



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.
156
September and October

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HEADLINES

The UNSG met Tatar and Christodoulides in New York reiterating his commitment to efforts to solve the Cyprus problem.

Federalist Tufan Erhürman was elected as the new Turkish Cypriot leader following a landslide victory in the Turkish Cypriot leadership elections unseating rejectionist Tatar.

Commercial development of Kronos natural gas field advances with exports to Egypt expected within 2027. Lebanon approves the delimitation of its maritime border with Cyprus.

Cyprus given until early November to repay €67.2m grant to the European Commission for the stalled LNG terminal.





FES CYPRUS NEWSLETTER

CONTENT

EVENTS, PODCASTS, PUBLICATIONS	4
CYPRUS PROBLEM & INTERCOMMUNAL RELATIONS	5
HYDROCARBONS	6
GREEK CYPRIOTS	7
• Gender Developments	
• Economic Developments in Times of Green Transition	
• Domestic Developments	
• Future of Work, Labour Relations & Trade Unions	
TURKISH CYPRIOTS	10
• Gender Developments	
• Economic Developments in Times of Green Transition	
• Relations with Turkey	
• Domestic Developments	
• Future of Work, Labour Relations & Trade Unions	

Newsletter No.156 September and October 25

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3





PODCASTS in October and NOVEMBER:
No podcasts in October and November

EVENTS in OCTOBER:

Conference:

The International Order in Question: Regional Security and Prosperity in Times of Global Flux and Disarray

Organised by Black Sea and Eastern Mediterranean
Review (BSEMR),
the School of Law at the University of Nicosia, the Inter-
disciplinary Laboratory for Black Sea and
Mediterranean Studies at Aristotle University of
Thessaloniki (ILABSEM AUTH)
and the Friedrich-Ebert-Stiftung (FES),
Date and Time:

3rd October from 6:00 pm – 8:00 pm

4th October from 9:00 am – 5:45 pm

Location: Jean Monnet (M203) Amphitheater
of the University of Nicosia

Panel Discussion:

Unlocking the Potential of Regional Organisations in the Mediterranean for Peace and Stability

Organised by Diplomeds – The Council for Mediterra-
nean Diplomacy and the Friedrich-Ebert-Stiftung (FES),
Competence Center MENA Peace and Security,
Cyprus Branch

Date: 3rd October 2025

Time: 4:50 – 5:50 pm

Location: Ledra Palace Hotel

„Grab a Cypriot Coffee“ – An Online Briefing on the Turkish Cypriot Elections

With Dr. Özker Kocadal, Assistant Professor of Internati-
onal Relations, Cyprus International University
Date: Thursday, October 23rd, 2025

Time: 10:00 – 10:30 am (Nicosia time)

09:00 – 09:30 am (Berlin time)

Via Zoom: The Zoom link will be provided the day
before the event.

Please RSVP by: Wednesday, October 22nd, 15:00 via
office.cyprus@fes.de

PUBLICATIONS in OCTOBER:

Özker Kocadal

The 2025 Turkish Cypriot Election: Between Fede- ration and the Two-State Solution

Analysis



**FRIEDRICH
EBERT
STIFTUNG**



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Closed Workshop at Paris Peace Forum:

Polarizing Narratives and Reimagining Dialogue in the Western Mediterranean

Organised by Diplomeds – The Council for Mediterra-
nean Diplomacy and Friedrich-Ebert-Stiftung (FES),
Competence Center MENA Peace and Security,
Cyprus Branch

Dates: October 28th–30th, 2025

Location: IRIS – Institut de Relations Internationales
et Stratégiques, Paris

EVENTS in NOVEMBER:

Workshop: Migration in the Eastern Mediterranean

Current Dynamics, Complex Challenges and New Approaches

Organised by Deutsches Zentrum für Integrations-
und Migrationsforschung (DeZIM) and the Friedrich-
Ebert-Stiftung (FES)

Date: Wednesday, 12th November 2025

Time: 09:30 – 17:00 pm (Berlin time)

Location: DeZim-Institute, Mauerstraße 76,
10117 Berlin

„Grab a UNIC Coffee“ – An Online Briefing on the EU policy towards Ukraine in a time of multiple security challenges

With Dr. Elena Lazarou, Director General, ELIAMEP

Date: Wednesday, November 19th, 2025

Time: 10:00 – 10:30 am (Nicosia time)

09:00 – 09:30 am (Berlin time)

Via Zoom: The Zoom link will be provided the day
before the event.

