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FES CYPRUS NEWSLETTER

EDITOR'S NOTE

The Friedrich-Ebert-Stiftung in Cyprus celebrates its 10th anniversary. To mark the occasion the FES newsletter has a new design and we hope you share our excitement over the new look. We hope that the pandemic will allow for an appropriate celebration later this year. In the meantime, we wishyou good health and hope you enjoy our "new" newsletter.

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PODCASTS in MARCH:

Hubert Faustmann and Sertac Sonan
Politics and Society in North Cyprus - Fighting Misleading Generalisation
(In English)

> Hubert Faustmann and Sertac Sonan Austerity Policies in North Cyprus (In English)

Hrishab Sandilya, Sarah Morsheimer and Kyriaki Chatzipanagiotou (Project Phoenix)

Migration 2.0 Podcast - Episode 2: The Impact of COVID-19 on Migrants and International Students in the North of Cyprus (In English)

Hubert Faustmann, Julie A. Dilmaç, Özker Kocadal and Orestis Tringides

Hate Speech in Cyprus: Awareness, Policies and Prevention
(In English)

Hubert Faustmann and Mete Hatay Varosha: Between Human Rights and Realpolitik (In English)





PUBLICATIONS in MARCH:

Constantinos Lycourgos, Apostolos Vlachogiannis and Artemis Yiordamli

Access to Justice of Environmental NGOs: A Comperative Perspective (EU, France, Cyprus), 2021 Study (In English, Greek)

Sertac Sonan, Ehru Kücüksener and

Sertac Sonan, Ebru Küçüksener and Enis Porat Politics and Society in North Cyprus: A Survey Study, 2019 Report (In English, German, Greek, Turkish)

Sertac Sonan and Omer Gokcekus
Socio-Economic and Political Impact of Austerity
Policies in North Cyprus
(In English, Turkish)

Julie A. Dilmaç, Özker Kocadal and Orestis Tringides
Public Discourses of Hate Speech in Cyprus:
Awareness, Policies and Prevention,
2021 Policy Brief
(In English, German, Greek, Turkish)



EVENTS in March: No events planned so far

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CYPRUS PROBLEM

In February, a change to the venue and date of the informal five plus one-party summit on the Cyprus problem, was announced by the UN. The summit will take place on April 27 to 29 in Geneva, Switzerland with the intention to find common ground for the parties to negotiate a lasting solution to the Cyprus problem. The summit had been originally planned to take place in January by the UN Secretary General, Antonio Guterres, to take place in March in New York.

The meeting will include the two communities, Greek and Turkish Cypriots as well as the three guarantor powers, Greece, Turkey, and the UK, as well as the UN. The EU will participate as an observer at the summit. The planned meeting was welcomed by President Anastasiades who reiterated that the solution should be based on high-level agreements, UN resolutions, and the principles and values of the EU which will lead to the evolution of the Republic of Cyprus into a functional and viable, bicommunal, bizonal federation. The TRNC¹ Foreign Minister, Tahsin Ertugruloglu stressed that the summit should not and will not be a continuation of the process that collapsed in 2017, in Crans-Montana. Turkish President, Recep Tayyip Erdogan had stated earlier in the month that the only way to resolve the Cyprus dispute was through a two-state solution, and a federation would not be on the agenda in the upcoming U.N.-led talks.

On February 2, Turkish Foreign Minister, Mevlut Cavusoglu visited the north for consultations with the Turkish Cypriot leadership ahead of the five plusone party summit. During a joint news conference with Turkish Cypriot leader, Ersin Tatar, Cavusoglu stated that reunification talks based on political

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

equality have ended and new talks should address sovereign equality and subsequently a two state solution.

On February 4, UK Foreign Secretary, Dominic Raab made his first official visit to the island, ahead of the informal summit on the Cyprus problem. Raab who met separately with Anastasiades and Tatar, stated that the UK would work with the Cypriot people and the UN to finally resolve the Cyprus problem and achieve a just and lasting settlement. According to Turkish Hurriyet a verbal presentation of a British plan was made during the meeting between Tatar and Raab. The plan proposes a decentralised federation, in which the central government would have fewer powers than originally agreed, as an alternative to the two-state solution backed by the Turkish side. Probably the most important aspect of the British plan, apart from calling the constituent entities with an obscure "Communal states" terminology, is rather than a federal solution, a confederation of two Cypriot states united in the European Union is part of the UK plan. Moreover, the 6th article of the alleged plan calls for a rapid withdrawal of most Turkish troops immediately after a deal, abrogation of Turkey's unilateral intervention right and termination of the guarantor status of Turkey, along with Greece and Britain, on the 10th anniversary of an agreement. Also, on the 10th anniversary of a solution, Turkey would completely withdraw its remaining troops from the island. Territorial arrangements and property issues that were covered in the 7th and 8th articles of the British plan are very much like the Annan Plan coupled with concessions made by former Turkish Cypriot leader Mustafa Akıncı during the Crans-Montana process. The plan was criticized by several Greek Cypriot political parties

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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and a section of the media. DISY leader Averof Neophytou argued that the plan should not be rejected out of hand.

