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## 1. Cyprus Problem

In April, the respective Turkish Cypriot and Greek Cypriot leaders, Mustafa Akinci and Nicos Anastasiades, held a social dinner hosted by the UN Secretary General Special Representative in Cyprus, Elizabeth Spehar, in the buffer zone.

The meeting, which took place on April 16, was the first between the two leaders following the collapse of negotiations in Switzerland in July 2017 and was considered as an attempt to explore the possibility of resuming negotiations. Following the dinner Spehar stated that the two leaders had “a frank and open exchange of views”.

Anastasiades stated that an honest discussion was made on the problems faced, the prospect of a new dialogue and the disagreements registered between the two sides. The Greek Cypriot leader noted that Akinci raised the issue of a joint committee to deal with the management and exploitation of natural resources. Anastasiades responded that the neither the joint committee nor the postponement of the Cypriot energy programme would be discussed at the negotiations table. Asked whether common ground was found at the meeting, the Greek Cypriot leader replied “only if you consider common ground to be the realization that both sides stuck to their positions”. He also reiterated his readiness to resume negotiations from where they ended in July at Crans-Montana.

On the other hand, Akinci stated that the meeting was important to have a clear view for the following period and that he had found out “where we stand”. He argued that he had not seen a change in the mentality of the Greek Cypriot side and that the Turkish Cypriot side has no intention of being “imprisoned in the same methods”. Akinci in particular stated that the process from now on can be taken up with a strategic approach within a framework package which is not open-ended. The Turkish Cypriot leader revealed that he had brought the gas issue to the table and warned that either a committee should be established or energy activities should be postponed. If these cannot happen the Turkish Cypriot side may be “obliged to undertake similar activities together with Turkey”.

Neither side objected to the possibility of a new special envoy being appointed. The UNSG Spokesperson Stephane Dujarric however concluded that both sides had made it clear that the meeting did not mark the resumption of negotiations.

On another front, Anastasiades revealed that the crossing point of Dherynia might open by July 1 followed by the Lefka-Apliki crossing in mid-September. In response, Akinci’s spokesperson Baris Burcu stated that Akinci called on the government to take the necessary steps immediately regarding both crossing points so that the Turkish Cypriot side could not be blamed if any further delays are experienced. He added that the president had personally

telephoned Finance Minister Serdar Denktas and asked the tender process to begin as soon as possible.

Earlier in the month, on April 7, Greek Cypriots and Turkish Cypriots held simultaneous demonstrations on both sides of the divide to demand the opening of the Dherynia crossing point. Organizers of the event stressed that a new crossing point would not only provide a much-needed boost to businesses around but also be “beneficial for the rapprochement of the two communities”. The two leaders had agreed in May 2015 to open the checkpoints as one of several confidence-building measures announced at the time.

Turkish Foreign Minister Mevlut Cavusoglu visited the northern part of Cyprus and took part in a meeting with Akinci and the leaders of political parties that are represented at the parliament. No statement was made at the end of the meeting. In the absence of an official statement, rumours started to circulate that plans were being drawn up to officially abandon efforts to form a federation. One source told Cyprus Today that Mr Akinci and “every political party leader who had been at the meeting had told Cavusoglu that “Greek Cypriots do not want a federation.” Turkish media reports claimed Cavusoglu had “brought proposals for a velvet divorce” and a “model” based on a “confederation” of two separate states. Sources said Akinci, however, backed by Social Democratic Party (TDP) leader and Education Minister Cemal Ozyigit, told Cavusoglu he could “not sit

at the negotiating table for a confederation” and that they both believed that efforts for a federal settlement “should continue”. It was agreed at the meeting “no decision” on a “road map” would be taken until after parliamentary and presidential elections in Turkey, which will take place on June 24, sources added.

On April 27, Cavusoglu was quoted as saying in an interview with the Dogan News Agency, that Turkey and the Turkish Cypriots will define a road map for the way forward in Cyprus. Cavusoglu stated that a solution would be found that would “guarantee the welfare and security of the Turkish Cypriots” and that the “Greek Cypriots cannot grasp the notion of a common future with the Turkish Cypriots, on the basis of political unity and the sharing of power.”

