



EDITOR'S NOTE

An EU member state in the Eastern Mediterranean, at the crossroads of Europe, Asia and Africa; this is Cyprus in a nutshell.

The monthly FES Cyprus Newsletter gives you a current overview of the domestic political situation and the external affairs of an island, which is far more than a divided country. Have a pleasant read!

Newsletter No.
128
JANUARY 23





FES CYPRUS NEWSLETTER

CONTENT

EVENTS, PODCASTS, PUBLICATIONS	3
CYPRUS PROBLEM AND BI-COMMUNAL RELATIONS	4
HYDROCARBONS	6
GREEK CYPRIOTS	6
Economic Developments	
Domestic Developments	
Labour Relations and Trade Unions	
TURKISH CYPRIOTS	12
Economic Developments	
Relations with Turkey	
Domestic Developments	
Labour Relations and Trade Unions	





FES CYPRUS NEWSLETTER

PODCASTS in FEBRUARY:
Hubert Faustmann and Vasiliki Triga
Presidential Elections in Cyprus 2023
The End of an Era?
(In English)



PODCASTS in MARCH:
No podcasts in March

PUBLICATIONS in FEBRUARY:
Vasiliki Triga and Nikandros Ioannidis
Presidential Elections in Cyprus 2023
(In English)



PUBLICATIONS in MARCH:
No publications in March

EVENTS in FEBRUARY:
Friedrich-Ebert-Stiftung Cyprus
“Grab a Cypriot Coffee” briefing with Vasiliki Triga
on “Presidential Elections in Cyprus 2023
The End of an Era?”
Date: 16 February 2023
Time: 10.00 a.m. Nicosia, 9:00 a.m. Berlin
Location: Zoom
Please RSVP by February 15 to
Elisabeth.vonBach@fes.de
Open to the public



EVENTS in MARCH:
No events in March

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

CYPRUS PROBLEM AND BI-COMMUNAL RELATIONS

The month of January began with the UN Good Offices and UNFICYP releasing draft reports and the UN Secretary General, Antonio Guterres, painting a gloomy picture of solving the Cyprus problem.

The UNSG's Good Offices report, dated January 3, highlighted the widening gulf between the two sides which was characterized by a "polarized political environment". Guterres expressed his concern over developments in the fenced-off area of Varosha as well as unilateral action being taken both in and adjacent to the buffer zone that could raise tensions. Another challenge identified by the report was the lack of agreement on the role and modalities for the appointment of a UN envoy.

On January 13, Guterres' report on UNFICYP was released. Among other points, the report stressed the lack of common ground between the two sides for peace talks that would lead to a mutually agreed solution. It noted that the political climate between the two sides was marked by a significant hardening of positions and an increase in unhelpful rhetoric, against the backdrop of election campaigning, causing prospects for a settlement to fade. The report proposed to the Security Council the extension of the mandate of the mission for six months, until July 31, 2023.

Both draft reports sparked reaction by the Greek Cypriot government which condemned them overall for their lack of objectivity. The reports also drew mixed reactions from parties in the domestic realm,

with opposition AKEL describing them as "perhaps the worst reports of all time". Although the Turkish Cypriot Ministry of Foreign Affairs criticized the report, the main opposition Republican Turkish Party (CTP) welcomed it, as it, among other things, made a call to both sides in Cyprus to return to the negotiating table for a "bizonal, bicomunal federal solution based on political equality."

On January 17, ahead of the resolution to renew the peacekeeping force's mandate, Special Representative of the UNSG, Colin Stewart, briefed the Security Council. A proposal calling for the appointment of a special envoy for the Cyprus problem, which would pave the way for the resumption of negotiations, was put forward by representatives of France, Switzerland, Great Britain and China during a closed session of members of the UN Security Council. The members of the Security Council also added that Turkey had ignored recent calls about its actions, such as the opening of Varosha and its provocations in the Cypriot EEZ, which are in stark contrast with existing UN resolutions, and they stressed the need for a commitment to a bizonal, bicomunal federation scenario.

In an interview published in *Phileleftheros* on January 22, Turkish Cypriot leader Ersin Tatar reiterated once more that he would not engage in any negotiations if sovereign rights of equality for Turkish Cypriots and their subsequent international status were not recognised. Since any recognition of the TRNC¹ is out of the question for both the Greek Cypriots and the international community short of an overall settlement of the Cyprus question or a dramatic policy shift of the Greek Cypriot side, this position is

¹The Turkish Republic of Northern Cyprus (TRNC) is only recognised by the Republic of Turkey. While for Turkey and the Turkish Cypriots, Ersin Tatar 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).





