NEWSLETTER



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Headlines

→ Ahead of September's UN General Assembly in New York, the UNSG saw insufficient progress to warrant an enlarged meeting; leaders continued discussions in Cyprus on methodology, substance and confidence-building measures (CBMs); the personal envoy warned that the window for progress was narrowing.

→ ENI signed $1.8bn contracts for Kronos gas field infrastructure.

→ Navigational notice is expected for Great Sea Interconnector (GSI) seabed surveys; Turkey sets written notification condition for the surveys.

→ DISY prepares for 2028 presidential elections amidst party divisions.

→ Turkish Cypriot parliamentary and local elections are set for December 6, with CTP leading UBP in opinion polls.

→ Filo Jet disaster toll reached 27 dead, with one passenger still missing; nine suspects remained in custody.

Editors 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!

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Cyprus Problem and Intercommunal Relations

During the months of September and October 2026 diplomatic efforts continued to create the appropriate conditions that the UN Secretary-General (UNSG) had set in July 2026 that would allow the convening of an enlarged 5+1 meeting consisting of Greece, Turkey, the UK, representatives of the two Cypriot communities plus the UN, and the subsequent resumption of Cyprus negotiations.

On September 9, the respective Greek Cypriot and Turkish Cypriot leaders, Nikos Christodoulides and Tufan Erhürman, met at the old Nicosia airport under UN auspices. The meeting focused on confidence-building measures (CBMs), the methodology for a future negotiating process and the substantive basis for renewed negotiations.

On September 16, UNSG António Guterres stated that he would not convene a trilateral or 5+1 meeting during the forthcoming UN General Assembly in New York. He said preparations to meet his conditions for a realistic prospect of success were not yet complete.

On September 17, the two leaders held a further meeting before travelling to New York ahead of the UN's General Assembly. The two sides appeared to be in disagreement over the meaning of political equality, crossing points and the methodology of the talks. Christodoulides reportedly presented Erhürman with 19 proposals, which have not been made public, concerning methodology, substance and CBMs.

On the sidelines of the UN General Assembly, Guterres and his Personal Envoy, María Ángela Holguín, met Christodoulides and Erhürman separately on September 24 and September 26, respectively. Guterres urged the leaders to demonstrate through practical cooperation that they possessed the political will required for a sustainable settlement. He also discussed with both leaders ways of overcoming the obstacles preventing progress towards renewed negotiations. Christodoulides proposed an additional trilateral meeting with Guterres and Erhürman, which Erhurman rejected as being premature. Holguín and UN Under-Secretary-General Rosemary DiCarlo also met Greek Cypriot negotiator Menelaos Menelaou and Erhürman's representative Mehmet Dana to review the implementation of CBMs, which had been agreed by the two sides. Meanwhile, the Greek Cypriot side reportedly asked diplomats and representatives of governments attending the UN General Assembly to refrain from meeting Turkish Cypriots.

While addressing the UN General Assembly on September 22, Turkish President Recep Tayyip Erdoğan called the international community to recognise the sovereign equality and equal international status of the Turkish Cypriot people and to establish political, diplomatic, and economic relations with the TRNC.[1] Erdoğan also met with Guterres and exchanged views on the Cyprus problem.

During his address at the UN General Assembly on September 23, Christodoulides reaffirmed the Republic of Cyprus's readiness to resume negotiations within the established UN framework and from the point at which the process had stopped in 2017.

Following New York's high-level week at the UN General Assembly in which no progress was made, Holguín stated that UN facilitation would continue until the end of December 2026. On September 28, Holguín warned that the window of opportunity for progress to be made on the Cyprus problem is closing. The UNSG's Personal Envoy also stated that the UN has completed the exercise recording previous convergences between the sides, which would be made available after the resumption of negotiations.

Christodoulides and Erhürman met again on October 13 and agreed that a solution to the Cyprus problem must not deviate from the United Nations Security Council resolutions. Christodoulides stated that some of his 19 proposals on methodology, substantive issues and CBMs had received positive responses, others negative responses and some required additional consideration. Erhüman, meanwhile, stated that the Turkish Cypriot side had accepted six out of the seven CBMs proposed by Guterres in July 2026, relating to demining, disaster response, irregular migration cooperation, sports, civil-society cooperation, and citizenship for children of mixed marriages. The opening of new crossing points remained outstanding. The leaders nevertheless agreed to maintain contact, participate in a bicommunal festival held at the mixed village of Pyla/Pile on October 17, and engage jointly with technical committees and civil-society representatives.