Please RSVP by Tuesday, November 18, via office.
cyprus@fes.de

PUBLICATIONS in NOVEMBER:

No publications in November so far

Newsletter No.156 September and October 25

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CYPRUS PROBLEM & INTERCOMMUNAL RELATIONS

In early September, UN Secretary-General, António Guterres (UNSG) dispatched his personal envoy María Angela Holguin Cuellar to Cyprus for a series of meetings in Cyprus ahead of the UN General Assembly, which would be held in New York later in the month. Holguin visited Cyprus on September 11, meeting separately with Greek Cypriot leader Nikos Christodoulides on September 12 and Turkish Cypriot leader Ersin Tatar on September 15. Holguin also met with the respective Greek Cypriot and Turkish Cypriot negotiators, Menelaos Menelaou and Gunesh Onar, and convened working-level discussions on confidence-building measures. Notably, on September 13 and 14, Holguin met with the newly formed Technical Committee on Youth and toured joint cultural heritage projects, including cemeteries which had undergone restorations.

While addressing the UN General Assembly on September 19, Turkish President Recep Tayyip Erdoğan reaffirmed Turkey's support for a two-state solution and called on the international community to recognise the TRNC.¹ Additionally, Erdoğan touched on regional energy disputes, warning that no energy project in the Eastern Mediterranean can proceed without Turkey and the TRNC's involvement. The next day from the same podium, Christodoulides responded to Erdoğan's recognition call by arguing that illegality stemming from the use of force cannot be recognised. Christodoulides urged the Turkish President to return to the negotiation table for a comprehensive settlement that would reunify Cy-

prus in a bizonal, bicomunal federation with political equality.

On September 27, a trilateral meeting was held in New York on the sidelines of the UN General Assembly, between the UNSG and the two Cypriot leaders. Guterres relayed that talks for a Cyprus settlement must resume from where they broke off at Crans-Montana and reiterated that he was absolutely committed to efforts to solve the Cyprus problem. The two leaders agreed that after the elections in the north scheduled for October 19, the UNSG's envoy would visit Cyprus, the guarantor powers (Greece, Turkey and the UK) and Brussels, to prepare the ground for a third enlarged meeting around the end of the year.

On October 19, Tufan Erhürman was elected as the new Turkish Cypriot leader after he won a landslide victory in the Turkish Cypriot leadership elections, unseating Ersin Tatar. The election marked a potential shift in policy as Erhürman's approach to the peace process is viewed as more moderate and supportive towards a federal solution. This is in contrast to his predecessor who supported a two-state solution and who refused to enter into negotiations for a solution to the Cyprus problem based on a federal model. Erhürman has repeatedly stated his readiness to resume negotiations towards a federal solution within UN parameters. Nevertheless, the new Turkish Cypriot leader has set four demands in order to resuming negotiations with the Greek Cypriot side, including:

¹The Turkish Republic of Northern Cyprus (TRNC) is only recognised by the Republic of Turkey. While Turkey and the Turkish Cypriots considered Ersin Tatar president until 19 October when Tufan Erhürman was elected president of the TRNC, the international community considers them the communal leader of the Turkish Cypriots. As the government of the Republic of Cyprus remains interna-

tionally 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).





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- Results-oriented negotiations with a strict time frame;
- Acceptance of the Turkish Cypriots' political equality, including rotating presidency;
- Agreement that the Turkish Cypriots' status should not return to the status quo in case negotiations fail due to the Greek Cypriot side;
- No discussion on earlier agreements, such as the convergences for the property issue.

Despite being widely perceived as preconditions for the resumption of the negotiations, the Turkish Cypriot leader described the above as basic principles that have been enshrined in UN resolutions. Experts argue, however, that Erhürman's de could prove problematic for the resumption of negotiations. Regarding the 5+1 format of the enlarged meetings on the Cyprus problem, involving both sides of Cyprus, the UN, and the three guarantor powers, Erhürman suggested that these meetings should happen every three to four months, while confidence-building talks should occur more regularly on the island. In particular, the new Turkish Cypriot leader argued that some issues, such as crossing points, do not necessarily have to be addressed at the 5+1 level and that discussions should also take place in Nicosia. Erhürman also expressed the intention to meet Christodoulides soon, during which he would be ready to cover substantive topics.

Christodoulides described the election of Erhürman as a positive development and reiterated his readiness to resume negotiations. Erdoğan also congratulated Erhürman and reiterated that Turkey would continue to defend the north's sovereignty. Erhürman had stated that his first visit upon taking office would be to Ankara to meet the Turkish President. Christodoulides and Erhürman are expected to meet after the latter's visit to Ankara.

In a letter addressed to the new Turkish Cypriot leader, the UNSG on October 29 expressed his read-

iness to support efforts towards a solution to the Cyprus problem and reaffirmed his unwavering commitment to the security and the wellbeing of Turkish Cypriots and Greek Cypriots. Guterres also said he was committed to holding a third enlarged meeting on the Cyprus problem and encouraged Erhürman to engage in constructive and results-orientated cooperation with Holguin in order to build on the momentum gained in 2025 and determine a mutually acceptable path forward in the Cyprus problem.