FES CYPRUS NEWSLETTER

tantamount to blocking any attempt to restart substantial negotiations on the Cyprus question.

On January 23, President Nicos Anastasiades stated that there were no arrangements in place for a dinner between him and Tatar to mark the end of Anastasiades' term in office.

On January 24, Stewart met with the Director of the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission, Judit Rozsa, to discuss current developments across the island. DG REFORM is the EU body responsible for structural reform.

On January 28, UN spokesperson Stephane Dujarric stated that Special Representative of the UNSG, Colin Stewart has Guterres' full support. Dujarric's comments came after Turkish Cypriot daily Yeni Duzen reported that Stewart, during a meeting in New York with Scandinavian country representatives of the UN and non-permanent members of the Security Council, blamed the Greek Cypriots for the inaction on the Cyprus problem and for just "complaining". The report in the Turkish Cypriot newspaper alleged a chasm had grown between the two sides, and the north had been economically and socially integrated with Turkey. The Foreign Ministry of the Republic of Cyprus delivered a demarche to Stewart, after Anastasiades challenged the UN Official to set the record straight. The UN in Cyprus has repeatedly said the reports from the north were unfounded. Dujarric further stated that the Secretary General's views on the Cyprus problem are clear and that the UN mission in Cyprus works impartially with both sides.

On January 30, the mandate of UNFICYP was renewed for another year instead of six months until January 31, 2024, marking a change in the procedure followed by the Security Council. According to the Cyprus News Agency (CNA) the idea had come

from Britain, one of the five permanent members of the Security Council and had been in discussion for a long time. The Security Council will continue to be updated semi-annually on both the Good Offices and the Peace Force through the UN Secretary General's reports. If the Turkish side causes a serious violation during the 12-month mandate, the Republic of Cyprus can appeal to the Security Council for a special resolution or a special declaration, as was done in the case of the fenced-off area of Varosha, when the Turkish side opened it to development in 2020. The resolution reiterated the Security Council's strong support for the UNSG's efforts to resume negotiations and included references for the need to reach agreement on the appointment of a United Nations special envoy, with a mandate to assist the effort to resume negotiations. It also reaffirmed the agreed basis for a solution to the Cyprus problem, a bizonal bicomunal federation with political equality. Lastly it called on Turkey to withdraw from illegal actions and expressed disappointment at Ankara's failure to comply with previous calls. The decision was welcomed by the Greek Cypriot side but was condemned by the Turkish Cypriot authorities on the grounds that it ignored the existence of the Turkish Cypriots.

The TRNC president's office expressed via a written statement its concerns over a license given for the development of a taverna in the area of the Hala Sultan Tekke mosque, a holy site for Muslims located in Larnaca in the southern part of the island.

The European Commission announced the launch of a scholarship programme for the Turkish Cypriot community for the 2023/24 academic year. A statement from the European Commission's representation office in Nicosia said: "With a budget of 5 million euros, this programme will continue to provide opportunities in different areas and levels of education, training and professional development for the Turkish Cypriot community in the European Union

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

with the overall aim of contributing to the reunification of the island ... In 2023, this flagship programme will continue to support students, professionals and adult learners across the community, contributing significantly to the objective of the Aid Programme to bring the Turkish Cypriot community closer to the EU." The programme also includes the "Alumni Connect" initiative that aims to "connect the approximately 2,000 Turkish Cypriots that have benefited from the scholarships since 2007".

HYDROCARBONS

On January 9, President Anastasiades and representatives of TOTAL ENERGIES, headed by Laurent Vivier, the French multinational's Senior Vice President for the Middle East and North Africa, held a meeting at the Presidential Palace. The company's commitment, as well as their optimism relating to the Cypriot Exclusive Economic Zone (EEZ), and the prospects for supplying Europe with natural gas from Cyprus were among the subjects discussed. Energy Minister, Natasa Pilides, stated that the government anticipates a speedy development of the natural gas discoveries in Block 6 of Cyprus' EEZ where TOTAL is a partner along with Italy's ENI.

On January 17, Pilides stated that US-based CHEVRON was expected to submit its development plan for the Aphrodite gas field in Cyprus' EEZ in the coming days. CHEVRON is also set to conduct another drilling in the Aphrodite field in the first six months of 2023. The minister also said that ENI will be submitting their development plan for block 6 soon.