The UN Secretary-General's Special Envoy for Cyprus, Jane Holl Lute, will visit the island from March 7-9, to hold meetings with the two sides, in the framework of the preparation for the informal five plus one-party summit on Cyprus. Lute is expected to hold meetings with Anastasiades and Tatar. She is also expected to hold meetings with the two sides' negotiators. Prior to her meetings with the sides, Lute will meet with the UNSG's Special Representative in Cyprus, Elizabeth Spehar, and the members of the team on the Cyprus problem at the UNSG's good offices mission, and will be briefed on developments and meetings taking place on the ground.

The EU high representative on foreign policy, Josep Borrell, will also be visiting Cyprus on March 5 in anticipation of the informal five plus one-party summit on Cyprus.

HYDROCARBONS

On February 17, Cyprus, Greece and Israel held a teleconference to finalise the Memorandum of Understanding regarding the EuroAsia Interconnector. The EuroAsia Interconnector between Israel-Cyprus and Cyprus-Crete is expected to receive funding from the EU. The project comprises the electricity interconnection between the grids of Israel, Cyprus, Greece through a subsea cable.

GREEK CYPRIOTS

Economic Developments

The Labour Minister, Zeta Emilianidou announced that Cyprus ranks 9th across the EU in relation to the gender pay gap. According the minister, the wage gap in Cyprus is at 10.4% according to 2018 statistics, in comparison to the EU average of 14.1%. In 2012, the wage gap in Cyprus was 15.6%.

The European Banking Authority (EBA) launched

its 2021 EU-wide stress test, publishing the scenarios for the exercise, including those concerning Cyprus. Although Cypriot banks are not included in the sample, Cyprus' systemic banks will take part in the exercise with the results incorporated in the Supervisory Review and Evaluation Process (SREP TEST). The results for the participating banks included in the sample will be published on July 31. The 2020 stress tests were postponed due to the coronavirus pandemic.

According to Finance Minister, Constantinos Petrides, the government's cash reserves amounted to €3.8bn at the end-2020, approximately 20% of the island's GDP, despite pressure on both public finances and the economy due to the coronavirus pandemic.

On February 14, an agreement was reached between Cyprus and Israel to allow the free movement of vaccinated Israelis to the island. According to the agreement, Israelis immunised with a vaccine approved by the European Medicine Association (EMA) will not be required to take a PCR test to travel to Cyprus and will not be placed in quarantine upon arrival. The move is seen as a precursor to further "vaccination passport" programmes being established between countries. The announcement of the deal with Israel came after a meeting between President Nicos Anastasiades and Israeli Prime Minister Benjamin Netanyahu in Jerusalem. The resumption of unrestricted movement is of great importance to Cyprus' tourism market, to which Israel is a large contributor. In 2019, over 300,000 people from Israel flew to Cyprus, with another 40,000 visitors arriving on cruise ships.

With an aim to boost the economy the government unveiled on February 17 a package of two housing schemes with an emphasis on rural areas and young people. The first of the schemes is a continuation of a scheme which came into force in July 2019 currently extended to another 130 communities, bringing the total to 258. Scheme two, for the revival of specific rural areas, is new and covers an additional 128

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communities.

On February 24, Bank of Cyprus announced a loss of €171m for 2020, but showed a promising outlook for the coming year as fourth quarter results saw total income rise to €142m in the fourth quarter, up by 3%. New lending was at €374m in the fourth quarter, an increase of 30%. The bank earned an organic post-tax profit of €2m. Total operating expenses for the full year declined 12% from the previous year. Deposits were flat at €16.5bn year-on-year and quarter-on-quarter.