On October 20, the leaders held another meeting where discussions focused on substantive issues and methodology. Following the meeting, Erhürman confirmed that he had rejected a proposal put forward to him by Christodoulides to open and repopulate the fenced-off area of Varosha under UN administration and to open the port of Famagusta under EU control, arguing that the proposal was unbalanced. According to Erhürman, the Famagusta port is open and the proposal does not establish direct trade with the EU.[2] Meanwhile Greek Cypriot negotiator

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

2 The direct trade regulation is a pending EU regulation which would allow Turkish Cypriot goods, as certified by the Turkish Cypriot chamber of commerce, to be exported directly into Europe via the Green Line, and given preferential treatment inside the European single market as European goods. It was proposed in July 2004, three months after the rejection of the Annan plan to reunify Cyprus by the Greek Cypriot side in a referendum, and shortly after the Republic of Cyprus's accession to the EU.

Menelaos Menelaou stated that the dispute over the routing of the road between Athienou/Kiracikoy and the Nicosia suburb of Aglandjia/Eglence had been overcome.

During their meeting on October 27, Christodoulides and Erhürman agreed to make no further statements on matters of substance related to the Cyprus problem ahead of Holguín's forthcoming arrival on the island. Both leaders also met with the bicommunal technical committees on cultural heritage and on youth, as well as the civil society steering committee.

Holguín returned to Cyprus on October 29, to separately meet with the leaders—Christodoulides on October 30 and Erhürman on November 2—and to concentrate on narrowing differences over methodology and CBMs. A joint meeting involving Holguín, Christodoulides and Erhürman is reportedly scheduled for November 9. The forthcoming meetings are considered particularly important as their outcome is expected to influence whether Guterres would consider convening a further 5+1 meeting before the conclusion of his mandate at the end of the year.

A bicommunal football match was held in Nicosia on September 19, involving amateur players from Turkish Cypriot club Yenikent Percinci and Greek Cypriot club Apollon Yeri. The game was supported by the EU as a CBM aimed at fostering trust, teamwork, mutual respect, and reconciliation between the Turkish Cypriot and Greek Cypriot communities. A bicommunal cleanup operation in and around Nicosia's old town was also organized on the same day.

Hydrocarbons

At a trilateral Cyprus-Egypt-Greece summit held on September 10, Egyptian President Abdel Fattah el-Sisi stated that energy remained at the forefront of cooperation among the three countries. The statement reinforced the regional model under which gas discovered in Cyprus's EEZ would be transported to Egypt for processing, liquefaction and possible re-export to European markets.

On October 7, Cypriot Energy Minister Michael Damianos and Egyptian Petroleum Minister Karim Badawi reviewed progress on the Kronos and Aphrodite gas fields during a meeting on the sidelines of the East Mediterranean Gas Forum. The parties agreed on the need to accelerate the commercial, technical and regulatory arrangements required to connect Cypriot gas with Egyptian infrastructure.

On October 11, Egypt and US company Chevron, as an operator of the Aphrodite gas field with a 35% interest, reviewed the remaining steps for connecting Aphrodite in Block 12 of the Cypriot EEZ to Egyptian infrastructure, thus paving the way for a final investment decision and project implementation. On October 20, Egyptian authorities and Chevron agreed on a financial framework for the connection, marking another step toward developing the cross-border gas link.

On October 26, Italy's ENI formally launched the execution phase of the Kronos project by signing the principal engineering, procurement, construction and drilling contracts. The contracts worth $1.8bn, covered the construction of a floating control unit, offshore and onshore pipelines, subsea production systems, flexible lines, umbilicals and drilling services. Kronos contains more than three trillion cubic feet of gas and is expected to begin production during the first half of 2028. Gas will be transported through the Zohr infrastructure to Egypt and liquefied at Damietta, primarily for export to Europe. The development marked the start of the project's execution phase and a key milestone towards the monetisation of Cyprus's first gas development. The project will reportedly support the country's emergence as a natural gas producer and exporter while strengthening the integration of energy systems across the Eastern Mediterranean using existing Egyptian gas and LNG infrastructure.

Greek Cypriots

Gender Developments
On September 9, Gender Equality Commissioner Josie Christodoulou addressed a side event during the 63rd session of the UN Human Rights Council, which was on protecting women human-rights defenders during crises. She warned of shrinking civic space, declining funding and a wider backlash against women's rights. Christodoulou emphasised the role of women-led organisations in identifying risks, assisting affected communities, documenting violations and supporting peace and accountability. She also stated that Cyprus had strengthened by law the advisory role of the National Machinery for Women's Rights and increased funding for women's organisations.

On October 8, Christodoulou contributed to international discussions concerning women's representation, leadership and equal participation by addressing the Belgrade Women's conference RISE 2026 in Serbia.