GREEK CYPRIOTS

Economic Developments

The Council for Registration of Real Estate Agents released a statement on January 16 saying that the

total value of all real estate sold in Cyprus in 2022 reached approximately €6bn. According to the data, 22,129 property sales took place in Cyprus during the previous year. The fourth quarter of 2022 was the busiest period of the year, as property sales hit €1.7bn in value across a total of 5,883 transactions. For comparison, property sales during the third quarter of 2022 hit €1.65bn in total, after sales of €1.2bn and €1.3bn during the second and first quarters.

According to a report published on January 28 by the Central Bank of Cyprus (CBC), deposits in the Cypriot banking system experienced an increase of approximately €590m in December 2022, with their total balance exceeding €52bn. For comparison, total deposits experienced a net decrease of €13.2m in December 2022. In addition, loans marked a net increase after five consecutive months of decline and reached €26.1bn, with liquidity in the system standing at €26bn. A net increase of €92.1m in total loans was noted in December 2022, compared to a net decrease of €19.2m in the previous month.

Efforts to promote Cyprus as a tourism destination to American travellers are beginning to bear fruit, as interest is growing, Deputy Minister of Tourism Savvas Perdios said on January 28 during his ongoing trip to the US. Perdios held meetings in Washington and New York with Cypriot expatriates and travel agents to promote the island to a relatively new market.

Domestic Developments

The head of a newly appointed anti-corruption authority, Haris Poyiadjis, said the authority will propose to set up a team to investigate a book claiming government corruption. The book was written by Makarios Drousotis, a former adviser to President Anastasiades, and is entitled "Mafia State".

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

On February 5, the first round of the Cyprus Presidential Elections will take place. If no candidate wins an absolute majority, then a second round is scheduled for February 12. The 14 candidates running for President are:

- Andreas Mavroyiannis, Independent, supported by opposition AKEL
- Averof Neophytou, President of DISY, supported by ruling DISY
- Nicos Christodoulides, Independent, supported by centre parties DIPA, DIKO, Socialists EDEK and the Solidarity Movement.
- Achilleas Demetriades, Independent
- Christos Christou, President of far-right ELAM
- George Colocassides, Independent
- Constantinos Christofides, Independent
- Loucas Stavrou, President of the National Community Reconstruction Party
- Andreas Efstratiou, Independent
- Julia Hovrina Komninou, Chairwoman of the United Republican Party
- Charalambos Aristotelous, Independent
- Alexios Savvides, Independent
- Andronicos Zervides, Independent
- Celestina De Petro, Independent

According to a Politis poll, which was conducted by Noverna from January 20 to 26, for the first round of elections, Nicos Christodoulides has slipped, while his two rivals, Averof Neophytou and Andreas Mavroyiannis, have gained. None of the other candidates is expected to make it to the second round, which is held between the two candidates with the most votes in the first round should no candidate achieve an absolute majority of votes. Christodoulides will reportedly secure 26.5% of the vote, almost six points less than the first poll in October 2022, which showed him with 32.6%. Neophytou, on the other hand, has seen his numbers climb, and he is expected to get 21.4% of the vote in the first round, while Mavroyiannis is expected to take 19.8%. Four other

candidates, Christos Christou, Achilleas Demetriades, George Colocassides and Constantinos Christofides, seem to be maintaining similar numbers in comparison to October's poll. Christou is expected to take 5.5% during the first round, while Demetriades and Christofides are estimated to receive 2.7%, and Kolocassides 1.6%. The remaining candidates are polling around 1%.

Positions of the Main Candidates

As regards the Cyprus problem, the three main candidates Neophytou, Christodoulides and Mavroyiannis seem to support the model of a Bizonal Bicomunal Federation ("BBF"), although Christodoulides is backed by EDEK, DIKO and the Solidarity Movement, which are considered to be rejectionist parties. Moreover, EDEK and the Solidarity Movement of Eleni Theocharous reject the BBF as a basis for a solution of the Cyprus Problem.

- To unlock the impasse of the Cyprus problem negotiations, Christodoulides seeks greater EU involvement and plans to launch a diplomatic effort for the European Council to appoint a strong political personality with specific terms of reference, pursuing a solution of the Cyprus problem. He also pledged to set up a Cyprus Expert team in the Presidency to support the Greek Cypriot negotiator and to renegotiate the Guterres framework. This framework attempted to bridge the final points of disagreement between the sides during the failed talks in Crans Montana in 2017.
- Neophytou identifies NATO candidacy and energy as the two keys to unlock the current stalemate and to lead to a solution of the Cyprus problem. In contrast to Christodoulides, Neophytou has openly declared that he would quickly sign the Guterres framework.
- Mavroyiannis has pledged to take specific actions from day one towards the international community and the Turkish Cypriot community

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

in order to unlock the process and restore the credibility of the Greek Cypriots. He also proposed the extension of the buffer zone so it covers Varosha.

