delek Drilling Limited Partnership and Avner Oil Exploration Limited Partnership, each with a 15% working interest. The move allows Noble to spread capital investment risk as the total cost of developing Aphrodite is estimated at between €2bn and €3bn. The agreement also achieved an alignment of interests, given that BG also holds equity in the LNG export facility at Idku, Egypt. According to energy analyst Charles Ellinas, BG's entry into Block 12 is positive as it represents a "small step" forward in the development of the gas field. Following a meeting between President Anastasiades and a senior Total delegation, Government Spokesman Nicos Christodoulides revealed that the French oil and gas company Total is displaying a lively interest in Cyprus' Exclusive Economic Zone after the

discovery of the Zohr field in nearby Egyptian waters. Total's renewed interest is a significant turnaround, coming 10 months after the company signalled it was abandoning its prospecting in Cypriot waters. Total relinquished Block 10 without drilling any wells and was released from its original two-well drilling commitment in blocks 10 and 11, which are positioned on the maritime border with Egypt. Total retained, however, exploration rights in Block 11, agreeing to continue to evaluate 3D seismic data in a bid to locate a possible target. Total's exploration programme in Block 11 expires February 2016. The company is interested in having their licence renewed.

The extension of the Aphrodite field into Israeli waters and a possible unitisation agreement between Israel and Cyprus were discussed on November 12, during a meeting in Israel with President Anastasiades, the Israeli Prime Minister Benjamin Netanyahu and the Israeli Energy Minister Yuval Steinitz. An unitisation agreement would regulate cross border reserves between Israel and Cyprus.

3. Greek Cypriots

Economic Developments

On November 3, a Troika² delegation arrived in Cyprus in order to carry out the eighth evaluation of the island's adjustment programme, which ends on March 31, 2016. Non-performing loans, strengthening the supervisory framework for restructuring loans, the issue of the sale of loans and the implementation of structural reforms and privatizations were amongst the issues of highest priority.

On November 12, the parliament passed with 26 votes to 25 a bill governing the sale of loans by banks to third parties. Its passage is a precondition for the release of the last aid tranche to Cyprus. Voting against the bill were AKEL, EDEK, the Greens, EVROKO and independent Famagusta MP Zacharias Koulias. Ruling DISY and opposition DIKO voted in favour. The new law affords debtors the right to bid and buy back their loan at a discount after it has been deemed non-performing by the lender, but before it can be sold to third parties such as investment funds. DIKO had warned to vote against the bill unless debtors were given a say in the process. A last-minute amendment where a debtor's bid shall not be binding on the bank, allowed DIKO a face saving way to vote in favour. It remains to be seen if the final version

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

will be accepted by the Troika. The law will help banks reduce their high stock of non-performing loans.

According to its Chairman Nicolas Hadjiyiannis, the Cooperative Central Bank will need a government funded injection of €150-200m in order to meet its capital requirement target of 14%.

According to the CBC, deposits held in the Cypriot banking system rose by €287.9m to €47.1bn in October compared to the month of September. Non-performing loans in September also dropped by €50.1 m to €27.3bn compared to the month of August, signalling a halt in the rising trend of NPL's.

On another front, the European Investment Bank (EIB) agreed to lend €100m to Cyprus for the support of projects that will be co-financed by the European Union's cohesion funds.

Domestic Developments

The voting of a law by ruling DISY and opposition AKEL on November 27, raising the electoral threshold to 3.6%, sparked a new round of criticism from the smaller parties (EDEK, EVROKO, the Greens and the Citizens Alliance). The new threshold, which will apply as of the May 2016 legislative elections, replaced the previous minimum of 1.8%. Under the new rules, entry to parliament will still be decided at district level in the first instance, but in the second distribution of unallocated seats, only parties

that have won at least 3.6% nationwide will be eligible for seat allocation.

On November 20, DISY MEP Eleni Theocharous officially confirmed her departure from the party citing her disagreement on the party's stance with regards to the Cyprus problem. In addition, Theocharous announced plans to create a movement called "Solidarity".

Labour Relations and Trade Unions

A two hour work stoppage and protest took place on November 2, by the forest rangers petitioning against the proposed cut of 22 work positions and claiming that this would create problems in the effort to protect the forests and avert disasters such as the fire in Saittas area.

The European Commission organized a series of three workshops in November and early December in all towns of Cyprus addressed to the 300 young persons that are registered as unemployed. These workshops focus on CV improvement, enhancement of entrepreneurial spirit and encouragement of start-up business ventures and the attainment of digital skills.