Khassim Diagne, the new Head of the United Nations Peacekeeping Force (UNFICYP) in Cyprus and Special Representative of the UNSG, met separately with the two Cypriot leaders for the first time. Diagne met with Christodoulides on October 29 and with Erhürman on October 31. Following the meeting with Diagne, Erhürman announced that he would most likely meet Holguin in early December. Holguin is expected to visit the island to prepare the ground for the third enlarged meeting on the Cyprus problem.

HYDROCARBONS

On September 9, Energy Minister George Papanastasiou met with Egypt's Petroleum Minister Karim Badawi for a discussion regarding the two countries' efforts to exploit natural gas from Cyprus' Exclusive Economic Zone (EEZ). Reportedly the discussion centred on accelerating the two countries' joint efforts to connect the Kronos natural gas field, which is located in Block 6 of the EEZ, to Egypt's energy infrastructure. The meeting came a few days after Badawi and other members of the Egyptian government had travelled to Nicosia and announced that natural gas from the EEZ will be exported to Europe via Egypt in 2027.

On September 25, Papanastasiou stated that the European Commission gave Cyprus until November 6 to repay a total of €67.2m handed out in grants for

Newsletter No.156 September and October 25

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FES CYPRUS NEWSLETTER

the construction of the liquefied natural gas terminal (LNG) at Vasiliko. The Law Office of the Republic has reportedly sought legal advice on the matter from British experts. Cyprus signed the contract for the LNG project in December 2019. The entire project should have taken 22 months to complete.

On October 20, agreements were signed for the commercial development of the Kronos gas reservoir. The signatories were the administrators of LNG facilities in Egypt, officials of the Egyptian Natural Gas Holding Company (Egas), and officers representing Italy's ENI and France's Total Energies. Given the proximity of the Kronos reservoir and Block 6 to Egypt's Zohr gas field, ENI will be able to use its own infrastructure to take the Cypriot natural gas to the Segas LNG terminal in the Egyptian port city of Damietta.

On October 23, the Lebanese government approved the delimitation of its maritime border with Cyprus. The delimitation agreement between Lebanon and Cyprus had been signed in 2007, but in the intervening years, the agreement was never ratified by the Lebanese government.

GREEK CYPRIOTS

Gender Developments

On September 26, gender equality commissioner Josie Christodoulou voiced concern over the low level of female participation in Cyprus' political life ahead of the 2026 parliamentary elections, warning that unbalanced representation in decision-making creates a democratic deficit. Christodoulou noted that women currently hold only 14% of seats in parliament and 37% of positions in the Council of Ministers.

On October 21, Christodoulou also called for more women in peace processes, arguing that peace processes that involve women are more likely to be

agreed upon, making female participation a crucial part of negotiations. She added that according to the UN Women's Women in Peace Processes Monitor, women continue to remain underrepresented in negotiating roles and called for the integration of the gender dimension into the European Common Security and Defence Policy.

On October 30, a Memorandum of Cooperation was signed between the Office of the Commissioner for Gender Equality and the Cyprus Employers and Industrialists Federation (OEB) to promote gender equality in workplaces, in the presence of First Lady. The agreement includes practical actions such as a digital platform for information on gender equality, a self-assessment tool for companies, the creation of an Equality Academy for remote areas, media campaigns, a mentoring programme for female entrepreneurs, and the establishment of a Female Role Model Day in schools. The commissioner emphasised that these initiatives aim to address ongoing gender disparities in leadership, pay, and career progression, complementing broader government policies for work-life balance, parental support, and equal representation.

Economic Developments in Times of Green Transition

On October 1, Cyprus officially launched its long-awaited competitive electricity market. According to Papanastasiou, both households and businesses stand to benefit through competition and cost-reflective electricity production. At present, there are around eight or nine suppliers, including the Electricity Authority of Cyprus, competing in the market. The decision to open the market was taken in 2019.

On October 16, Energy Minister George Papanastasiou and his Greek counterpart Stavros Papastavrou held a conference call with European Commissioner for Energy Dan Jorgensen over the Great Sea Interconnector (GSI). The energy ministers reiterated

Newsletter No.156 September and October 25

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their commitment to work together to bring to fruition the GSI, in a move de-escalating the rift between the two governments over the €1.9bn project. Papanastasiou also confirmed that the next three-way meeting to discuss the GSI, featuring himself, Papastavrou, and Jorgenson, will take place on November 12, in Brussels. The rift between the two governments is reportedly over the Cypriot government's initial agreement to make five annual payments of €25m to Greece's independent transmission system operator, Admie, before the interconnector is operational, but which have thus far been withheld. Meanwhile, in a conference call with analysts discussing the company's 3Q earnings, Nexan's CEO Julien Hueber, the company manufacturing the cable for the project, stated that the project is ongoing.