On the economy, the main candidates seem to be supporters of fiscal policy, albeit with divergent views on how to run and manage the economy.

- Neophytou said his vision is for Cyprus to achieve a AAA rating level. He believes in an economy with lower taxes, more incentives for and cooperation with the private sector. He also supports the creation of a green, technologically developed digital island. With the aim to leave more disposable income in the pockets of the public and to increase consumption, Neophytou unveiled a radical income tax reform proposal under which people would file their tax returns as a household rather than as individuals, significantly reducing their taxable income.
- Mavroyiannis said his vision is for an economy based on the competitive advantages of Cyprus and turning Cyprus into an attractive destination for business. He supports a progressive tax policy that bridges social inequalities and rewards social and environmentally minded entrepreneurship. Among the measures he suggests are the universal installation of photovoltaics, subsidising up to 100% of the cost, the reintroduction of the reduction of VAT on electricity from 19% to 9%, the abolition of double taxation on fuel and reinstating the Co-op Banks.
- Christodoulides has pledged to take specific actions for improving the economy including structural reforms, strengthening competitiveness, diversifying the product base of the economy, attracting investment, digitizing the public sector, exercising prudent fiscal policy and accelerating green transition. Christodoulides, similar to Mavroyiannis, suggested subsidizing the installation of photovoltaics, increasing low

pensions by 5%, modernizing and improving the state's benefits policy as well as redefining the Minimum Guaranteed Income and replacing devices and vehicles that consume too much energy.

Migration was also high on the agenda of the three candidates. Neophytou suggests stricter surveillance of entry channels, bilateral repatriation agreements and effective integration and inclusion in society for genuine refugees. Christodoulides proposes the strengthening of competent services and speeding up procedures, intensifying deportations of third country nationals and making Cyprus less attractive as a destination. Mavroyiannis proposes the strengthening of the Asylum Service to process asylum applications quickly and efficiently, to bolster bilateral agreements with third countries and institutionalized repatriation.

ELAM's Christos Christou defined an objective of his own candidacy in the elections was to solve the serious problems Cyprus collectively faces as a society. He defined the second goal of his candidacy was to strengthen ELAM, so it will be able to influence the next government. On the Cyprus problem, Christou has outright rejected a BBF as a model for a solution of the Cyprus problem, claiming that it is a solution of Turkish specifications. With regards to the economy, ELAM proposes the restoration of wage adjustments (CoLA), a price ceiling on essential goods, a radical reduction in VAT on basic goods, as well as a reduction in VAT on fuel and electricity prices. On migration, ELAM suggests ending the benefits policy that turns Cyprus into an attractive destination, suspending asylum procedures and deporting all those who are in Cyprus illegally.

Achilleas Demetriades' independent candidacy is expected to garner the support of the pro-solutionist people who do not identify themselves with the three main candidates. On the Cyprus problem,

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

Demetriades appears as a strong supporter of a BBF and the Guterres framework. He identifies energy and the Euro-Turkish relationship as the keys to unlocking the stalemated negotiations process and suggested a number of proposals on a bicommunal level, including the establishment of a bi-communal teaching hospital in the buffer zone. He pledges to restore the country's credibility, which has reportedly been "tarnished" after the golden passports scandal and the handling of the Cyprus problem in Crans-Montana. On the economy, Demetriades pledges to provide support to people with low income by utilizing the increased revenues from VAT, caused by rising prices, and through specific taxation on the windfall profits that energy companies have amassed. As a long-term measure, he suggests expanding green energy, through the effective use of funds from the EU. On migration, he pledges to set up a technical committee comprising Greek Cypriots and Turkish Cypriots to operate along the same lines as other bicommunal committees and to cancel the appointment of the 300 new guards along the Green Line, replacing them with qualified personnel to be trained to quickly handle asylum applications.

On the Cyprus problem, George Colocassides finds that a BBF includes divisive elements, and he believes there is a clear danger that Turkey will rule over Cyprus. Colocassides does not want any borders on the island and will not accept any kind of a solution where there will be guaranteed majorities on the basis of ethnic or religious criteria. He proposes a return to a unitary state without guarantors. He called for strict control over the illegal supply of fuel from the north. He also stated that where the Green Line regulation cannot be effectively implemented, those particular crossing points should be closed. He also said that the state should assume its responsibilities and that measures should be taken to reduce fuel prices in the free areas by reducing taxation and setting a cap.

