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FES NEWS

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* In order to avoid misunderstandings, we decided to indicate the reporting-month rather than the month of publication from now on. The current issue of our newsletter is therefore again dated January 2018.

1. Cyprus Problem

In January the stalemated Cyprus problem was among the issues dominating the political discourse and debates between the main Presidential candidates. The result of the first round of the Presidential elections with Nicos Anastasiades and Stavros Malas both passing to the second round and leaving Nicolas Papadopoulos out, was considered as a win of the 'pro-solutionist' against the 'rejectionist' camp. On February 4, Nicos Anastasiades became re-elected for a second term as President of the Republic of Cyprus.

Elections in the north¹ resulted in a coalition government emerging between the Republican Turkish Party (CTP), the People's Party (HP), the Social Democratic Party (TDP) and the Democratic Party (DP).

On January 4, Deputy Spokesman for the UN secretary General, Frahn Hag, stated that the UN made no decision regarding the appointment of a new UN Secretary-General's Special Adviser on Cyprus, to replace Espen Barth Eide, who resigned his post in August 2017.

On January 10, the 4th Southern EU Countries Summit was held in Rome. The Summit

addresses issues regarding the economic and monetary union, with particular emphasis on employment, development, and investments, which are of particular concern for the EU's Mediterranean countries. Following the completion of the Summit a declaration was issued making specific reference to the Cyprus problem. According to the declaration the participating countries "follow and reiterate our support for a viable comprehensive settlement of the Cyprus problem, in line with the UNSC resolutions and the EU acquis, that reunifies Cyprus and its people, and which safeguards Cyprus' sovereignty, independence and territorial integrity, without guarantees". It moreover stated that "the Republic of Cyprus is and will remain a member of the European Union after the settlement, and EU membership is the best safeguard for a reunified Cyprus." The Turkish Ministry of Foreign Affairs criticized the joint statement and said the declaration provided "yet another example of how the Greek Cypriot side takes advantage of its EU membership in its efforts to hinder a settlement." The ministry added that such statements "do not provide any positive contribution to the efforts to reach a settlement of the Cyprus issue."

On January 17, giving informal comments to the

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).

media, Elizabeth Spehar, Special Representative of the Secretary-General in Cyprus and Head of Mission said “the UN Secretary General Antonio Guterres remains committed to the two sides in Cyprus if they jointly come back to the UN and ask for support in a renewed process with the prerequisite political will”. The comments came after Spehar briefed the Security Council on the renewal of UNFICYP’s mandate. Spehar said they discussed the current situation with respect to the Cyprus talks which, “are not ongoing for the moment.” She added that the UNSG “has made it very clear that his good offices remain available to the sides and this will always be the case. So now that has been said and he is really waiting for them to come to him”.

On January 30, the UN Security Council renewed until July 31, 2018 the six-month mandate for the peacekeeping force of UNFICYP in Cyprus, urging all sides to renew their political will and commitment to a settlement under UN auspices stressing that the status quo is unsustainable. The Security Council Resolution on UNFICYP mentioned Resolution 1325 on Women, Peace & Security and highlighted the important role of women’s participation in peace and peacebuilding at all levels. The Council also urged efforts be renewed to implement all remaining confidence-building measures and for agreement on and implementation of further steps to build trust between the communities. It moreover stressed that the leaders also needed to clearly explain to Cypriots the benefits of a settlement and to show increased flexibility and compromise well in advance of any referenda. In addition, it urged

practical steps towards helping the Greek Cypriot and Turkish Cypriot leaders to renew their commitment to a settlement under United Nations auspices while ensuring no actions were taken that “could lead to an increase in tension, undermine the progress achieved so far, or damage the goodwill on the island”.