In its 2018 report on Turkey dated April 17, the European Commission urged Ankara to commit itself unequivocally to good neighbourly relations and the peaceful settlement of disputes. It called on Turkey to avoid any kind of threat or action against a member state, or actions that damage good neighbourly relations and the peaceful settlement of disputes. The report followed recent violations of Cyprus’ exclusive economic zone (EEZ) by Turkish navy vessels that intercepted ENI’s Saipem 12000 drillship last February while it was en route to a site in offshore block 3 where it was scheduled to drill an exploratory gas well. Moreover, the report stressed that Turkey has still not fulfilled its obligation to ensure full and non-discriminatory

implementation of the Additional Protocol to the Association Agreement and has not removed all obstacles to the free movement of goods, including restrictions on direct flights and the opening of Turkish ports to ships from the Republic of Cyprus. Negotiations, according to the report, will not be opened on 8 chapters relating to Turkey's restrictions regarding Cyprus and no chapter will be provisionally closed until the Commission confirms that Turkey has fully implemented the Additional Protocol to the Association Agreement.

Following a meeting in Moscow with his Cypriot counterpart, Nicos Christodoulides, Russian Foreign Minister, Sergey Lavrov, stated on April 27 that the guarantee system was anachronistic and inconsistent with the modern era, and Cyprus' sovereignty and territorial integrity could be derived from the UN Security Council itself. Christodoulides expressed his appreciation for Russia's stance that the 1960 guarantee system needed to be abolished, especially when the position came from one of the five permanent members of the UN Security Council and suggested that Moscow's good relations with Ankara at the moment it could help in the effort for the Cyprus talks to resume.

On April 30, through a brief tweet Akinci stated that if the Greek Cypriot side was ready to accept the Guterres framework without changes it should say so without delay as it could be announced as a strategic package agreement. The Greek Cypriot side has been arguing that resumption of negotiations should be based on

the Guterres framework while the Turkish side has been arguing for a new roadmap outside UN parameters. Akinci's tweet was considered as a last attempt to salvage the negotiations in a time that speculation and statements by Turkish Cypriot politicians have been increasing for putting partition on the negotiation table. On a longer statement issued on the TRNC<sup>1</sup> presidency website Akinci noted that he did not think the idea of a confederation or a two-state solution was something the Turkish Cypriot side could get on the negotiating table arguing that it is not convincing and the political atmosphere is not favourable.

The Turkish Cypriot government abolished the customs duty on humanitarian aid sent by the Greek Cypriot side to Greek Cypriots and Maronites living in the northern part of the island. The controversial tax was introduced in August 2017 by the then UBP-DP government. UNFICYP's spokesperson, Aleem Siddique, was quoted as saying: "we welcome the announcement to revoke the previous decision to impose taxes and fees on humanitarian aid. We are in

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<sup>1</sup> 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).

touch with both sides to facilitate the resumption of deliveries."

Protesters from both sides of the divide formed a "human chain" across the buffer zone to show their opposition to the construction of a new nuclear power station on Turkey's southern coast, close to Cyprus. Anti-nuclear activists and representatives of some 30 trade unions and civil society organizations from across the island gathered at the Lokmaci/Ledra Street checkpoint on April 26. The protest called by the Bicomunal Anti-Nuclear Platform also marked the 32nd anniversary of the Chernobyl disaster.

## 2. Hydrocarbons

On April 25, the CEO of Italy's ENI, Claudio Descalzi stressed that the company was committed to its plans and would not abandon the €700 million it has invested in Cyprus' EEZ. The comment was made following a meeting held with President Nicos Anastasiades and Energy Minister Giorgos Lakkotrypis in Nicosia. He also said that blocks 2, 8, 9, 2 and 11, were part of the company's activities and that during 2018-2019 ENI would drill or explore in most of them. The Italian company holds the concessions on blocks 2, 3, 8 and 9. It also has concessions on blocks 6 along with France's TOTAL. ENI is contractually obligated to drill at least two more exploratory wells in their concessions.