Domestic Developments

In February, the COVID-19 cases increased from 30,876 to 34,707. The number of deaths attributed to the virus rose from 199 to 231. On February 8, as part of a new phase of relaxing restrictions and following an improvement in the island's epidemiological situation, the government announced the opening of shops and malls and the return of primary education pupils to schools. On February 18, the Ministry of Transportation announced the reopening of airports to take place in March, with a colour-coded health risk assessment system. Countries are classed as green, orange or red, with an added grey category for arrivals requiring a special permit. On February 25, the government announced the next phase of the relaxation of the measures for the month of March. These included among other the gradual return of high school students to classrooms, the reopening of restaurants, the allowance for gyms, dance schools and private tutoring to resume operations up to a limited amount of people, and the reopening of nature trails. The SMS-system requiring a message to be sent in order to obtain an automatic approval for most outings and the night curfew remain in force.

On February 11, the House of Representatives passed a law levying a 0.4% tax on all sales of immovable property, the proceeds of which to go toward supporting Greek Cypriot refugees for their inability to possess, have access to, or otherwise gainfully use

their land in the north. The funds raised will go into a fund managed by the Central Agency for the Equal Distribution of Burdens.

On February 13, the "Enough" protest was organised by several NGOs and left-wing groups against state corruption and pandemic restrictions. Around 300 protesters were met by a large police force in full riot gear and a water cannon. Several people were injured, one seriously after she was hit by the high-velocity water jet in the head. Following public outcry citing excessive force by riot-squad officers, opposition parties including DIKO and AKEL called on Justice Minister, Emily Yiolitis, to resign while the police was faced with mounting criticism. The "Enough" protest turned into a second protest on February 29, where more than 10,000 people marched in Nicosia to protest against state corruption, police violence, authoritarianism and pandemic restrictions. This protest ended peacefully.

In a written statement issued on February 24, Amnesty International called on Cypriot authorities to lift the "unlawful and disproportionate" blanket ban on demonstrations and criticized the police for using unnecessary and excessive use of force, during the "Enough" protest of February 13 against the restrictive measures and corruption. The human rights organization stated that authorities, enforcing the ban subjected peaceful anti-corruption protesters to beatings, water cannon, chemical irritants and stun grenades, citing testimonies by protesters who said that all present wore masks and adhered to physical distancing regulations.

On February 18, Andreas Hadjichrysanthou was appointed as the new Permanent Representative of Cyprus to the UN. Most recently Hadjichrysanthou was Cyprus' Ambassador to Germany since April 2017. He served as Director of the Cyprus Question and Turkey Division of the Ministry of Foreign Affairs from 2013 to 2017, and Deputy Director of the Ministry's European Union Division from 2011 to 2013.

A report released on February 26, by the Audi-

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tor General office raised questions over passports granted to investors involved in the Ayia Napa marina, linking circumstance surrounding the investment to the president's family. The report noted that one of the members of the Ayia Napa marina board comes from Anastasiades' family. The report also noted that the directors of the parent company were granted Cypriot citizenship between 2018 and 2020 as part of the Cypriot investment programme, without meeting the criteria and that their naturalisation was handled by the law firm of the president's daughters. AKEL called for an investigation in the new scandal.

Labour Relations and Trade Union

On February 3, the Board of Directors of the Journalists' Union of Cyprus raised a number of issues related to the trade unionism issues of journalists, and the institutional strengthening of the role of the Cyprus Writers' Union, in a meeting with the President of the Republic. According to a statement from the Union, as far as trade union issues are concerned, they referred to the deterioration of the working environment in the media space, to irregular redundancies or transfers of permanent employees, arbitrary salary cuts, recruitment with low salaries, and the risks that work from home brings in terms of increased workload.

With most hotels shut down, hoteliers and trade unions are on a collision course. The controversial issue is that of the 13th salary. On February 5, the hoteliers claimed that they have paid it based on working days for the whole of 2020, while trade unions of hotel employees of SEK and PEO, claim that this is not completely true and that both the relevant law and the collective agreements have been violated. The two unions specifically referred to about 40 labour disputes concerning the non-payment of the 13th salary by respective hotel units.

On February 6, the Cyprus Union of Pensioners (EK-YSY) requested immediate updating from the Minister of Labour regarding the non-payment of the

retroactive increases of the low pensioners of the Minimum Guaranteed Pension, which would be paid within January 2021, but had not been paid to date. They stated that these increases were approved in the 2020 budget with the aim of starting to be paid from January 2020, however they were delayed and finally paid in January 2021. Nevertheless, approximately 4,000-5,000 low-income pensioners have not been paid yet.

On February 8, SEGDAMELIN - PEO and OMEPEGE – SEK (trade unions of the Bus Company "NPT"), sent a letter to the Director of the Department of Labour Relations at the Ministry of Labour, Welfare and Social Insurance. The letter concerned a previous request of the trade unions regarding, among other issues, the shifts, the rest permits to which a number of members of the company were entitled, as well as infrastructure issues. However, the government and the relevant ministries have not responded.