The resolution was welcomed by the Cypriot government but caused reaction by the Turkish foreign ministry which issued a statement voicing its concern about the wording of the resolution. The Turkish ministry suggested that the UN should correctly assess the reasons why the Conference on Cyprus ended without an outcome. It also stated that any process in the coming period can only be successful if it is based on the current realities on the island and the experience gained from the negotiations conducted during the past half century, and if it aims for suitable expectations and outcomes, implying that a solution should be sought outside UN parameters as announced by Turkish Foreign Minister, Mevlut Cavusoglu, immediately after the closing of the Conference on Cyprus. Earlier in the month, in a different context, Cavusoglu said “There was no problem with the parameters however the Greek Cypriot side does not want a solution. We understood one thing that even if we keep negotiating for another 10 years on the basis of these parameters the Greek Cypriot side will not come close to a solution”.

Speaking at the 13th session of the Parliamentary Union of the OIC member states (PUIC) Conference in Tehran, the Speaker of the Turkish

Grand National Assembly Ismail Kahraman said that PUIC member states had an obligation to work harder for the rights and future of Muslim communities across the world, and added “it is within this framework we must work all together to break the decades long unjust isolation of our Turkish Cypriot brothers who are represented in the OIC with an observer status as the Turkish Cypriot state.”

2. Hydrocarbons

According to Energy Minister, Giorgos Lakko-trypis, Cyprus has been approved for preliminary EU funding of €101m to construct infrastructure for the import of liquefied natural gas (LNG) for power generation. The approval is a response to Cyprus’ application seeking assistance in importing LNG to decrease the island’s reliance on imported oil for producing electricity ahead of the extraction of its own gas. The amount accounts for 40% of the estimated cost.

On January 14, Turkey’s Energy and Natural Resources Minister, Berat Albayrak, stated that a drilling ship would be sent “as soon as possible” to explore for oil and gas in the Eastern Mediterranean. Furthermore, on January 29, Turkey issued a Navtex (navigational warning) by which it reserved for military training a large swathe of sea area off the Famagusta Bay. The reserved area is just 30 km north of the location of an upcoming exploratory drill by Italy’s ENI and South Korean’s Kogas in block 3 of Cyprus’s EEZ.

In response Cyprus issued a Navtex of its own notifying mariners to disregard the Turkish navigational warning.

The Turkish Cypriot president’s special advisor for diplomacy and EU affairs Erhan Ercin met with UN and EU country representatives in an attempt to convey the Turkish Cypriot side’s concerns and sensitivities regarding the Greek Cypriot side’s hydrocarbon exploration activities in the Eastern Mediterranean.

3. Greek Cypriots

Economic Developments

According to Eurostat the unemployment rate in Cyprus rose to 11.3% from 11.1% in November. The number of unemployed in December 2017 was 49.000. The unemployment rate in December 2016 was 12.8%.

According to Cystat the number of tourist arrivals rose 15% in 2017 reaching 3.652.073 marking a new record. In December alone, the number of tourist arrivals rose 13% to 98.984 compared to the same month of 2016. Tourist arrivals from the UK rose 8.3% reaching 1.253.839 while visitors from Russia rose 5.5% to 824.494. The number of Israelis visiting Cyprus rose 76% reaching 261.966. The number of German and Greek visitors rose 52% cent and 5.9% to 188.826 and 169.712 respectively.

In a statement issued on its website on January 9, the Central Bank of Cyprus (CBC) noted that non-performing loans (NPL's) in the Cypriot Banking system for the month of September 2017 fell by €388.4m to €21.5bn, compared to August 2017. According to the CBC, the amount of NPL's as well as their ratio which fell in September to 44.2%, were the lowest since December 2014 when the current classification methodology of the European Banking Authority which provides for a minimum 12-month probation period for a non-performing loan to be reclassified as performing was introduced.