A group of fired bus drivers are suing their employer, OSEL (the public transport corporation of Cyprus), claiming that while they are being made redundant OSEL is illegally hiring new drivers and paying large sums of money in over-time wages. They are also very disappointed with what they call the indifference of their trade unions regarding their case and

intend to claim back, via the court, the subscription money they have paid to the trade unions during the last five years.

The trade unions of the Cyprus Electricity Authority (CEA) continued to voice their objections concerning the privatization process that is under way. Their last meeting with Energy Minister Lakkotrypis ended in a complete deadlock and the trade unions accused the government of using a pre-produced study and the Troika in an attempt to impose the fragmentation of the CEA refusing to acknowledge the on-going effort of the CEA for a separation of its functional and logistical parts.

The unions of the Cyprus Telecommunications Authority are also continuing to voice their objections concerning the privatization process that is under way in general as well as specifically the labour issues.

PEO reiterated its opposition to the government's bill for a public service reform "which undermines collective bargaining and collective agreements". The leader of PEO, Pampis Kyritsis, stated that the principle of "automatism" in labour affairs would take society back many years to a time when employers alone used to determine the terms of employment. He also expressed his disagreement with the effort to cut the Cost Of Living Adjustment (COLA) by 50% by decree and stated that as far as the broader public sector was concerned this should be a matter of negotiation in the context of the collective agreements.

SEK has expressed its severe reservation concerning the on-going negotiations for transatlantic trade agreements between the USA and the EU (TTIP) as it considers that this would largely enhance the power of multinational corporations and that there was insufficient and not transparent dialogue in a series of labour and social matters.

A research project entitled "Bridging the gender pay gap" is currently conducted by PEO's research centre INEK with Greek and Portuguese trade unions and research centres as partners in order to study the gender pay gap by focusing on the undervaluing of female labour. Building on previous work in Portugal that utilized a methodology of assessing occupations while avoiding gender stereotypes, this research project aims to focus on the hotel industries of Greece and Cyprus and account for the factors that produce the gender pay gap. The results of the project will be presented in early 2016.

The executive council of PEO issued a document constituting the framework for PEO's policy in the collective bargaining processes of 2016 entitled "for a dynamic offensive" and arguing that the time is right for gaining back what was lost during the crisis. An extraordinary congress attended by 700 delegates was called on 1st December 2015 in order to ratify this.

Foreign Policy

On November 17, German Foreign Minister Frank-Walter Steinmeier paid an official visit to the island. Steinmeier met separately with President Anastasiades and his counterpart Ioannis Kasoulides in order to discuss the Cyprus problem, counter-terrorism, Turkey-EU relations and other regional issues. On the Cyprus problem, Steinmeier stated that there was a historic opportunity which “if missed might not come back”. The Turkish Cypriot leader Mustafa Akinci did not attend an evening reception organized by the German Embassy, given that he would not be addressed on an equal footing with President Anastasiadis as President of the TRNC. The latter is not an option on diplomatic occasions given the international non-recognition of the TRNC.

Steinmeier’s visit was followed by an official working visit by British Foreign Secretary, Philip Hammond on November 19. Issues on the agenda included the Cyprus problem, bilateral relations, migration and EU reform as well as regional issues of common interest. Hammond expressed his optimism over the ongoing reunification talks despite the considerable challenges and clarified the UK position on the issues of guarantees: “If the two communities come to an agreement about how they want to move forward, the UK will consider any proposal. We have no preconceptions about how this should be done”, Hammond stated.

Meanwhile, on November 23, Prime Minister David Cameron made clear that Britain had offered the use of the RAF air bases in Akrotiri in the fight against the Islamic State (IS, former ISIL/ISIS). Although support for airstrikes against ISIS will indirectly involve Cyprus in the conflict, co-operating with its Western allies against the IS will allow Cyprus to demonstrate its geo-strategic value as a reliable partner on the EU’s South-Eastern frontier.

The flurry of diplomatic activity will continue in December when Russian Foreign Minister Sergei Lavrov will be visiting Cyprus on December 1-2, while US Secretary of State John Kerry is expected to arrive on December 3.