Economic Developments in Times of Green Transition
On September 15, Christodoulides stated during an interview on Plus TV that Cyprus will pay €25m towards the Great Sea Interconnector (GSI) subsea electricity cable once a Navtex is issued. The proposed subsea electricity cable is intended to connect Cyprus with Greece and, at a later stage, Israel, ending Cyprus's electricity isolation and facilitating greater integration of renewable energy generation. However, the project continues to face financial, regulatory and geopolitical uncertainty, particularly regarding recovering construction costs and conducting seabed surveys in maritime areas disputed by Greece and Turkey.

On October 15, Energy Minister Michael Damianos indicated that a navigational notice for renewed seabed surveys was expected before the end of the month. The French-flagged vessel Abeille Marengo was identified as the vessel expected to conduct the surveys. Damianos also stated that, if the project progressed, full completion was anticipated by 2031.

On October 21, Turkish Foreign Minister Hakan Fidan, stated that Turkey did not object in principle to the GSI surveys between Crete and Cyprus, provided that Ankara received prior written notification identifying the planned activities and their coordinates. Fidan argued that oral notification would be insufficient and argued that a written procedure was necessary to prevent alteration of the maritime status quo or the creation of precedents. The Greek position remained that any notification could not be interpreted as seeking Turkish permission or recognising Turkish jurisdiction over the relevant maritime areas.

The matter has been complicated not only by the fact that part of the interconnector's planned route passes through seas which are claimed by both Greece and Turkey but also because Libya's parliament unanimously ratified, on October 20, a maritime boundary agreement that its government had signed with Turkey in 2019. Greece and Cyprus both object to the agreement, arguing that Turkey and Libya do not share a maritime border. Meanwhile, Kaja Kallas, the High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission, relayed to Fidan that the agreement infringes upon the sovereign rights of third states.

Domestic Developments

On September 5 Sofia Christodoulou Makri, a 27-year-old lawyer was elected as the new leader of socialist party EDEK, securing 53.5% of the vote in the party's leadership election. Makri has signaled her intention to reshape the party's public image, placing greater emphasis on its socialist and progressive identity while maintaining its traditional patriotic voice. She became the youngest person to lead EDEK.

During September 2026, DISY began preparing its internal process for selecting a candidate for the 2028 presidential election. The selection comes against the backdrop of divisions within the party following the 2023 presidential election, with the outcome expected to shape both DISY's leadership direction and its prospects of returning to government.

On September 27, former DISY leader Averof Neophytou declared his intention to contest the 2028 presidential election. He did so without stating clearly if his candidacy would go through DISY's internal procedures or whether he was determined to run regardless of the party's decision. The next day, party leader and House President Annita Demetriou announced her own candidacy. The two candidacies joined that of former Health Minister George Pamboridis, who had announced in July 2026 that he was also seeking the party's nomination for the presidency. On October 2, DISY's political bureau decided that candidacy submissions would be held on October 26, while an electoral congress to vote for the party's presidential nominee would take place a month later, on November 28. On October 8, Demetriou withdrew from the DISY nomination contest following consultations with Neophytou and Pamboridis. She presented her decision as an effort to preserve party unity and avoid another damaging split. Her withdrawal left Neophytou and Pamboridis as the principal contenders.

On October 21, Neophytou ended the ambiguity about his candidacy when he announced that he will seek DISY's nomination to contest Cyprus's 2028 presidential election and formally sought the confidence of DISY members.

On October 26, Neophytou and Pamboridis formally submitted their candidacies for DISY's presidential nomination. Pamborides has taken a pro-solution, anti-partition position on the Cyprus problem, rejecting a two-state solution and arguing that negotiations should resume from where they ended in 2017. Separately, he has proposed replacing the 1960 Constitution with a new functional, modern and European constitution. Neophytou's campaign themes included reunification, the cost of living, high electricity and fuel prices, housing difficulties and the need for experienced leadership.

On October 27, former Finance Minister Harris Georgiades offered his resignation as Chairman of the Glafcos Clerides Institute announcing that he would not support Neophytou if he was selected as the party's presidential candidate. His resignation was not accepted by Demetriou who stated that the party's unity is threatened and called for unity.

On October 28, Defence Minister Vasilis Palmas stated that Greek F-16 fighter jets and a Greek Navy vessel now have a permanent presence in Cyprus, in what appears to mark a shift from earlier statements that the deployment was temporary.

Future of Work, Labour Relations and Trade Unions

On 2 September, the draft legislation for the reform of Cyprus's social insurance pension system was submitted for public consultation by the Social Insurance Services of the Ministry of Labour and Social Insurance. The proposed reform, based on the International Labour Organization's (ILO) design framework, aims to reduce poverty among pensioners, improve retirement income adequacy, strengthen intergenerational fairness and ensure the system's long-term sustainability. Key measures include restructuring basic and supplementary pensions, recognising additional insurance periods for individuals outside the labour market due to childcare, unpaid caregiving, disability or studies, introducing contributions for certain categories of income earners, and partially easing the 12% actuarial reduction for early retirement at 63. The retirement age will remain at 65, while existing pensioners receiving up to €600 per

month are set to receive a minimum monthly increase of €30.