Domestic Developments

On October 16, Cypriot Member of the European Parliament Fidias Panayiotou announced the creation of a new political party, which he has called "Direct Democracy". According to Panayiotou, the new party will allow every person to contribute to the discussions, decisions, and even to the voting processes. Decisions will reportedly be taken through a new mobile application. The party's members will, through that application, choose all 56 names which will appear on the party's ballot paper at next year's parliamentary elections.

Future of Work, Labour Relations & Trade Unions

Cyprus has seen a gradual rise in registered unemployment over the past four months, though levels remain historically low. According to official data, registered unemployed persons reached 11,556 at the end of August 2025, with seasonally adjusted figures showing 10,225, up slightly from 10,149 in July. Despite the recent upward trend, unemployment is 4.3% lower than in August 2024. The decline over the year is mainly attributed to reduced joblessness in education, trade, construction, finance,

and insurance, as well as fewer new entrants to the labour market.

On September 3, the Cabinet approved four targeted employment incentive schemes aimed at helping citizens who remain outside the labour market to re-enter employment. The programmes, with a total budget of €18 million, will benefit 2,110 individuals and are co-funded under the Thaleia 2021-2027 cohesion policy programme. The initiatives focus on women of all ages, youth aged 15-29, and adults aged 50-65, and includes provisions for flexible work arrangements for women.

On September 8, the parliamentary finance committee opened discussions on a new bill introducing flexible work arrangements in the public sector, with a particular focus on teleworking. The legislation aims to modernise the civil service, promote work-life balance, reduce traffic and emissions, and enhance digital skills and efficiency among public employees. Under the proposal, telework will be allowed only when job duties are compatible and the necessary technology, such as a laptop and secure digital tools, is available.

On September 11, thousands of workers went on a nationwide strike defending the cost of living allowance (COLA), sending a strong message of unity and determination to the government and employers. Demonstrators demanded the full and universal restoration of COLA. Trade union leaders addressed the main rally outside the Ministry of Finance in Nicosia, rejecting proposals to scale back. They stressed that COLA is non-negotiable, vital to protecting purchasing power, and a cornerstone of social justice and labour peace. The strike followed a September 1 decision by trade unions to launch coordinated industrial action, accusing the government and employers of trying to weaken the COLA system. The initial three-hour stoppage marked the first step in a broader campaign to defend the allowance as a basic workers' right.

Newsletter No.156 September and October 25

Please follow and visit us on:
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FES CYPRUS NEWSLETTER

On September 12, hotel workers at three hotels in Limassol went on a spontaneous short work stoppage. Workers demanded the full implementation of their collective agreement and the protection of all their rights. According to SEK, repeated attempts to resolve issues with management had failed, prompting the workers' action. The union accused the employer of systematic violations, obstructing union membership deductions, and using intimidation tactics against striking staff. Relevant complaints have already been filed with the Department of Labour Relations.

On September 15, Eurofound published a new report revealing that wealth inequality across the EU remains significant, with eastern and southern European countries showing the lowest inequality levels, while Germany, Spain, and Ireland rank among the most unequal. Overall, wealth is distributed far more unequally than income, with the top 5% holding a disproportionately large share of total wealth and the bottom 20% often possessing little or even negative net wealth. The report also highlights that housing wealth, which is more evenly distributed than non-housing wealth, has been a key driver of these trends.

On September 18, about 80 workers at the Xylofagou Quarries went on strike protesting the failure to extend the quarry zone. The quarries' management stated that after eight years of delays and uncertainty, repeated requests since 2018 remain unresolved, threatening jobs and local economic stability.

On September 19, the Minister of Finance, the Cyprus Stock Exchange (CSE) chairman, and trade union representatives from Confederation of Cypriot Workers (SEK) and Pancyprian Federation of Labour (PEO) reached an agreement securing the future of CSE employees ahead of its potential privatisation. The agreement ensures the smooth and full transfer

of CSE staff to the public sector, safeguarding their employment rights, while also covering voluntary early retirement, healthcare plans, and employee welfare funds.