Negotiations between Hellenic Bank and ETYK (bank workers' trade union) for the renewal of the collective agreement are intensifying, with the main demands being the reinstatement of salary cuts due to the financial crisis of 2013 and the harmonization of the employment conditions of the former Cooperative Bank employees who were transferred to Hellenic Bank after the acquisition of the former by the latter. According to an article by Lefkos Christou on StockWatch Cyprus (February 25) "an official source from the Hellenic Bank confirmed that the negotiations with ETYK for the renewal of the collective agreement that expired at the end of December 2019, are in progress and on a good path".

On February 26, a joint announcement was issued by the trade unions OEKDY SEK, PASEV PEO, POED, OELME and OLTEK on the issue of teachers in the Afternoon and Evening Educational Programs of the Ministry of Education. In a meeting of the Parliamentary Committee on Education on February 17 the employment status of afternoon and evening classes' teachers was discussed. According to the announcement, the Ministry intends to hire servic-

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es from independent teachers as service providers, while the trade unions all agreed that the Government should immediately abolish the purchase of services and that it should hire teachers as employees instead.

TURKISH CYPRIOTS

Economic Developments

On February 3, the administration unveiled an economic support package for businesses and individuals negatively affected by the new lockdown but failed to satisfy any expectations. Apart from the 1,500 TL (€175) support payment for private-sector employees, and minor contributions to social insurance premiums deposited by employers, nothing substantial has been announced. The package also included 33 million TL (€3.85m) in funds for support payments to workers pending from last year's measures, which had been due to be paid in 2020. Throughout the month, various business associations criticized the package. Restaurateurs' Union said that the decisions were 'complicated and uncertain', while Cyprus Turkish Businesspeople's Association (ISAD) described the package as 'tragicomic' and nothing more than a 'sticking plaster'. A written statement from the Cyprus Turkish Chamber of Industry (KTSO) said that the measures were 'extremely inadequate' and 'hugely disappointing'. The Turkish Cypriot Chamber of Shopkeepers and Artisans (KTEZO) accused the government of lumping the bill of the economic crisis on the private sector. The chamber said that they had run out of options and were on the verge of collapse. Turkish Cypriot Public Transportation Companies' Union (Kar-Is) urged the government to come up with urgent measures and projects specifically designed for various sectors. 'We have spent all our savings and have now hit rock bottom, Kar-Is said in a statement, warning that the government's lack of attention on the private sector would eventually result in bankruptcies

on a grand scale. Similar warnings were made by the Turkish Cypriot Building Contractors' Association (KTIMB) which expressed anger over the government's failure to include construction companies in the sectors which have been allowed to resume operations at a limited capacity.

On February 12, in an exclusive interview given to the Turkish Cypriot daily Yeniduzen, Finance Minister Dursun Oguz said that the state had collected no revenues over the previous week due to the lockdown. Oguz added that a 400m-430m TL (€47.1m-50.6m) deficit has emerged in the budget and that the government was planning to borrow 500m TL (€58.6m) to overcome what he described as the most difficult financial situation the country was experiencing in years.

On February 22, the government has lifted flight restrictions to the TRNC and decided to cover the daily cost of individuals staying at an isolation facility, which is TL 322 (€38) per day in an effort to attract foreign university students currently abroad back to the island. Head of KTAMS (Turkish Cypriot Public Servants' Union) Guven Bengihan reacted to the government's decision to cover the costs and instead asked the government to give the funds allocated to the private sector workers and the unemployed.

In mid-February, the Ministry of Labour and Social Security announced that 9,200 individuals had filled in forms via the website of the ministry for food aid. Among those receiving food support were foreign university students and migrant workers unable to work because they have been laid off by their employers.

On February 22, the Cyprus Turkish Pharmacists' Union (KTEB) announced that prices of medicines from Turkey have gone up by 20%, following a price hike introduced in Turkey. According to the KTEB, 75% of medicines on sale are from Turkey and the country's chemists are integrated with a Turkish online system that automatically updates prices.

The Turkish Cypriot Chamber of Commerce (KTTO) announced that it was setting up a 'Women Entre-

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preneurs' committee aimed at upgrading and promoting women's status within the business community as well as to safeguard their contribution to the economy. According to a statement issued by KTTO, the committee will also work on improving women's power in decision making and their role in political and economic participation and addressing harmful gender norms as well as their social status within the community. 'The committee will also lead in developing state policies on women and gender equality,' the statement read, adding that the committee's application also advanced to the second stage of the EU financed grant scheme titled 'Cypriot Civil Society in Action VII.