On 3 September, employees working in support programmes under the Ministry of Education, Sport and Youth staged a protest march in Nicosia, calling for changes to their employment arrangements. The unions Pancyprian Federation of Labour (PEO) and Cyprus Workers' Confederation (SEK) requested a review of unemployment benefit eligibility, noting that employees had been left without income for three months. They also called for the implementation of legislation regulating their employment, the announcement of new vacancies and the recognition of previous service for workers with long-standing experience in discontinued ministry programmes.

The Employers and Industrialists Federation (OEB) proposed reducing employers' contributions to Cyprus's Redundancy Fund from 1.2% to 0.6%, arguing that the Fund's reserves, currently standing at approximately €1.5 billion, are substantially higher than its annual expenditure. The proposal, which is also supported by the Cyprus Chamber of Commerce and Industry (KEVE), has triggered opposition from trade unions, which insist that any changes must be subject to social dialogue and consultation among all social partners. Trade unions also called for a review of redundancy compensation, arguing that payments to workers who lose their jobs should be increased to ensure fairer support, particularly for those with long years of service.

On 14 September, the Minister of Justice and Public Order met with representatives of the Cyprus Public Servants' Trade Union, the Cyprus Police Association and the police branch of the ISOTITA trade union to discuss a comprehensive amendment of the Police Law. The parties agreed to hold further meetings to examine the proposed changes and submit recommendations ahead of the legislation's submission to the House of Representatives. Additional issues raised included working hours and rest days for police officers, risk allowances for certain positions and amendments to overtime compensation arrangements.

On 15 September, the European Commission adopted the Fair Labour Mobility Package, a set of initiatives aimed at facilitating labour mobility across EU Member States while strengthening workers' rights and protection against exploitation. The package includes proposals to introduce a European Social Security Pass, facilitate the recognition and portability of professional qualifications, including qualifications obtained outside the EU, and reinforce the role of the European Labour Authority in monitoring compliance with labour rules, supporting inspections and addressing abuses involving third-country nationals.

On 17 September, more than 11,000 hourly-paid government and educational employees were due to take part in a 24-hour nationwide strike over salary and employment-related demands. The unions SEK, PEO and DEOK were seeking salary increases of 2% for 2025 and 3% for both 2026 and 2027, the restoration of initial recruitment salary scales and a 0.5% improvement in the Provident Fund. However, following a meeting with President Nikos Christodoulides, the unions agreed to call off the planned strike to allow further negotiations.

On 18 September, the Human Resource Development Authority of Cyprus (HRDA) reported a 21% increase in participation in its training programmes, reaching 118,000 participants in 2025, compared with the previous year. By the end of July 2026, a further 72,419 participations had already been recorded. HRDA also highlighted key labour market challenges, including skills shortages, mismatches between education and labour market needs, and the growing demand for digital skills. Updates to training schemes, including the inclusion of self-employed individuals from April 2026, improvements to its digital platform and the expansion of the Vocational Qualifications System to 166 professional standards, were also presented.

On 6 October, the Municipality of Paphos signed the Pan-Cypriot Collective Agreement with the trade unions PEO and SEK, completing the process of securing the participation of all municipalities in a unified collective agreement. The agreement establishes common employment terms and conditions for municipal employees across Cyprus, ensuring consistent protection of workers' rights and improved employment conditions.

On 7 October, trade unions representing Cyprus's hourly-paid government employees approved the government's proposal for the renewal of their collective agreement, avoiding planned industrial action. The agreement, approved by a majority of approximately 300 union representatives, provides for general salary increases of 2% from 1 October 2026 and a further 1.5% from 1 January 2027, with proportionally higher increases for lower-paid employees through a minimum general increase mechanism. Additional provisions include €150,000 annually for supplementary medical coverage not provided through the General Healthcare System (GESY), adjustments to salary scales and improvements to certain employment terms. The three-year agreement covers the period from 1 January 2025 to 31 December 2027.

On 23 October, social selfare officers staged a 24-hour warning strike, organised by the ISOTITA trade union, calling for urgent action to address longstanding problems affecting the Social Welfare Services. The officers highlighted staff shortages, increased workloads, excessive administrative procedures and concerns regarding workplace safety. Their main demands included the withdrawal of circulars introducing additional administrative responsibilities, the transfer of emergency financial assistance management to the Welfare Benefits Administration Service (YDEP), the establishment of maximum caseloads per officer and programme, and improved workplace security and facilities.