Domestic Developments

On January 28, the first round of the Presidential elections took place with a total of 71.4% of Greek Cypriot voters casting their ballot votes. In a result signalling the support of the Greek Cypriots towards pro-settlement candidates, incumbent Nicos Anastasiades and AKEL backed independent Stavros Malas made it through to the second round scheduled for February 4, gathering 35.5% and 30.25% respectively. Nicolas Papadopoulos backed by DIKO, EDEK the Green Party and the Solidarity Movement came in third, garnering 25.75%. Far-right ELAM leader Christos Christou garnered 5.6% while Citizens Alliance leader Giorgos Lillikas followed with 2.17%. The other four independent candidates took less than 1% of the vote between them: Andreas Efstratiou 0.22%, Charis Aristeidou 0.19%, Michail Mina 0.17% and Christakis Kapiliotis 0.10%. Abstention was recorded at a worrying 28.6%. During the last presidential race in 2013,

voter turnout was 83.14%, which was considered low at the time.

On January 31 following the results of the first round the leaders of the centre parties DIKO, Nicolas Papadopoulos, EDEK Marinos Sizopoulos, Solidarity Movement Eleni Theocharous and the Greens Party Giorgos Perdikis decided not to pledge support to either of the two candidates in the run off of February 4th.

The final Presidential contenders appeared in public during a Presidential TV debate on January 31. The first part of the debate was devoted to the Cyprus Problem where Anastasiades was challenged by Malas for the collapse of the talks and for missing a historical opportunity in Crans Montana, when UN Secretary General, Antonio Guterres tabled a document outlining the mechanism for a solution. Anastasiades, reiterated that Turkey has been intransigent for the last 43 years and that this was the first time that the Greek Cypriot side succeeded in putting on the table the issue of guarantees and engaging the international community and the European Union. Malas said that he would not agree to a settlement solution that would leave Turkish troops on the island, did not abolish guarantees and did not allow the return of Morphou. He added that he would be willing to discuss a rotating presidency if this included cross-voting.

On energy Anastasiades refuted Malas' criticism that the country's energy plans had been delayed, arguing that his administration had taken several steps and that a range of factors

had to be considered for the construction of a liquefaction terminal. Anastasiades claimed that energy companies were reluctant to proceed and only after large quantities in Egypt's Zohr were discovered, did energy giants express interest in exploratory drilling in Cyprus' EEZ. Malas stressed that energy plans should not just include the sale of natural gas, but a road map, which the Anastasiades administration did not have. He added that the current administration's blunders had led Israel, which was considering using Cyprus as its base for exporting its own natural gas to other countries, to consider Turkey instead.

As the debate turned to the economy Anastasiades told Malas that he was the last person to criticise his administration's policies as the outgoing AKEL administration "left chaos" behind in 2013. Malas criticised the Anastasiades administration for the haircut on deposits, which he said, it was "trying to dump on the parliament". He also said that Anastasiades' administration had brought about "mediaeval conditions in the labour market" with monthly salaries as low as €500, and that he had no plan for the problem of NPL's. Anastasiades even adopted a condescending tone toward Malas on several occasions, claiming Malas's views were understandable because he had not been included in decision-making procedures over the past five years. Malas' absence from public affairs during the Anastasiades' administration had been one of the main arguments of his election program.

In his final statement, Malas said that he had spoken honestly during his campaign and that he would continue to do so as president. He added that he would clamp down on corruption and would work toward a settlement of the Cyprus problem. In his closing statement Anastasiades stressed that he had been and would continue to be the "president of all Cypriots", regardless of party affiliation. He reiterated that his administration has achieved stable growth and pledged to continue efforts to reduce unemployment rates, and to continue work for the modernisation of the state and of the local government.

Labour Relations and Trade Unions

A strike took place by the teachers working in the afternoon and night schools in their attempt to challenge their current working status of "self-employed". PEO and SEK supported fully the striking employees and their association and have accused the Ministry of trying to threaten and blackmail them. The Council of Ministers decided to investigate the employment regime within the next two months. A court decision is also pending for this issue.