4. Turkish Cypriots

Economic Developments

According to the statistics provided by the directorate of commerce, exports in the first 9 months of 2015 fell by almost 11% compared to the previous year, from US\$ 108.573.000 to 96.365.705. 57,7% of these exports went to Turkey. Dairy products and citrus fruits remained as the top two export products. Imports also fell in 2015. In the first six months of 2015 imports were at US\$720.231.600. In 2014 the figure was US\$816.770.219. Turkey accounted for 60.3% of these imports.

In the first nine months of 2015, profitability of the banking sector rose by 4,5% compared to the same period last year.

With 51,5%, average occupancy rate at the hotels in the first nine months of 2015 was slightly better than 2014 when it was 48,8.

Domestic Developments

In its 20th ordinary congress, the ruling coalition partner National Unity Party (UBP) re-elected Huseyin Ozgurgun (Nicosia MP) as its leader. Ozgurgun won the race in the run-off against Ersin Tatar (Nicosia MP) by garnering 3,540 of the 6,256 valid votes cast. The party has 9,224 members. In the first round, which was held a week earlier, none of the seven candidates managed to secure the majority of the votes required for winning in the first round. Ozgurgun and Tatar came in first and second receiving 2,722 and 1,437 votes respectively, while Unal Ustel (Kyrenia MP) received 708, Hamza E. Saner (Famagusta MP) 497, Nazim Cavusoglu (Trikomo/Iskele MP) 382, Zorlu Tore (Nicosia MP) 324 and Oguz Ceyda 42 votes. Ustel, Saner, Cavusoglu and Tore endorsed Tatar in the run-off. The party members also elected 70 party assembly members in the congress.

On November 2, the Assembly passed a new law on Permanent Residency. According to the new law, foreign nationals who work or own a

business will not need to renew their residency permit every year following the first six years. According to the new law, those who have completed their six years will also enjoy new benefits such as health insurance. In the meantime, the new citizenship law made it more difficult to become a TRNC citizen.

Disagreement over the management and distribution of water transferred from Turkey between Ankara and Nicosia continued in November. Though at some point there were reports in the Turkish Cypriot media claiming that Turkey turned off the tap, this was later denied by Turkish officials.

Labour Relations and Trade Unions

Talks between the authorized trade unions and Ministry of Finance on the salaries, benefits and rights of public sector employees for 2016 started on November 9. According to a statement issued by the Ministry of Finance, the ministry will be listening to the demands and views of the authorized trade unions on behalf of the government.

On November 3, trade unions held a demonstration in front of the parliament building to protest the "Law Regulating the Monthly Salary, Wage and Other Allowances of the Public Employees" dated 2011, which substantially reduced the entry-level salaries in the public sector. The unions have been demanding the abolition of the law on the grounds that it violates the principle of equal pay for equal work.

On November 30, the two main public sector trade unions KTAMS and Kamu-Sen have started an indefinite strike at Famagusta post office's parcel section to protest the inadequacy of the building and lack of personnel in Famagusta as well as various other problems affecting the post offices in general. Earlier in the month, a two-day strike was held at the Kyrenia post office too.

Responding to the Social Democratic Party's (TDP) Kyrenia deputy Zeki Celer's criticism over labour safety, the Minister of Interior and Labour Asim Akansoy admitted the problems and said that there were only 14 inspectors working on labour safety. The minister also said that he was going to start working on the unionization in the private sector.

Foreign Policy

On November 17, president Akinci received the German Foreign Minister Frank Walter Steinmeier. Speaking to reporters after the meeting, Akinci said "We conveyed to him the Turkish Cypriot side's sensitivities and reaffirmed our commitment to reaching a solution to the Cyprus Problem ... Mr Steinmeier told me that his country was ready to support the negotiation process to the very end." Akinci also thanked the German Foreign Minister for the invitation to visit Germany.

The Turkish Minister of Foreign Affairs Mevlut Cavusoglu visited the northern part of the island. Following his meeting with Akinci,

Cavusoglu said Ankara would do its part for the success of the negotiation process but hinted that this might be the last chance for a settlement. Cavusoglu also praised the constructive approach shown by Anastasiades and opposition AKEL leader Andros Kyprianou, who he would invite to Turkey.

On November 19, Akinci received the British Minister of Foreign Affairs Philip Hammond. In a statement to the press after the meeting, the Turkish Cypriot leader said that a settlement in Cyprus would be found by the two sides on the island but also pointed out that the contribution of the international community was very important in the process. Akinci described the meeting as positive. Hammond, for his part, said that the UK was ready to give technical support to the negotiations and he also emphasized that he would help to have the funding needed in order to solve the property issue.