Constantinos Christofides supports settling the Cyprus question through a BBF. On the economy, Christofides pledges to level private sector pension prospects with those of the public sector and to implement measures with a lasting impact, including reforming the tax regime, developing a special housing plan for new households based on income and asset criteria and gradually increasing the minimum pension. He also proposed the implementation of measures to achieve considerable savings through the use of clean energy including upgrading the electricity supply network, upgrading incentive schemes for renewable energy sources, offering incentives for the purchase of electric cars, introducing electric trams in urban centres and creating community solar parks. On migration, Christofides proposes measures including using modern means of technological surveillance, improving procedural efficiency and escalating the issue of repatriation.

Labour Relations and Trade Unions

On January 12, the social partners visited the Ministry of Labour and offered more time to the latter to exercise its mediating role and decide whether or not to submit a proposal in order to prevent a new general strike to avoid a potential impasse, and to avoid paralysis of the economy. The Minister of Labour had to decide whether to submit a proposal regarding the controversial issue of COLA (cost-of-living adjustment of wages based on the inflation rate), which has been plaguing labour relations for months. In the social dialogue between employers' organisations and trade unions, under the mediation of the Minister of Labour, K. Kousios, the two sides had initially submitted diametrically opposed positions. The trade unions demanded a full reinstatement of COLA, and the employers demanded its complete abolition. The minister was asked to compare the positions of the employers and the trade unions. The employers wanted to maintain the 2017 transitional agreement, which provides for COLA to be set at 50% and to be paid once a year.

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

The Transitional Arrangement had been introduced in the wake of the events of 2013, which caused uncertainty in the economy. The trade unions' final offer was for COLA to be restored from January 1, 2023 to 65%, and then to be gradually increased by 15%, 10% and 10% over the next three years to the full 100%. In the past, 100% of COLA was granted every six months.

However, on January 26, the trade union organisations of Cyprus called on all workers from the public and private sectors to a massive Pan-Cypriot three-hour work stoppage, as there was no longer any agreement. The trade unions that organized the general strike emphasized that, through this action, the trade union movement as a whole expresses the readiness of the workers to safeguard and defend COLA. All organisations called on everyone involved (government and employers' organisations) to respect the agreement. The trade union organisations also expressed their common position that the full payment of COLA should be reinstated and they rejected any attempt to abolish or alter its philosophy.

Despite the concessions made by both sides, the Ministry of Labour did not want to submit a mediation proposal, as it believed that both sides would reject it and insist on their own claims. In an intervention, President Nicos Anastasiades clarified that his government would leave the matter of COLA to be handled by the next government and especially by the new Minister of Labour, who will be appointed by the next president. Despite their strong disagreement, the trade union movement decided on January 30 not to escalate the dynamic mobilisations at this stage in view of the presidential elections on February 5.

On January 17, workers at OKYpY (Organisation of State Health Services) hospitals went on a two-hour strike over OKYpY's non-compliance with its commitments to establish a collective agreement

for the organisation's staff who were hired with individual contracts in 2019. However, the spokesperson of OKYpY stated, "The schedules will be respected and, as we have announced, a new proposal will be submitted to the trade unions so that they can study it and start the consultation". Among other things, the secretary general of PASYDY (Pancyprian Trade Union of Government Employees), Stratis Matthaïou, pointed out that OKYpY is a semi-public organisation and it "cannot behave differently from other semi-governmental organisations", and that "we want a collective agreement, as for all semi-governmental organisations. We want people to be put on [salary] scales and [individual] contracts to stop. We require a collective agreement like all state organisations". He added that OKYpY asked for more time, but it was not the first time they had asked for it, noting that "the mockery must stop". However, on January 24, OKYpY submitted a new proposal to the trade unions to conclude a collective agreement for workers who were hired from 2019 with individual contracts. On January 25, the Minister of Health stated that the Ministry of Health planned to issue collective agreements for OKYpY employees. However, he also noted, "I hope we do not have to use it", pointing out that the two sides should consult before the ministry intervenes.