Relations with Turkey

On February 10, the Turkish Vice President Fuat Oktay came to the TRNC for a two-day official visit. Oktay was accompanied by the Minister for Transport and Infrastructure Adil Karaismailoglu, the President's Communications Director Fahrettin Altun and the head of the Presidency's Digital Transformation Office Ali Taha Koc. During the visit, four agreements were signed between the two sides: A memorandum of understanding on e-state services; an implementation protocol on the highways master plan for 2021-2022; a framework agreement regarding the opening of an education and research campus by the Social Sciences University of Ankara in the TRNC, and a cooperation agreement between the Union of Municipalities of Turkey and the Cyprus Turkish Municipalities Union.

On February 24, members of the Economic Organisations Platform were received by the Turkish Vice President Fuat Oktay at the Presidential Complex in Ankara. The meeting was attended by the chairpersons of the Turkish Cypriot Chamber of Commerce (KTTO), the Cyprus Turkish Chamber of Industry (KTSO), the Cyprus Turkish Contractors' Union (KTIMB) and the Cyprus Turkish Hoteliers Association (KTHB). The improvement of the infrastructure of the organized industrial zones, support for con-

gress tourism, carrying out joint projects between Turkish and TRNC contractors, support for the real sector and the e-governance project were discussed during the meeting.

Domestic Developments

On February 20, a surprise cabinet reshuffle took place after less than two months of the formation of the UBP-DP-YDP minority government. Prime Minister, Hamza Ersan Saner, has sacked Ali Pilli (MP, Morphou) as Health Minister, just weeks after describing him as one of the best health ministers in the world. He has been replaced by Unal Ustel (MP, Kyrenia) who was serving as Minister of Transport (Ustel himself was sacked as Minister of Tourism in summer for his role in a private-jet scandal involving the violation of the quarantine requirement by a group of business people from Turkey). Resmiye Canaltay (MP, Famagusta, and the daughter of the former UBP leader and former president Dervis Eroglu), who recently failed twice in a bid to become Speaker of the Parliament has been appointed as the new Minister of Transport.

Commenting on the vaccination drive, before being ousted, Pilli said that the inoculation process was moving along as planned with 50,000 vaccines administered by mid-February. Elsewhere, Pilli said that the TRNC had by then obtained 80,000 doses of Sinovac's CoronaVac vaccine from Turkey, and 4,500 doses of the Pfizer/BioNTech vaccine from the EU. Reportedly, the vaccination drive in the TRNC was continuing full steam with citizens and residents above the age of 65, health professionals and seniors at care centres receiving their second boost jabs.

On February 5, the northern part of the island entered a full lockdown for two weeks. The lockdown restrictions and curfew were then extended for another week; the Higher Committee for Infectious Diseases recommended the extension as daily case numbers still exceeded the number of patients being discharged. The newly completed pandemic hospi-

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tal, as well as two wards at the general hospital in Nicosia, were full of Covid-19 patients. The committee said the extension was necessary to prevent a sharp increase in cases after the UK variant was detected. The government, however, eased some of the restrictions after the first two weeks. Banks, for instance, were reopened after being closed for a week but were required to operate with minimum staff. Restaurants could open for takeaway or delivery services.

Labour Relations and Trade Unions

The new gross minimum wage rate has been set as 4,400TL (€513) (3,828TL (€447) net) following a meeting of the members of the Minimum Wage Determination Commission. The commission reconvened following an objection to the proposed rate by the trade union representing the employees, Hur-Is. They had asked for a gross 4,900TL rather than the 4,400TL figure put forward by the government, while employers' representatives had wanted it to remain at 3,820TL (3,323 TL (€388) net), as it had been set in February 2020. The chairperson, who represented the government side used his casting vote in the meeting, which was boycotted by the employers' side. The new rate will be effective as of February 1, 2021.

Public Workers' Trade Union (Kamu-Is) launched legal action before the Constitutional Court against the government over its decision to defer COLA adjustment to public sector salaries and pensions. Prime Minister, Hamza Ersan Saner, had announced in January that public sector employees, as well as pensioners, who earn 5,000TL (€583) a month or above would not receive their annual cost of living adjustment for the first three months, in effect amounting to a cut worth 10.65%. The money saved is being used to help pay for support to private sector employees affected by the lockdown. The cuts will be paid back later in the year, the government had said. The union leader, Ahmet Serdaroglu accused the government of creating tension between

private and public sector employees. 'Their objective is to create a conflict in working life. Their objective is not to support people, but to take the cost of living benefits from the workers. We believe that neither the courts nor the community will let them do this,' he added.

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