On 20 October, the Central Bank of Cyprus (CBC) reported that the Cypriot labour market remained resilient, with unemployment falling to a historic low of 3.6% in the second quarter of 2026 and the share of non-Cypriot workers reaching approximately 28% of total employment in 2025. According to a CBC economic analysis, the services sector, which accounts for nearly 80% of employment, continued to drive labour demand. However, key challenges include population ageing, skills shortages in specific occupations and rising housing costs, which may affect labour availability and mobility. The CBC highlighted the importance of increasing labour market participation among women, young people and older workers, strengthening vocational and digital skills, and maintaining targeted labour migration policies to address future workforce needs

On 29 October, the Minister of Labour and Social Insurance, stressed the need to implement Cyprus's bilateral labour agreement with Egypt to address workforce shortages and facilitate the recruitment of foreign workers. Although the agreement was expanded in 2026 to cover additional sectors, including construction, tourism, IT and retail, no workers have arrived in Cyprus through this mechanism to date. The Ministry is currently examining recruitment requests submitted by major companies, particularly in the construction sector, in cooperation with the Egyptian authorities. The agreement is expected to facilitate and accelerate recruitment procedures, with applications submitted through this framework receiving priority examination by the Migration Deputy Ministry.

On 30 October, employees working in the Support Programmes of the Ministry of Education, Sport and Youth (MESY) decided to proceed with an indefinite strike, on November 2, in protest against the alleged non-implementation of relevant legislation and delays in the payment of their salaries. The unions PEO and SEK also announced a protest march scheduled for November 5, from the Ministry of Finance to the Presidential Palace. The unions maintain that the Ministry has failed to implement legislation introduced by the Government and approved by the House of Representatives on April 21, 2026.

Turkish Cypriots

Gender Developments
Two femicides in September renewed calls for stronger legal protections and more effective responses to domestic violence. On September 7, 61-year-old Saliha Özkol was stabbed to death by her former husband in Aygün/Ayios Georgios, near İskele/Trikomo. Five days later, 35-year-old Rukiye Tunçer was killed by her husband in Alayköy/Gerolakkos, near Nicosia. The Association of Women to Support Living (KAYAD) criticised the lack of comprehensive domestic violence legislation, noting that two women had been killed and an attempted murder of a woman was reported within a month.

Sexual exploitation received renewed attention following the US Department of State's 2026 Trafficking in Persons Report. Figures attributed to Turkish Cypriot authorities indicated that 306 women worked in 27 nightclubs as of February 2026, up from 98 in March 2025. The report highlighted passport confiscation, debt-based coercion, restrictions on changing employers and sexual exploitation, as well as the vulnerability of foreign university students recruited through misleading promises of scholarships, accommodation and employment.

A significant judicial development concerning LGBTI+ rights emerged in October. On October 14, the Bugün Kıbrıs news website reported that İskele/Trikomo District Court had sentenced Ergün Sünmez to one month in prison for inflicting hate-motivated psychological violence on academic Berna Numan based on her sexual orientation.

On October 19, Turkish authorities announced an investigation into an alleged international network trading human eggs, with links to clinics in northern Cyprus, Albania and Georgia. Investigators alleged that 41 women had been involved in 811 transactions, raising concerns about reproductive exploitation, informed consent and the regulation of fertility services in the north.

On October 31, the death of 71-year-old Cemaliye Onyıldız, who had fallen ill in Haspolat/Mia Milia Central Prison, highlighted the vulnerability of women with disabilities in detention. Born deaf, unable to speak and illiterate, she was serving a nine-year sentence for killing a man who had reportedly subjected her to sexual and physical abuse.

Economic Developments in Times of Green Transition
On September 11, the European Commission adopted its 2026 Aid Programme for the Turkish Cypriot community, allocating €34 million for socio-economic development and bicommunal cooperation. Priorities include SMEs, innovation, food safety, Green Line trade, energy, school infrastructure, wastewater and waste treatment, the Hellim/Halloumi Protected Designation of Origin scheme, the Committee on Missing Persons and bicommunal Technical Committees. The allocation forms part of an EU commitment exceeding €794 million over two decades.

On September 21, an EU-funded €1.6 million solar installation at the Nicosia Wastewater Treatment Plant in Haspolat/Mia Milia was connected to the grid. Its 1,860 panels are expected to generate 1.6 million kWh annually and reduce carbon emissions by approximately 830 tonnes, supporting renewable energy and the sustainability of shared infrastructure.

Ercan/Tymbou Airport continued to expand its passenger traffic. Between January and September 2026, it handled 4,551,794 passengers, an 8.42% year-on-year increase. Arrivals rose by 8.27% to 2,278,682 and departures by 8.58% to 2,273,112. Aircraft movements also increased by

8.64% to 29,693, with August recording the highest monthly traffic at 600,289 passengers.