## 3. Greek Cypriots

### Economic Developments

On April 21 Fitch upgraded its rating on Cyprus' to 'BB+' from 'BB' due to the country's strong cyclical economic recovery and prudent fiscal policy. Fitch's rating on Cyprus is now just one step below investment grade and the outlook is positive, although the agency said weakness in the banking sector is still a risk to public finances.

According to the Passengers Survey tourist arrivals during the first 3 months of 2018 were up 29.3% compared to the same period in 2017. In particular, referring to the 1<sup>st</sup> quarter of 2018 a total of 369,438 people visited Cyprus, compared to 285,693 during the 1<sup>st</sup> quarter of 2017.

### Domestic Developments

On April 23, President Anastasiades briefed the political leaders of DIKO, Nicolas Papadopoulos, and EDEK, Marinos Sizopoulos, about his meeting with Turkish Cypriot leader, Mustafa Akinci. Speaking after the two meetings, government spokesman Prodromos Prodromou stated that the president had discussed with Papadopoulos some of the latter's proposals, a number of which had been included in Papadopoulos' election manifesto. The issue of non-performing loans (NPLs) was also on the agenda. EDEK leader Marinos Sizopoulos said he presented Anastasiades with his party's proposals on the

resumption of Cyprus talks, as well as for handling NPLs and on internal governance.

On April 28, Stella Kyriakidou, Georgios Georgiou and Nicos Nouris were elected as the 3 vice presidents of DISY. Kyriakidou secured 8653 votes, Georgiou 7961 and Nouris 7627.

### **Trade Unions and Labour Relations**

PEO's general council issued a policy statement reaffirming the decisions made in PEO's last congress where in collaboration with the Turkish Cypriot left-wing trade union DEV-IS it was decided to have a common celebration of 1<sup>st</sup> May this year. The May Day event will take place in the Ledra Palace buffer zone and besides PEO and DEV-IS, it is co-organised by the other left wing Turkish Cypriot trade unions belonging the World Federation of Trade Unions, that is KTAMS, KTOS, KTOEOS, BES, KOOP-SEN and DAU-SEN. In PEO and DEV-IS's common announcement, the two trade unions call among others for the immediate resumption of the negotiations and the opening of the two further checkpoints as agreed.

New free fast track training programmes in technical occupations have been announced for unemployed persons. These are offered by the Cyprus Productivity Centre and priority will be given to the age group 18-25.

233 persons lost their access to the Guaranteed Minimum Income because they did not take part in the Scheme aiming to provide them with

work experience without giving sufficient reasons as the Ministry of Labour announced.

A 12-hour strike took place at the Limassol Hospital by the hourly paid staff in registration, cleaning and auxiliary work. The dispute, ongoing for several months is caused by the understaffing of the Hospital leading to deteriorating working conditions. PEO and SEK supported the strikers.

SEK in its May Day statement emphasized the combating of unemployment and the improvement of productivity. In another statement it sided with the employers' organization OEB in calling for a re-examination of the Green Line regulation because this creates "unfair competition between businesses", distributes products of "questionable quality from Turkey" in the Cypriot market and "establishes a second economy at the expense of the legal economy". SEK suggests that the government should ask from the EU the re-examination of the scope and the function of the Green Line regulation allowing trade across the dividing line.

A 24-hour strike took place by the teachers employed in the whole-day and afternoon schools. The dispute originated in 2013 when these teachers' employment status was changed unilaterally by the government from a "labour contract" to a "services contract" excluding them from a series of benefits and its examination is also pending in the court. Although some promises were given in January 2018, after the elections the government

stated that it would not re-examine their employment contracts and the teachers should be content with a small wage rise. As a result, the Association of these teachers called for a warning strike and despite the threats issued by the government about the immediate termination of the contracts of those who strike, the strike secured the support of all the other trade unions, both the general ones PEO and SEK but also the education trade unions POED and OELMEK and was conducted as announced.