On January 24, EKYSY (Union of Cypriot Pensioners) requested that the Ministry of Labour take a holistic approach to the way pensions are adjusted and to address the issue of low pensions by a progressive modernisation of the pension system, and to institute compensatory measures until this is achieved. In its announcement, the organisation referred to recent announcements from the Social Insurance Services, according to which the rate of increase in January 2023 (in both the basic and the supplementary parts of the pensions) is offset by the percentage of the indexation granted to the pensions in July 2022. Therefore, both parts of the pensions would have no increases in January 2023. They added that

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

from January 2023 the maximum limit of insurable earnings would increase to €1,155 per week and to €5,005 per month. Moreover, the presumptive incomes of the self-employed, on which social security contributions are calculated, increased by 3.37% from January 2, 2023. According to the union's announcement, "based on the above and at a time when inflation is very high at around 9%, as a result of which the purchasing power of pensioners suffers a significant reduction, EKYSY requests from the Ministry of Labour, to deal holistically and concretely with the method of readjustment of pensions as well as the issue of low pensions, through the progressive modernisation of the pension system". Until this is done, EKYSY reiterates its recommendation to grant compensatory benefits to pensioners in order to enable them to cope with the increased cost of living.

On January 25, the Minister of Labour opened a new front with the trade unions regarding the strategic framework governing the importation of workers from third countries (non-EU countries). The Ministry sent a proposal in relation to the framework to the employers' organisations and trade unions and invited them to submit their proposals by January 31, 2023, at the latest. According to the new proposal, if it can be proved that there is a lack of Cypriots or Europeans who would like to be employed, then up to 30% of the average total number of employees can be from third countries for a period of 12 months. Also, under the new proposal, the 30% rate will increase to 50% if an employer applies a collective agreement from a sector or business. Provision is also made for the establishment of a tripartite committee which will advise the Minister of Labour. The minister will appoint people to the three-member committee after receiving recommendations from the Labour Advisory Body. The tripartite committee will consider complaints from foreign workers about unfavourable living conditions or any violation of their labour rights.

The Cyprus Chamber of Commerce and Industry along with the Federation of Employers and Industrialists filed their disagreement on two main issues. One concerns the regulations. More specifically, they disagreed with the limitation of 30% of the permanent staff and with the requirement for collective agreements in case an employer wants to employ up to 50% from third countries. They also stated that the process of importing personnel from third countries should be based on specific timetables without time-consuming procedures. It is noted that according to the provisions of the new strategy, the list of professions for which employers are allowed to employ third country nationals was expanded in a way that facilitates entrepreneurs who cannot find staff in the domestic market. Additionally, the previous decree, which limited the importation of personnel from third countries for three or four occupations, is now cancelled. The trade unions, in a joint statement, reported that the minister's decisions were "unilateral and one-sided", given that there had been no social dialogue. They also expressed the readiness of the trade union movement to react strongly in the event that the Minister of Labour submits his proposal for approval before the Council of Ministers, as he had committed to employers that he would do. In their letter to the Minister of Labour, the trade unions stated that since there had been no prior consultation with the social partners, the matter should be referred to the next government. The representatives of the three trade unions, SEK, PEO and DEOK, consider that the government's new proposal attempts to serve the interests of employers. The trade unions describe this provision as a "mockery", because neither the hoteliers nor the catering companies requested more than 30% of their permanent staff from third countries, which indicates that they are not bound to maintain collective agreements. At the same time, it was mentioned that the current government "is in a hurry to close the matter of the strategic import of personnel from third countries" and "gives permits 'through the window' to ho-

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

teliers and restaurant operators". They added that, as trade union movement, they consider the issue of key importance, because it "undermines collective agreements, which is why all three organisations are determined to respond and react together".

TURKISH CYPRIOTS

Economic Developments

According to the Statistical Institute, the consumer price index was 89.23% higher in January 2023, compared to January 2022. Consumer prices had risen by 2.62% in January alone.

On December 29, the Council of Ministers announced that shops would be banned from selling or giving away disposable plastic bags – except for the very light and small ones – as of June 29, in a bid to cut down on waste and protect the environment. Under current rules, introduced in 2018, shops must charge 0.25 TL for each single-use plastic shopping bag sold to consumers. The bag fee has been credited with a 60-70% reduction in plastic bag usage in the TRNC. In January, the government also decided to ban single-use plastics. Industrialists protested the government's decision on the grounds that the transition period (6 months) was not enough for businesses to adapt. The Restaurateurs Association representative pointed out that the ban could lead to an increase in costs for his organization's members, particularly those providing take-away services, because the cost of environmentally friendly alternative packaging is "10 times that of what is currently being used".