The Ministry of Finance continued to rely heavily on domestic borrowing to meet public financing needs. In September and October, successive Treasury bill and bond issues raised substantial sums in Turkish lira and foreign currencies, including USD, euros and sterling. Lira-denominated borrowing carried annual interest rates of approximately 38.4–38.69%, while foreign-currency issues included a one-year USD 25 million government bond at 5.30%. The scale and frequency of borrowing highlighted growing fiscal pressures and dependence on short-term financing.

These concerns were reinforced by the World Bank's September 2026 report, Navigating Headwinds: Managing Inflation and Uncertainty, published on October 13. The fiscal deficit widened from 4.1% of GDP in 2024 to 4.8% in 2025, reaching 10.4% excluding foreign grants. Public expenditure increased from 36.7% to 41.5% of GDP, largely due to wages, pensions and household transfers, while debt-servicing costs tripled to approximately 1.2% of GDP. The Bank warned that expensive short-term borrowing could further increase debt costs and crowd out productive investment, recommending a credible medium-term fiscal framework and more efficient public spending.

The report attributed inflationary pressures to Turkish lira depreciation, inflation spillovers from Turkey, global energy prices and domestic logistical costs, with external factors accounting for approximately two-thirds of inflation fluctuations over the past decade. The World Bank projected economic growth to slow from 4.8% in 2025 to 2.3% in 2026, while inflation was expected to decline from 35% to 30.3%. It emphasised the need for structural improvements in fiscal management, market competition and logistics.

According to the Statistical Institute, consumer prices rose by 3.34% in September, bringing cumulative inflation in 2026 to 28.15% and annual inflation to 35.02%. Education (12.52%), transport (5.66%) and food and non-alcoholic beverages (2.66%) recorded the largest monthly increases. Inflation slowed to 1.07% in October, but cumulative inflation reached 29.52% and annual inflation remained high at 34.99%. Clothing and footwear recorded the largest monthly increase (14.09%), followed by communication (4.20%), food and non-alcoholic beverages (2.72%) and transport (2.68%).

Relations with Turkey

On September 4, Turkish Vice President Cevdet Yılmaz visited the north following the maritime disaster off Kyrenia, with Turkey deploying naval and coast guard vessels, aircraft, divers and sonar equipment to support search-and-rescue operations. On September 8, Prime Minister Ünal Üstel met Turkish Justice Minister Akın Gürlek in Ankara to discuss judicial cooperation and the legal and technical investigations into the accident, highlighting close coordination between the two administrations.

During a further visit on September 18–19, Yılmaz met Üstel and attended the inauguration of the Muratağa/Maratha, Atlılar/Santalaris and Sandallar/Aloa Martyrs' Museum, established by the Turkish Cooperation and Coordination Agency (TİKA) to commemorate the 1974 killings of Turkish Cypriots. The following day, he attended the opening of the CYPFRUVEX cold-storage facility and solar energy system in Güzelyurt/Morphou. The approximately USD 10.4 million investment, financed by Turkey and implemented with the involvement of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), provides storage capacity for 15,000 tonnes of agricultural products, particularly citrus fruits.

On October 23, Turkey issued a Navtex announcing seabed surveys for the proposed natural gas pipeline connecting Anamur in southern Turkey with the Teknecik power station near Kyrenia. The survey period was scheduled to run from October 26 to December 31, covering 12 designated coordinates and involving four vessels.

On October 26, Üstel travelled to Ankara for meetings with Vice-President Cevdet Yılmaz, Foreign Minister Hakan Fidan and Defence Minister Yaşar Güler. Talks with Yılmaz focused on preparations for the 2027 Economic and Financial Cooperation Agreement, expected to provide approximately TL 30 billion (€539 million) for the north, and ongoing Turkish-funded projects. Fidan reiterated support for a Cyprus policy based on sovereign equality and equal international status, while Güler reaffirmed Turkey's commitment to Turkish Cypriot security, prosperity and sovereign equality on October 28.

On October 29–30, Turkish Cypriot leader Tufan Erhürman attended the 13th Summit of the Organization of Turkic States in Ankara and met President Recep Tayyip Erdoğan. Erdoğan reiterated Turkey's support for the Turkish Cypriot administration. Erhürman, meanwhile, emphasised that greater international integration for Turkish Cypriots and efforts towards a just and lasting settlement in Cyprus were not mutually exclusive.

Domestic Developments

The investigation into the Filo Jet disaster off Kyrenia on August 30 continued throughout September and October. By September 11, the death toll had reached 14, with another 14 passengers missing. Nine suspects, including the captain, seven crew members and the company director, faced repeated court appearances on suspicion of causing death through negligence. Police collected over 300 witness statements, while photographs and WhatsApp messages reportedly indicated that damage to the vessel's left bow, sustained in June, had been inadequately repaired. A technical report submitted on October 2 also identified repair deficiencies and open watertight doors. On October 9, the court was informed that the vessel's voyage data recorder (VDR) had been switched off two days before the disaster. By October 23, 27 bodies had been recovered, with only

three-year-old Anni Asel Hilaloğlu still missing. Although the specialised recovery vessel Optimus Prime completed operations on October 10, aerial and coastal searches continued. At the October 30 hearing, further VDR findings reportedly pointed to locked passenger doors and inadequate attention to life jackets and evacuation procedures. The court extended the detention of all nine suspects.