An announced protest action by the post office workers was suspended on the last minute by the public sector trade union ASDIK after a pledge by the Transport Ministry to enter into dialogue with the trade union about the issues of concern.

A 48-hour strike action by adjunct academics took place at the University of Cyprus. According

to their trade union DEDE, the stoppage affected more than 80 classes and 20 research programs. The adjunct academics protest about the non-implementation of the agreement reached with the Rectorate last June and more generally about their status and terms of employment in the University of Cyprus. The central slogan of the striking academics was “decency at work=quality teaching and research”. PEO and DEOK as well as the students’ union FEPAN supported DEDE’s strike.

The Council of Ministers approved the bill giving widow men the entitlement to public support. PEO and SEK supported this.

PEO hotel employees in the Famagusta District protested against the prevailing conditions in the industry with the workers marching to the Labour Ministry’s District office.

A 24-hour strike took place by public hospital doctors demanding the hiring of permanent personnel and the non-firing of any assistant doctor.

The COLA began to be incorporated on wages as of 1st January 2018. According to the three-year agreement the COLA will be estimated on a yearly basis and given at 50%. Since according to the price index there was 0.56% increase in 2017 compared to 2016, the COLA incorporated on 2018 wages is 0.28%.

PEO’s pensioners union EKYSY expressed its satisfaction and thanks to parliament and especially AKEL for the change in the Minimum Guaranteed

Income law. The law will allow low income pensioners claim the supplementary benefit. EKYSY welcomes the late recognition of the government that “it had been treating low income pensioners unfairly” in the last four years.

Compensations received by early retirees must not be taxed according to the trade unions because this will act as a disincentive. The Ministry of Finance stated that this is currently at the discretion of the Taxation Registrar, who will suggest a framework with criteria as to when, when not and to what extent these compensation schemes for voluntary retirement will be taxed.

The new system of scaled wages and promotions in the Bank of Cyprus is opposed by ETYK. Negotiations are due. At the same the Bank of Cyprus has pledged to compensate the damage inflicted on the Provident Fund of its employees from the 2013 bail-in, in an attempt to “de-politicise” the matter. The Bank will pay 23 million euros in order to cover the damage inflicted on employees currently working at the Bank who have not been covered by the government’s compensation scheme.

4. Turkish Cypriots

Economic Developments

According to the report of Turkish Cypriot daily Yeniduzen the gap between the minimum wage in Turkey and the northern part of Cyprus has

declined to 6.7% in early 2018, compared to 2013 when the minimum wage in the northern part of Cyprus was 27.8% higher than the one in Turkey.

Based on data from the Turkish Cypriot Central Bank, daily Kibris reported that the credit volume in the Turkish Cypriot banking system increased by 21.06% to 14.43 billion TL (€ 3.09 bn.) in 2017. 54.6% of this amount was in Turkish lira while the rest was in foreign currencies. 44.82% of these credits were provided by Turkish Cypriot private banks, 27.13% by Turkish Cypriot public banks and 28.03% by the branches of Turkish banks in Cyprus.

According to the Ministry of Finance figures, at the end of November 2017, the number of people receiving salary, pension or social assistance from the treasury was 41,011 compared to 40,637 at the end of 2016. The amount paid out was 207.8 million TL (51.9 million dollars) compared to 175.7 million TL (50.2 million dollars) in December 2016. Though this represented an 18.26% rise in TL terms, at 3.47%, increase in dollar terms was more moderate. The biggest two groups on the public payroll were civil servants (15,509) and pensioners (13,428).

Relations with Turkey

Commenting on the Turkish Cypriot election results, the Turkish Foreign Minister Cavusoglu said “I hope announcements like ‘we will not go into a coalition’ will be left aside and a government will be formed. We can then act together

and decide on the approach we are going to take in the Cyprus negotiations. In this regard 2018 will be a crucial year.”