The Ombudswoman for Administration and Human Rights has highlighted serious weaknesses in the employment of persons with disabilities in Cyprus in a recent report prepared in her capacity as the Independent Mechanism for monitoring the UN Convention on the Rights of Persons with Disabilities. The report finds that despite supportive policies, real and equal inclusion of persons with disabilities in the labour market remains limited, particularly in the private sector. Since 2021, only 68 people were employed through the government Incentives Scheme. Moreover, the Ombudswoman, stresses that the daily subsidy of €52 is insufficient, failing to account for employees' qualifications or workplace accommodations. Additional issues include a lack of data on post-employment outcomes, low employer awareness of available schemes, persistent stereotypes, and inadequate coverage of accessibility or reasonable adjustments costs. Many persons with disabilities are also unaware of available employment opportunities and support structures.

On September 25, customs officers at Limassol Port went on a 24-hour strike, demanding a postponement of the new automated import system due to problems and insufficient training. Support will also come from customs officers in Nicosia, according to the President of the Cyprus Customs Association.

More than 100 workers, activists, researchers, policymakers, and trade unionists participated in the Pan-European Forum for Platform Work "Platform 2025", on the 25 and 26 of September. The forum, organised by SEK in cooperation with the European Trade Union Confederation (ETUC), was a key event ahead of the 2026 EU Directive on Platform Work, which introduces two main rights: the legal

Newsletter No.156 September and October 25

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FES CYPRUS NEWSLETTER

presumption of employee status for platform workers and protections against algorithmic management, including automatic contract termination and opaque pay. Opening remarks were also delivered by the ETUC Confederal Secretary, Tea Jarc, and the FES representative, Christina Kampmann. The event aimed to equip participants with the skills to help platform workers understand and exercise their rights. ETUC will release a practical guide, "How to Negotiate the Algorithm", as part of a series supporting workers in digital labour environments.

On October 7, the Minister of Labour, confirmed that a bill ensuring paid professional internships for young people will be submitted to the House of Representatives before the end of 2025. The legislation aims to facilitate smooth entry into the labour market and prevent unpaid or exploitative internships. The bill will establish a minimum stipend for internships, ensure the payment of social security contributions, and promote fair and timely integration of young workers into employment.

On October 9, the European Parliament endorsed measures to strengthen workers' representation within multinational companies, marking a key step toward revising the European Works Council (EWC) Directive. The revision introduces significant improvements, simplifies procedures, enhances predictability, and does not impose any new costs on businesses that comply with existing laws.

On October 21, the Pan-Cyprian Teachers' Union, Isotita, rejected the revised teacher evaluation plan submitted by the Ministry of Education, noting it is nearly identical to a version previously rejected by 94% of members. The trade union criticised the plan for undermining equality, overlooking the roles of seconded and special education teachers, and using a numerical scoring system that risks unfairness. Isotita also objects to mandatory support programmes for low scores and the creation of additional administrative roles that overlap with existing positions.

On October 31, a six-hour meeting between the Ministers of Finance and Labour and employer and trade union representatives on the cost-of-living adjustment (COLA) ended without a final agreement. While both sides described the discussions as constructive and noted progress on some points, significant differences remain on key issues. The Labour Minister said the talks helped build a framework of convergence that could lead to a resolution in the coming days, and both sides will continue discussions to reach the desired outcome.

TURKISH CYPRIOTS

Gender Developments

On September 4, Sevgi Erhalaç, Equality and Human Rights Secretary of the Cyprus Turkish Teachers' Union (KTÖS), strongly criticised the handling of an alleged harassment case at the Atatürk Teacher Training Academy, where a male professor was accused of harassing a female student. She described the administration's response as insufficient, arguing that the "reprimand" given minimised the seriousness of the incident. Erhalaç highlighted the power imbalance between teachers and students and accused the academy of protecting the alleged perpetrator rather than the victim. She called on Education Minister Nazım Çavuşoğlu to act instead of remaining silent and claimed the academy had lost its independence due to political appointments. KTÖS also announced they were prepared to pursue union and legal measures to uphold student safety, women's rights, and academic standards in the coming academic year.

The Women's Support for Life Association (KAYAD) inaugurated its new Life Centre on October 3, in the Arabahmet neighbourhood of Nicosia, marking over 25 years of work for women's empowerment and gender equality in the Turkish Cypriot community. At the opening, the association's President Meral

Newsletter No.156 September and October 25

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FES CYPRUS NEWSLETTER

Akıncı and Vice President Minel Özen emphasised the centre as both a continuation of KAYAD's legacy and a new beginning for collective social action. The facility will serve as a hub for education, advocacy, and community programmes supporting women's rights, with sustainable funding through activities like a café and pop-up shop. Speakers highlighted past achievements, including contributions to family law reforms and anti-violence initiatives, while acknowledging persistent political and structural challenges.