On September 12, Üstel reshuffled his cabinet, replacing Erhan Arıklı as Minister of Public Works and Transport with former Prime Minister Faiz Sucuoğlu, and Olgun Amcaoğlu as Minister of Economy and Energy with Hasan Taçoy. The changes came amid criticism of the authorities' handling of the Filo Jet disaster and wider concerns about maritime safety and regulatory oversight.

A September survey by the Centre for Migration, Identity and Rights Studies (CMIRS), based on face-to-face interviews with 500 respondents, revealed deep public dissatisfaction with governance. While 85.6% believed the country was heading in the wrong direction and 81.12% were dissatisfied with economic management, 78.2% considered the government insufficiently transparent and accountable. Notably, 88.4% believed that resolving everyday matters depended on personal connections or favouritism, highlighting widespread concerns about institutional fairness. In voting intentions, the main opposition Republican Turkish Party (CTP) led with 47.28%, more than twice the 21.73% recorded by the governing National Unity Party (UBP). The findings pointed to a substantial gap between the two parties and growing public discontent ahead of the December elections.

On September 10, Parliament approved amendments abolishing the mixed-voting system (karma oy), which had allowed voters to select candidates from different parties. President Tufan Erhürman returned the legislation for reconsideration, but Parliament reapproved it on September 29. The law entered into force on October 2, ending cross-party candidate selection while retaining preferential voting within individual party lists. CTP criticised the timing of the reform, arguing that such a significant change should not be introduced so close to an election. On October 9, Parliament formally approved December 6 as the date for parliamentary elections, to be held alongside the local elections.

CTP held its primary on October 11, with 1,970 members voting to rank parliamentary candidates across the six electoral districts. However, party leader Sıla Usar İncirli and Secretary General Mehmet Kale Kişi were guaranteed the top positions in Nicosia and Kyrenia, respectively, under party statutes. Seven additional candidates were pre-designated under the party's quota system and assigned specific positions on the lists: two in Nicosia, two in Kyrenia and three in Famagusta.

UBP held its primary on October 24, with 8,929 members participating in candidate selection and ranking, alongside nine candidates directly designated by party leader Ünal Üstel. The results prompted 17 objections alleging irregularities in electronic voting and demanding a recount. Health Minister Hakan Dinçyürek announced his resignation and withdrawal from the election following the initial results but reversed his decision on October 27 and remained on the final candidate list. UBP rejected the objections, prompting TDP (Communal Democracy Party) representatives to complain to the Supreme Election Council and call for an investigation. The Council's response had not been publicly reported at the time of compiling this newsletter.

Competition also intensified over the 18 municipalities. UBP announced candidates in all 18 municipalities, while CTP pursued electoral cooperation with TDP rather than fielding its own candidate in every municipality. In Nicosia, CTP endorsed incumbent Mayor Mehmet Harmancı, who is TDP's candidate, instead of putting forward a candidate of its own. The two parties also agreed on cooperation in other municipalities, with TDP supporting CTP candidates in several contests.

On October 27, the Nicosia High Criminal Court found Fatma Ünal, former president of UBP's Kyrenia Women's Branch, guilty on all 16 charges relating to the fraudulent acquisition and use of a postgraduate diploma from Cyprus Health and Social Sciences University (KSTU). She was sentenced to five years in prison. The verdict renewed scrutiny of the wider diploma scandal and its political implications for the governing UBP.

Future of Work, Labour Relations & Trade Unions

On September 9, the death of a Bangladeshi worker in an occupational accident in Haspolat/Mia Milia highlighted the lack of a formal repatriation mechanism for deceased foreign workers, with costs often left to voluntary contributions from fellow nationals and migrant communities. An earlier case had similarly required community fundraising to return a deceased worker's body to Bangladesh.

On October 3, the Turkish Cypriot Employers' Union (KTİS) proposed measures to curb rising business costs, including annual minimum-wage revisions, a separate minimum wage for third-country workers, lower import taxes on machinery and commercial vehicles, and long-term business loans. Economy Minister Hasan Taçoy said the proposals would be considered.

On October 5, the Electricity Workers' Trade Union (El-Sen) launched a strike at the Cyprus Turkish Electricity Authority (Kıb-Tek) over workplace safety and alleged irregularities in recruitment and promotions, following an accident that severely burned an employee. Despite a government order suspending the strike for 60 days, the union continued its action. The nine-day strike ended on October 13 with an agreement on occupational safety, disputed promotions and staffing.