According to an expert from the Agricultural Research Institute, the amount of olives produced in 2022 was down by 40% lower compared to 2019; only 9,000 tonnes of olives were harvested in 2022, compared to 15,000 tonnes, or 35 kilos per tree, in 2019. The decrease in the olive yield is due to the

climate, "especially the lack of rain", the expert said, noting that an olive tree needs 800mm of rain a year, but the average rainfall is 400mm. Meanwhile, the Minister of Agriculture, Dursun Oguz, said the government has drafted a new law to raise olive and olive oil production to "European Union standards".

Relations with Turkey

On January 17, after a meeting with the Turkish Cypriot Prime Minister in Ankara, the Turkish Vice-President Fuat Oktay announced that "just like we delivered water from the Taurus Mountains under the sea to our Turkish Cypriot brothers and sisters with the project of the century, we are now starting the project to supply electricity. All preparations regarding this are continuing at government level. A decision will be made very soon." According to the report of Turkish Cypriot weekly "Cyprus Today", the announcement was widely welcomed by business leaders, including the presidents of Turkish Cypriot Chamber of Commerce, Cyprus Turkish Chamber of Industry and Cyprus Turkish Hoteliers Association, as this would mean "no more power cuts and cheaper energy". However, Caglayan Cesurer, the head of the Electricity Authority Workers Union (EI-Sen), warned that his union would be against any "one-way" cable agreement. "For years, the people have been lied to, ridiculed and misinformed when they were told that electricity will be supplied by a cable and the problem will be resolved," he said. "What we need is... a cable that can be used when needed... If a cable project based on reciprocal exchange is being considered, then do it... But no-one should expect us to just stand idly by if the agreement will be made with a one-sided purchase guarantee."

The Gecitkale (Lefkoniko) airport will be turned into a Turkish military airbase. The Council of Ministers authorized the Ministry of Transport to sign a protocol with the Turkish government to grant the usage of the Gecitkale (Lefkoniko) Airport to the Cyprus Turkish Peace Forces i.e., the Turkish military

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





FES CYPRUS NEWSLETTER

forces in the northern part of Cyprus. The protocol to be signed with Ankara was prepared with the aim of “developing the existing friendship and relations” between the Turkish government and the TRNC and to “develop military training and cooperation activities between the two countries’ armed forces”. The airport, located near the village of Gecitkale (Lefkoniko) on the Mesaoria plain, was opened in 1986 as an alternative to Ercan (Tymbou) airport. It was built to cater for “all types of aircrafts”, with Turkey spending \$10 million on the project. In 2012, the Gecitkale (Lefkoniko) airport was closed to commercial flights because of a clause in the privatisation contract of the Ercan (Tymbou) airport, which designated it as the only commercial airport. In 2019, the Gecitkale (Lefkoniko) airport made international headlines when a Turkish military drone landed there.

Domestic Developments

On January 16, members of various political parties, trade unions and associations held a protest against controversial comments regarding women made by the director of Religious Affairs Department, Ahmet Unsal, during a speech he gave. A joint statement issued on behalf of a total of 46 groups said: “As organisations and individuals resisting attacks on the modern, secular and democratic structure of our society, we have come together to say ‘stop’ to conservative policies imposed on us.” The statement said the march towards the Prime Minister’s office took place to “protest the insulting statements attacking women’s basic human rights and freedoms made by Ahmet Unsal, who was appointed as the Director of Religious Affairs Department head by Ankara, and to oppose ideological activities that violate children’s rights through associations organised around the axis of religious exploitation”. The groups also called for his dismissal.

Met Office director announced that “the average temperature in December was 2.1 degrees above seasonal norms,” which made it “the second warmest

month of December since 1941.” The rainfall in December was “much worse than expected,” he added. The director also stated that the rainfall in October was 78% above average but in November it was 17% below normal levels.

A group of 36 people from Syria, including six children and two women were deported. The refugees who were left by a boat off the coast of Kyrenia were caught while being transported to an area near the Green Line. The members of the group were placed in detention in a dormitory while their deportation was being processed. Two men suspected of picking them up from the shore and attempting to take them to the Alaykoy (Yerolakkos) area to cross to the southern part of Cyprus illegally were brought before court. The two suspects were charged with “human trafficking”, while the adult Syrians were charged with “entering the TRNC illegally”.