The trade union of irregularly employed academics DEDE reached an agreement with the University of Cyprus, ending a long dispute that also included strike action earlier in the year. The agreement reached stipulates a series of monetary benefits for the low paid irregularly employed academics such as support for research work done and the ending of the regulation which deprived the right to apply for teaching positions to those that had taught for three years at the University of Cyprus. DEDE expressed its satisfaction with the agreement made, acknowledged the good will of the University of Cyprus authorities in the negotiations that followed its strike and thanked all those that supported it.

The Independent Trade Union of Civil Servants (ASDIK) had its third congress electing its new Board of Governors and approving some constitutional changes. ASDIK demands the return of the salaries to the pre-crisis levels and to participate in the consultation process about the reform of the civil service.

Strike action supported by PEO, SEK and DEOK took place at the J and P Avax construction company at the University of Cyprus Library building site as the workers are unpaid for two months.

The equation of the permanent employees and those employed under the status of employees of indefinite duration in the whole semi-public sector in terms of paid leave was decided by the government.

18 new promotion positions are now open at CyBC in the broader attempt to regularize the situation at the Organisation which has 250 persons as employees of indefinite duration outside its formal organizational structure. It is expected that most of these positions will be taken by such employees also strengthening the middle management level of CyBC.

## 4. Turkish Cypriots

### Economic Developments

According to the 2017-2018 Competitiveness Report commissioned by the Turkish Cypriot Chamber of Commerce, the northern part of Cyprus has the 109th most competitive economy in the world. The report, which was prepared based on the World Economic Forum's Global Competitiveness Index (GCI) — which assesses 137 countries on 12 pillars of competitiveness- concludes that in the past decade the Turkish Cypriot economy did not show much

progress in terms of competitiveness. The report suggests that the country “spent 2017 in a political whirlpool” adding that “economic growth rates registered ... did not allow for ... creating jobs for the young entering the labour market. While the momentum gained especially in the tourism and education sectors brought about an improvement in economic indicators, the growth could not be spread across the board as intended.” The report recommended that “the top priority of those governing the country should be to transform this (possibly unsustainable) economic growth into real development in the coming years by making it possible for all segments of society to experience income rise, enhanced quality of life and improved living standards.” The report also pointed out the growing unpredictability of the Turkish lira and its adverse effects on the Turkish Cypriot economy which is “fragile,” “import-dependent” and “pricing is to a great extent based on foreign currency”. In 2017, the depreciation of Turkish lira caused the inflation figures in the TRNC to reach 14.7%.

According to a report by Cyprus Today, holiday bookings for north Cyprus slumped by up to 50% on the second week of April, as fearful travelers backed off over fears of an imminent escalation of the conflict in Syria, in the wake of a gas attack by Syrian forces and preparations by the US and its allies of retaliatory air strikes. UK military bases on the island are seen as key to any assault on Syria — just 60 miles from the Karpaz peninsula at its closest — and Sovereign Base Areas (SBA) officials were reported to have

sent a “preparatory” request to the Republic of Cyprus authorities to “reserve” airspace around the Akrotiri RAF station. Cyprus Turkish Travel Agents’ Union president Erkan Kilim said his members were “very concerned”. “Which tourist will opt to head to a destination that is near a conflict zone? We are receiving feedback from tour operators that although there haven’t been any cancellations, the number of reservations has slowed,” he added. Meanwhile, a Turkish airline company’s decision to reduce the number of its flights to and from northern part of Cyprus created concern among hoteliers and travel agents.

According to the report of daily Kibris based on information from the Ministry of Finance, local revenues exceeded expenditures in the first three months of 2018 leading to a budget surplus at a time when there was no flow of aid or loan from Turkey. Ankara will release funds after an annual financial protocol between the two governments is signed. The signing of the protocol was delayed due to snap elections.