Domestic Developments

According to the official results of the parliamentary elections held on January 7, the National Unity Party (UBP) emerged as the winner receiving 35.37% of the votes yet failed to secure the parliamentary majority to form a single party government. Republican Turkish Party (CTP) which won 20.97% of the votes came in second, followed by the Peoples’ Party (HP) 17.10%, the Social Democratic Party (TDP) 8.61%, the Democratic Party (DP) 7.83% and the Rebirth Party (YDP) 6.96%. This is the first time that 6 parties cleared the 5% threshold to win representation in the 50-seat Turkish Cypriot Legislative Assembly. The distribution of seats is as follows: UBP 21 seats, CTP 12 seats, HP 9 seats, TDP 3 seats, DP 3 seats, and YDP 2 seats.

Though initially the continuation of a UBP-led coalition government was taken for granted, the air changed later when CTP, HP, and TDP all strictly ruled out entering a coalition with the UBP (over corruption allegations against various UBP deputies and other irregularities during the UBP’s stint in power) this left only two possible coalition scenarios: A three-party coalition between UBP, DP and YDP and a four-party coalition between CTP, HP, TDP and DP. A third option would be calling another election. This made the DP leader Serdar Denktas, once again, the kingmaker. YDP, on the other hand,

announced that it would only support a 'transition government' which would change the electoral law and take the country to early elections.

After separately receiving the leaders of the parties represented in the parliament on January 23, the president Akinci gave the mandate to form the government to the leader of the UBP, Huseyin Ozgurgun on January 24. However, failing to convince the DP leader Serdar Denktas to join a UBP-led coalition, Ozgurgun returned the mandate to form the government to Akinci on January 30. The same day, Akinci asked the CTP leader Tufan Erhurman to form the government. Speaking to reporters after his meeting with the president, Erhurman reminded that the four parties, the CTP, HP, TDP and DP had been engaged in coalition talks for some time and that all parties had reached agreement on certain principles. According to the agreement, CTP would take the prime ministry and three other ministries while the HP would take three, and the TDP and the DP, two ministries each. On his part, pointing out that it was the first time a four-way coalition would be tried in the country, Akinci said that such multiparty coalitions were common in other parliamentary democracies. "If we are to continue with a parliamentary system then we have to get used to multi-party coalitions," he added.

Earlier, the DP's Party Assembly (PA) had convened to decide whether to enter a three-way coalition with the UBP and YDP or to take part in the four-way coalition. By 67 to 15 votes the PA voted for the second option. Speaking to report-

ers after the meeting, Serdar Denktas said "a very important decision was taken tonight both for our country and our people. Our decision was in favour of communal unity and solidarity rather than political division and polarization. The UBP offered our party more ministries and advantages but our party chose not to go that way. The DP chose a democratic, egalitarian and libertarian stance, one that would restore the reputation of this state and will bring prosperity to the people. We shall continue to work for more freedom and human rights".

The UBP leader described the coalition excluding the UBP as "a civilian coup" and said "it is difficult to talk of democracy when one reverses the results of the election." YDP, on the other hand, welcomed the coalition arguing that "it will be beneficial for the YDP to remain in the opposition".

On January 22, a group of protesters gathered outside the Turkish Cypriot daily Africa, waving Turkish flags, throwing rocks and eggs at the newspaper's office and smashing windows. Few of them then climbed on to the balcony and entered the premises, but were prevented from attacking staff by the police. The demonstration and attack were triggered by an article published by Africa a day before likening Turkey's military operation in Syria to Turkey's invasion of Cyprus. That same day, the Turkish president Erdogan expressed his anger over the article, calling "on my brothers in north Cyprus to give the necessary response."