Economic Developments in Times of Green Transition

According to the Haber Kibris news website, in a report published on September 23, the budget data for the Turkish Cypriot administration for the first half of 2025 showed significant fiscal expansion and growing reliance on external funding. Total revenues increased by 66% to 48.674 billion Turkish lira (TL) ($\approx$ €1.00 billion), while expenditures rose by 61.1% to 52.909 billion TL ($\approx$ €1.08 billion) compared with the same period in 2024. Aid and loans from Turkey surged by 150.2%, rising from 2.533 billion TL ($\approx$ €52 million) to 6.390 billion TL ($\approx$ €131 million), reflecting a sharp increase in financial support from Ankara. The budget deficit in the second quarter widened to 5.942 billion TL ($\approx$ €121 million), up from 5.128 billion TL ($\approx$ €104 million) a year earlier. The report also highlighted mounting fiscal pressures: interest payments surged by 288%, while personnel expenses and the costs of goods and services increased by 56.1% and 61.5%, respectively. It underscores the rising burden of debt servicing on the government.

On October 13, T&T Airport Management (the operator of Ercan/Tymbou Airport) announced that it had paid 426,994,572.91 TL ($\approx$ €12.5 million), including VAT, to the Turkish Cypriot Treasury as its third-quarter revenue share from Ercan Airport operations for July–September 2025. The company's chairman stated that beyond its passenger op-

erations, the airport plays a vital role in supporting the economic growth and fiscal stability, adding that passenger numbers are expected to exceed five million by the end of 2025.

According to data released by the Statistical Institute on October 1, the Turkish Cypriot economy grew by 8.5% in 2024. The per-capita income reached approximately USD 17,498 ($\approx$ €14,900). The total GDP amounted to around 231.9 billion TL ($\approx$ €4.75 billion). The construction sector led growth with 19.9%, followed by import taxes (12.8%) and industry (11.4%). In the GDP composition, trade & tourism represented 22.5%, public services 15.4%, and financial institutions 10.8%, while agriculture and home ownership each contributed about 5.5%.

On October 14, data from the Turkish Cypriot Central Bank revealed that between August 2024 and August 2025, the average citizen's individual credit card debt rose sharply from 2.94 billion TL ($\approx$ €86 million) to 4.97 billion TL ($\approx$ €145 million), an increase of 75.8%. When corporate card debts of 4.37 billion TL ($\approx$ €128 million) are included, the total credit-card debt in the banking sector reached 9.35 billion TL ($\approx$ €273 million), marking a 69% annual rise. Even more concerning, non-performing credit-card debts climbed from 39.54 million TL ($\approx$ €1.2 million) in August 2024 to 57.19 million TL ($\approx$ €1.7 million) a year later, which is an increase of 44.6% in just twelve months.

On October 28, it was reported that the Ministry of Finance's domestic borrowing had increased significantly, reaching a total of 23.2 billion TL ($\approx$ €675 million) between 11 February and 27 October 2025 through multiple Treasury bill auctions. The four most recent auctions alone added 1.8 billion TL ($\approx$ €52 million) to the debt, comprising 1.1 billion Turkish lira ($\approx$ €32 million) in Turkish-lira-denominated securities and approximately 701 million TL ($\approx$ €20 million) in U.S. dollar, euro, and British-pound equiv-

Newsletter No.156 September and October 25

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FES CYPRUS NEWSLETTER

alents. The sharp expansion of the government's debt burden over just eight months underscores its growing dependence on domestic borrowing to finance fiscal obligations.

According to the Statistical Institute, the Consumer Price Index (CPI) rose by 5.39% in September and 1.09% in October, month-on-month. Compared with December 2024, prices increased by 32.35% and 33.80%, while annual inflation stood at 39.20% and 36.33%, respectively. The sharp rise in September was primarily driven by a 25.09% surge in education costs, along with notable increases in food, health, and recreation. In October, inflation eased slightly, with higher prices recorded mainly in clothing and footwear (18.93%) and housing and utilities (5.72%).

Relations with Turkey

On September 16, in a meeting in Ankara with more than 150 Turkish Cypriot mukhtars (village heads), Turkish Parliament Speaker Numan Kurtulmuş declared that there is "no other way" to resolve the island's long-running division than through a two-state solution. Specifically, the Turkish Republic of Northern Cyprus (TRNC) and the Greek Cypriot state should be recognised as two independent entities. Kurtulmuş argued that all prior federal settlement efforts had failed, making a two-state model the only realistic outcome.