### **Relations with Turkey**

Almost all members of the Turkish Cypriot cabinet visited Ankara in April.

Economy and Energy Minister Ozdil Nami signed a Standardisation and Conformity Assessment Protocol with the Turkish Minister for Science, Industry and Technology Faruk Ozlu. Speaking during the ceremony Ozlu said that they would be establishing a new industrial



zone in the TRNC. Nami also visited his Turkish counterpart Nihat Zeybekci. Speaking during the visit Zeybekci said that they were exploring the possibility to make use of Turkish lira obligatory in trade between Turkey and the northern part of Cyprus.

Finance Minister Serdar Denktas, Minister of Labour and Social Security Zeki Celer, the Minister of Public Works and Communications Tolga Atakan, the Minister of Tourism and Environment Fikri Ataoglu and the Minister of Agriculture and Natural Resources Erkut Sahali also visited their counterparts in Ankara.

Furthermore, Turkish Deputy Prime Minister responsible for Cyprus Affairs Recep Akdag visited the TRNC where he met the president, prime minister, deputy prime minister and the speaker of parliament. Akdag reiterated his government's target to increase the per capita GDP in the TRNC to USD 25,000.

Turkish Deputy Prime Minister Hakan Cavusoglu also paid a one-day visit to the TRNC and visited the president, the speaker of the parliament and prime minister.

### **Domestic Developments**

The date for local elections has been set as June 24.

A report from the Higher Education Planning, Supervision, Accreditation and Coordination Board (YODAK) concluded that the government must rein in the rise in the number of universi-

ties in the northern part of Cyprus. According to the report, there are 16 universities two of which were granted "conditional licence" for the current academic year. These universities have in total 4,529 teaching staff and 100,911 students. Applications to open another 16 institutions have also been lodged with YODAK the report added. The regulator pointed out that "there is need for a number of measures [to be taken], including legal amendments and the preparation of a strategic higher education plan".

More than 42,000 of the TRNC's 198,875 registered vehicles have not had road tax paid, Transport and Public Works Minister Tolga Atakan said.

Primary School Teachers' Union (KTOS) made a formal complaint to the Auditor General about three municipalities which it alleged ordered their staff to take paid leave to attend the demonstration in front of the Afrika newspaper's office in January this year.

## 5. FES Cyprus Events

### May

**Monday, 7<sup>th</sup> May 2018, 10 am – 11:30 am**

Civil Society Advocates / FES / KEPLI  
Presentation in Greek

#### **New Law on Associations and Foundations**

Youth Multicentre, Apostolou Pavlou and  
Gladstonos Corner, 8046, Paphos, Cyprus

Open to the public



**Thursday, 10<sup>th</sup> May 2018, 5pm – 7:30 pm**

Civil Society Advocates / FES  
Presentation in Greek

#### **New Law on Associations and Foundations**

Journalists' House, 12 CyBC (RIK)  
Avenue Aglantzia, Nicosia 2120, Cyprus

Open to the public



**Tuesday, 22<sup>nd</sup> May 2018**

Civil Society Advocates / KEPLI / FES  
Presentation in English

#### **New Law on Associations and Foundations**

Ayia Napa Municipal Museum, 14, Kriou Nerou  
Avenue, 30707, Ayia Napa, Cyprus

Open to the public

### June

**Tuesday, 05<sup>th</sup> June 2018, 6pm – 9pm**

SeeD / FES  
Conference

#### **Gender SCORE Cyprus Final Event**

Ledras Palace, UN Bufferzone  
Nicosia, Cyprus

Open to the public



**Wednesday, 06<sup>th</sup> June 2018**

Civil Society Advocates / FES  
Presentation in English

**New Law on Associations and Foundations**

Nicosia (tba), Cyprus

Open to the public



**Tuesday, 12<sup>th</sup> June 2018**

PRIO Cyprus Center / FES  
Workshop

**Environment and Security in the Eastern  
Mediterranean Region**

Home for Cooperation, UN Buffer-Zone,  
Nicosia, Cyprus

Open to the public

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