On October 22, the Constitutional Court heard a challenge brought by the Union of Press Workers (Basın-Sen) against Article 23B of the Criminal Procedure Law, which criminalises the publication of the names and photographs of individuals brought before the courts. The union argued that the provision violated press freedom and the public's right to information. The hearing was postponed until November 26 at the Prosecutor's Office's request.

On October 29, the Cyprus Turkish Teachers' Trade Union (KTÖS) reported coliform bacteria in the water reservoir of Atatürk Primary School in Nicosia and criticised the Education Ministry's initial refusal to suspend classes for further testing. A planned October 30 strike was called off after the Ministry declared an administrative school holiday.

Publications in November and December

Publication: Germany Reputation Radar 2026
Published by: Friedrich-Ebert-Stiftung (FES) and German Institute for Global and Area Studies (GIGA)
Date: 11 November 2026

Publication: Migration Report
Title: Room for Progressiveness? Assessing the EU's Migration Deals with Tunisia, Mauritania, Egypt, Lebanon, and Jordan
Authors: Sophie Meiners and Svenja Niederfranke
Date: December 2026

Publication: Migration Report
Title: Containment Without Partnership: EU-Lebanon Migration Cooperation and the €1 Billion Package
Author: Maysa Baroud
Date: December 2026

Publication: Migration Report
Title: The Externalisation Turn: Return Hubs under the EU's New Return Regulation
Author: Eleni Takou
Date: December 2026

Publication: Migration Report
Title: Egypt-European Union Migration Cooperation
Author: Amina Fahmy
Date: December 2026

Recent Podcasts

No Podcasts in September and October

Events

Event: Closed Expert Workshop
Title: Beyond UNIFIL: What Future for UN Peacekeeping in the Middle East?
Location: Nicosia
Date: 29 September 2026

Event: Public Panel at the Cyprus Forum 2026
Title: What Future for UN Peacekeeping in the Eastern Mediterranean?
Location: The Landmark Nicosia, Aphrodite Room
Date: 30 September 2026, 10:00–10:45

Event: Black Sea and Eastern Mediterranean Conference – Thessaloniki 2026
Location: Thessaloniki
Date: 31 October–1 November 2026

Event: Grab a Cypriot Coffee – Online Briefing
Title: The Cypriot Knot – Untying or Cutting? with Prof. Dr. Harry Tzimitras (Director, PRIO Cyprus Centre)
Location: Online
Date: 3 November 2026, 09:30 (Nicosia time)

Event: Panel Discussion and Presentation of the Study Conducted by the Friedrich-Ebert-Stiftung and the German Institute for Global and Area Studies (GIGA)
Title: Official Launch of the Germany Reputation Radar 2026
Location: To be announced (TBA)
Date: 11 November 2026

Event: Grab a Cypriot Coffee – Online Briefing
Title: Great Sea Interconnector – Its Time Has Come, with Charles Ellinas (CEO, E-C Natural Hydrocarbons Company Ltd (e-CNHC))
Location: Online
Date: 12 November 2026, 09:30 (Nicosia time)

Event: Meeting of the Journalists – Nicosia 2026 (Journalist Seminar)
Location: Nicosia
Date: 20–22 November 2026
Note: This event is not open to the public.

Event: Grab a Cypriot Coffee – Online Briefing
Title: Will Cyprus Join Schengen? with Fiona Mullen
Location: Online
Date: 26 November 2026, 09:30 (Nicosia time)
Registration: To register for the briefing, please contact office.cyprus@fes.de directly.

Short Biographies of Authors

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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.

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Hubert Faustmann is a Professor of History and Political Science 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.

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Stavros Stavrou holds a Bachelor's degree in History from the Aristotle University of Thessaloniki, a Master's degree in International Relations from the University of Warwick and a Master's in Industrial and Employment Relations from International Training Centre of the ILO in collaboration with University of Turin. His research focuses on the employment relations of migrants and refugees, trade unions, and social inequalities.

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Dr. Özker Kocadal is an Associate Professor of International Relations at Cyprus International University. He earned his Ph.D. in Politics from the University of Exeter, where his research explored the role of kin-states in peacemaking, focusing on Bosnia, Cyprus, and Northern Ireland. His expertise lies in intra- and interstate conflict, international peacemaking and peacebuilding, and the complex geopolitical relationships among Cyprus, Turkey, and the United States. Dr. Kocadal has published widely in peer-reviewed journals and edited volumes, contributing to academic debates on power-sharing, peace processes, and international relations. In addition to his scholarly work, he is an active commentator on global affairs and a contributor to opinion platforms.

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