Several Turkish politicians, officials, and public figures sought to influence the Turkish Cypriot presidential election, held on October 19. Istanbul Mayor Ekrem İmamoğlu and Turkey's main opposition CHP (Republican People's Party) leader Özgür Özel called for respect for the Turkish Cypriots' will, while other opposition figures expressed support for Tufan Erhürman. Turkish Vice President Cevdet Yılmaz visited the island three times before the election, attending meetings organised in support of the incumbent Ersin Tatar, accompanied at times by former Prime Minister Binali Yıldırım. Former footballer Mesut

Özil, along with Justice and Development Party (AKP) MP Hulusi Akar, former Interior Minister Süleyman Soylu, and several Nationalist Movement Party (MHP) MPs, also participated in campaign events for Tatar. Turkish celebrity imam Cüppeli Ahmet Hoca released a video urging Turkish Cypriots to vote for Tatar, concluding with prayer. Given the predominantly secular character of Turkish Cypriot society, his intervention sparked debate over whether it would resonate with or repel voters. Turkish President Recep Tayyip Erdoğan did not endorse any candidate, stating that Turkey would respect the will of the Turkish Cypriot people. However, Turkish involvement in the campaign was less extensive than in 2020, when Turkish officials openly opposed Mustafa Akıncı and supported Ersin Tatar.

On the evening of October 19, following the election of Tufan Erhürman as the new leader of the Turkish Cypriots, Devlet Bahçeli, leader of Turkey's Nationalist Movement Party (MHP), issued a statement criticising the outcome. He claimed that the election was held with very low voter turnout and argued that the will of the Turkish Cypriot people could not be considered adequately represented. However, turnout exceeded that of the first round of the 2020 election. Bahçeli called on the Turkish Cypriot Parliament to convene immediately, declare the election results and any return to negotiations for a federation reunifying Cyprus unacceptable, and adopt a decision to unite with Turkey. In contrast to Bahçeli's remarks, Turkish President Recep Tayyip Erdoğan and senior members of the Justice and Development Party (AKP), which governs in coalition with the MHP in Turkey's parliament, congratulated Erhürman and emphasised their respect for the will of the Turkish Cypriot people.

On October 22, during the "Investment Advantages in Northern Cyprus" event held in Istanbul, the Turkish Cypriot Prime Minister Ünal Üstel urged business people to prioritise the country for holidays,

Newsletter No.156 September and October 25

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FES CYPRUS NEWSLETTER

property purchases and investments, noting that despite enduring embargoes and pressure, Turkish Cypriots continue to progress with the support of Turkey. He emphasised the island's ten-month warm climate, seaport and airport links, and growing tourism infrastructure. Undersecretary of the State Planning Organisation Durali Güçlüsoy described the region as a natural investment bridge between Turkey, Europe, the Middle East and North Africa, highlighting competitive corporate tax of approximately 10% and customs and levy exemptions on plant, machinery and construction materials.

Domestic Developments

On September 21, the online newspaper Gıynık Gazetesi published a finding that the traffic-safety crisis in the north is far worse than generally assumed. Their comparison of Turkish Cypriot data with those of EU countries reveals that while the average annual road-death rate in the EU is 22 per 500,000 people, the worst-performing EU country, Romania, has a rate of 39, yet the Turkish Cypriot authorities recorded 50 deaths per 500,000 people in 2024. With an assumed population of about 500 000, the Turkish Cypriot rate exceeds the EU average by more than double and even outpaces Romania and Bulgaria (which had 37). The situation is dramatically worse than in the Greek Cypriot south, where the rate stood at 22 per 500 000, equal to the EU average; and it is five times higher than Sweden's, one of the safest at 10 per 500 000. The report adds that, even before the year's end, the Turkish Cypriot authorities had already recorded 33 deaths in the first nine months, underscoring how acute the issue remains.

On September 25, the Turkish Cypriot Constitutional Court annulled the Disciplinary (Amendment) Regulation issued by the Council of Ministers, which had allowed female students in public secondary schools to wear headscarves as part of their uniforms. The court ruled that the Council of Ministers

had exceeded its authority, stating that the regulation affected fundamental rights and freedoms and therefore required a law passed by Parliament, not an executive decision. The annulment came after the Cyprus Turkish Secondary School Teachers' Union (KTOEÖS) filed a lawsuit challenging the legality of the amendment, arguing that it breached the principle of secular education. With the decision, the previous version of the disciplinary regulation, which did not permit religious symbols such as headscarves in schools, has been reinstated, pending any future legislative action by Parliament.

On October 3, the Refugee Rights Association (MHD) issued a stark warning that out of some 107,000 students registered at Turkish Cypriot universities, only about 83,000 are actively attending. That leaves roughly 20,000 students unaccounted for. According to the association's Human Trafficking Project coordinator Damla Kodan, many of the missing students, especially young women recruited via foreign-student agencies tied to universities, have become victims of human trafficking, including sexual exploitation, forced labour, egg donation and surrogacy. She further criticised the lack of enforcement, noting that despite anti-trafficking provisions being added to the Criminal Code in 2020, only one conviction has been secured to date.