Labour Relations and Trade Unions

On January 3, the minimum wage determination commission agreed to increase the minimum wage by 37% to (gross) 13,563TL (€667) and (net) 11,130TL (€548). The net figure is 300TL (€15) higher than the government’s initial offer, which had been made in December. After the meeting of the commission, the Labour and Social Security Minister, Hasan Tacoy, said there are around 55,000 (almost half of all employees) people earning the minimum wage, more than half of whom are foreign nationals. Speaking to the press after the meeting, he said the government will provide social security contribution subsidies of 50% to businesses that employ up to 10 people to help ease the burden of higher wage bills. Cyprus Turkish Employers Association deputy chairperson, Metin Arhun, said the minimum wage figures are “much more” than what small business owners can afford to pay, warning that some shops may have to close down. Federation of Free Trade Unions (Hurlis) chairperson, Ahmet Serdaroglu, who represented the workers, said they had initially demanded an in-

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online





crease of 41% but eventually accepted the offer “in order to reach a consensus”. He warned, however, that the increase in the minimum wage will be cancelled out if the prices of consumer goods continue to rise. Serdaroglu said some shops and supermarkets had already begun putting up their prices in anticipation of the new minimum wage rates. The new minimum wage came into effect as of January 1. The previous monthly minimum wage, which had been in effect since July 1, (net) 8,600TL (€423).

People earning the minimum wage are being “condemned to starvation”, the head of the Federation of Cyprus Turkish Trade Unions (Turk-Sen), Arslan Bicakli, protested in a written statement. Bicakli noted that with the “constant price hikes on all consumer goods that people need, the purchasing power of workers, especially those on the minimum wage” was slashed during 2022. Bicakli pointed out that while MPs’ monthly salaries were increased by 90% in 2022, the minimum wage increased only by 75%. “They did not even give the cost of living increase to minimum wage earners,” Bicakli said.

Cyprus Turkish Public Officials Union (KTAMS) announced the hunger limit of a family of four as 11,622 TL (€510) as of 31 December 2022. In the statement made by KTAMS President, Guven Bengihan, the union demanded an urgent legal regulation, which will index the minimum wage to the cost of living and a change in the structure of the Minimum Wage Determination Commission.





FES CYPRUS NEWSLETTER

SHORT BIOGRAPHIES OF AUTHORS

Yiannis Charalambous

Yiannis Charalambous has been a Research Assistant for FES Cyprus contributing to the writing of the monthly FES Cyprus Newsletter since July 2012. Yiannis obtained a Bachelor's degree in Turkish Studies from the National Kapodistrian University of Athens and an MA in International Relations and European Studies from the University of Nicosia. The subject of his dissertation focused on evaluating the catalyst effect in resolving the Cyprus problem, by comparing the factors of EU membership and the discovery of hydrocarbons. Yiannis speaks Greek, English and Turkish.

Gianna Chatzigeorgiou

Gianna Chatzigeorgiou holds a Bachelor's degree in Sociology from the University of Crete and a Master's in Social and Political Theory from the University of Cyprus. Her research interests include issues of collective action and social movements, political violence, social class, and social inequality.

Hubert Faustmann

Hubert Faustmann is a Professor of History and International Relations at the University of Nicosia. Additionally, he is the director of the Friedrich-Ebert-Stiftung Cyprus. He is an expert on British colonial Cyprus and post-independence Cypriot history and politics. His research also focuses on Hydrocarbon politics in the Eastern Mediterranean as well as the relationship between state and society with a focus on Political Culture, Clientelism and Political Patronage.

Enis Porat

Enis Porat is a PhD candidate in International Relations at Cyprus International University, where he works as research fellow at the Center for Cyprus and Mediterranean Studies.

Sertac Sonan

Assoc. Prof. Dr. Sertac Sonan works in Political Science & International Relations Department at Cyprus International University. He is the Director of the Centre for Cyprus and Mediterranean Studies at the same university.



FES CYPRUS NEWSLETTER

IMPRINT

Friedrich-Ebert-Stiftung

Office Cyprus
20, Stasandrou, Apt. 401
CY 1060 Nicosia

Tel. +357 22 377 336
Email: office@fescyprus.org
Web-Site: www.fescyprus.org
Facebook: www.facebook.com/FEScyprus
Twitter: [@fescyprus](https://twitter.com/fescyprus)

Text:
Hubert Faustmann, Yiannis Charalambous,
Sertac Sonan, Enis Porat, Gianna
Chatzigeorgiou and Aileen O'Donoghue

Layout:
Stadtformat Einig & Kazmierczak GbR

If you want to subscribe to this (free) monthly newsletter, please fill in the form on our website:
www.fescyprus.org/newsletter/

If you want to unsubscribe please click the link in your FES Newsletter mail.

Newsletter No.128 JANUARY 23

Please follow and visit us on:
Twitter | Facebook | Instagram | Online