President Akinci who arrived at the parliament building located opposite the daily's office to attend the swearing-in ceremony of the new parliament tried to calm the protestors but failed to do so. Reportedly, Akinci found himself targeted by some of the protesters, who tried to surround him, and who jeered and booed him and called for his resignation. Following the arrival of riot police, the angry protesters turned their attention to Parliament, where among other MPs, Dogus Derya was taking her oath. She had been targeted by the group because of her criticisms of the Turkish government's Syria operation on social media. Despite the heavy police presence, two protestors managed to climb to the top of the parliament building where they waved flags before being immediately brought down.

Later in the evening, another group assembled in front of the newspaper's office, this time in support of the daily. The group formed a human chain protesting the attack on the newspaper earlier in the day. A strong police force separated the protestors from a group of the ultranationalist Grey Wolves who had also gathered near the building. The demonstration ended without any incidents.

In a statement issued after the incidents, Akinci said that he did not approve of Africa's publication but that acts of violence in reaction to disliked views was unacceptable. He said that the Turkish Cypriot peoples' democratic culture required that responses to such adverse views should be made through ideas and opinions, not through lynching. He also said that it was out of

the question for him as the president to allow a newspaper to become a target no matter what its views or opinions were. Akinci warned that the protest actions had shown that more serious incidents could take place: "It is within this framework that the President once more finds it's necessary to stress the importance that the police take more effective action when dealing with such incidents".

On January 23, Akinci summoned the police Chief Suleyman Manavoglu to his office for a dressing-down at the apparent reluctance of police officers to intervene. "While everyone has the right to protest ... this far exceeded a protest and turned into violence," the president said. He added that the failure of the police to prevent this from happening was unacceptable. The President demanded that those responsible be detected and brought before justice as soon as possible. On January 29, the police detained 5 suspects and charged them with "inciting public unrest, unlawful assembly, committing intentional harm and criminal trespassing". It has also been reported that the police investigation was continuing and that more arrests could be made.

Meanwhile, leaders of the 6 political parties represented in the parliament who were received by the president as part of the ongoing procedure to form a new government expressed concern and disappointment over the incidents which had taken place during the protests against daily Africa.

A governmental decree, which declares 26

organizations illegal has come into force following its publication in the official gazette. The decree bans these organizations' activities, flags, banners and the possession of photographs of its members. The list includes the PKK, DHKP/C (the Revolutionary People's Liberation Party), Al-Qaeda, Hezbollah, EFEN (the National Sound of Hellenic Spirit Youth), CHRISI-AVGI (Golden Dawn), ELAM (the National Peoples' Front), KEA (the Hellenic Resistance Movement), the Black Brigade, KCK (the Kurdistan Communities Union), the PYD (the Kurdistan Democratic Union Party, YPG (the Peoples' Protection Units, ISIS (the Islamic State of Iraq and the Levant) and FETO (the Fethullah Terrorist Organisation).

Labour Relations and Trade Unions

On January 26, the Trade Union Platform organized a Peace and Democracy walk in protest of the events that took place at the assembly and the Afrika newspaper's office. Thousands of people flocked to the streets in support of the walk despite heavy rain. Speaking on behalf of the platform in a preparatory meeting before the walk, the General Secretary of the Cyprus Turkish Primary School Teacher's Union (KTOS) Sener Elcil said that they did not only have responsibility towards solving their members' problems but also had a responsibility towards Turkish Cypriot people and the country. Stating that the country was unaccustomed to the recent developments, Elcil said they would not allow any attempts to interfere in the country's institutions or any initiative aimed at splitting the country.

5. FES Cyprus Events

February 2018

--- no events ---



March 2018

Thursday, 8th March – Sunday, 11th March 2018

FES workshop

MEETING OF JOURNALISTS

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

Not open to the public



Tuesday, 13th March 2018, 18:00

FES

Book launch

EDUCATION IN A MULTICULTURAL CYPRUS

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

Open to the public



Saturday 16th March 2018, 09:00

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

**DEALING WITH THE RELIGIOUS HERITAGE IN
CYPRUS AND ITS NEIGHBOURING COUNTRIES**

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

Open to the public



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