The Turkish Cypriot presidential election was held on October 19. Eight candidates contested the race, though it ultimately became a two-way competition between incumbent President Ersin Tatar and opposition leader Tufan Erhürman. The full list of candidates included Ersin Tatar (Independent, supported by the National Unity Party – UBP, Democratic Party – DP, and Rebirth Party – YDP), Tufan Erhürman (candidate of Republican Turkish Party – CTP, and supported by Communal Democracy Party – TDP), Osman Zorba (Cyprus Socialist Party – KSP), Mehmet Hasgüler (Independent), İbrahim Yazıcı (Independent), Arif Salih Kırdag (Independent), Ahmet

Newsletter No.156 September and October 25

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FES CYPRUS NEWSLETTER

Boran (Independent), and Hüseyin Gürlek (Independent). Gürlek later withdrew in support of Tatar, though his name remained on the ballot. All eight were men, reflecting the gender imbalance in Turkish Cypriot political life.

As the other candidates lacked popular support, the election was between Tatar, a nationalist favouring a two-state solution, and Erhürman, a social democratic moderate who supported a bizonal, bicomunal federation, though he avoided using the term “federation” as a campaign slogan.

Tatar’s campaign was built around the slogan “Offensive Diplomacy”, emphasising the goal of securing international recognition for the TRNC. As the campaign advanced, Tatar framed the idea of a federal settlement as a direct threat to Turkish Cypriot sovereignty and identity. His campaign was strongly supported by the UBP, DP, and YDP, which together passed a resolution in parliament days before the election affirming the two-state model as the only acceptable framework for future negotiations.

Erhürman, meanwhile, presented a vision centred on the slogan “Our Word”, signalling that the direction of the Turkish Cypriot community should be determined by its own people. Erhürman also pledged to open more crossings, assist mixed-marriage families in gaining EU citizenship, and maintain strong ties with Ankara.

On October 19, voting took place smoothly, with 218,313 registered voters and a turnout of 64.8%. The Supreme Electoral Council announced the official results as follows: Tufan Erhürman (CTP) 62.76%, Ersin Tatar (Independent, backed by UBP,

YDP and DP) 35.81%, Arif Salih Kırdag 0.33%, Osman Zorba 0.32%, İbrahim Yazıcı 0.24%, Mehmet Hasgüler 0.22%, Hüseyin Gürlek 0.19%, and Ahmet Boran 0.14%. Erhürman won decisively, carrying all six districts and performing strongest in Nicosia, where he secured 68.8% of the vote. Following the results, Erhürman pledged to govern on behalf of all Turkish Cypriots and to coordinate with Ankara on foreign policy.²

On October 30, the trial of journalist and writer Ali Kışmir, president of the Press Workers’ Union (Basın-Sen), was postponed to November 27. Kışmir is being prosecuted over a social media post that allegedly defamed the Turkish Cypriot security forces. The hearing, held at the Constitutional Court, was attended by his lawyer Hasan Esendağlı, head of the Turkish Cypriot Bar Association.

Future of Work, Labour Relations & Trade Unions

On September 6, a new insurance premium debt amnesty came into effect in the northern part of Cyprus, targeting unpaid contributions accumulated between 1 January 2010 and 31 July 2025. The amnesty, introduced through Decrees No. 32/2025 and 33/2025 published in the Official Gazette on 23 August 2025, covers debts under the Turkish Cypriot Social Insurance Law (No. 16/1976) and the Social Security Law (No. 73/2007). Employers and self-employed persons can apply to the Social Insurance Office by 22 September 2025 to benefit from the programme. Those who pay all principal debts and 10% of accrued interest in a lump sum by 26 December 2025 will have the remaining interest written off, while those opting for installment payments will receive a partial interest reductions ranging from 40%

²For a more detailed account of the election campaign and an analysis of the outcome, please refer to the FES Policy Brief “The 2025 Turkish Cypriot Election: Between Feder-

ation and the Two-State Solution”, available at: <https://nbn-resolving.org/urn:nbn:de:bo133-2-228511>





to 90%, depending on the proportion of the principal paid.

On October 30, Tel-Sen (Telecom Workers' Union) President Hakan Üredi criticised the Fiber Optic Infrastructure Protocol signed with Turkey's Türk Telekom, describing it as a plan to dismantle the state-owned Telecom Office and transfer public assets to private hands. Üredi argued that the issue is not technological but concerns control over the country's future, arguing that it will privatize public revenues, reduce local employment, and create a monopoly. He added that legal action has already been initiated against the protocol.





FES CYPRUS NEWSLETTER

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