



Contents

1.	Cyprus Problem.....	2
2.	Hydrocarbons.....	4
3.	Greek Cypriots	5
	Economic Developments	5
	Domestic Developments.....	6
	Trade Unions and Labour Relations.....	6
4.	Turkish Cypriots	9
	Economic Developments	9
	Relations with Turkey	9
	Domestic Developments.....	10
5.	FES Cyprus Events	11

FES NEWS

- please follow and visit us on -

[Twitter.com/FESCyprus](https://twitter.com/FESCyprus) - www.FESCyprus.org - www.facebook.com/FESCyprus

For subscription to this free newsletter please send an email to

FESPaparditi@gmail.com

1. Cyprus Problem

During the month of March, Deputy Special Adviser to the UN, Elizabeth Spehar held successive meetings with the Turkish Cypriot and Greek Cypriot leaders, Mustafa Akinci and Nicos Anastasiades respectively, sounding out the two sides as to the possibility of a social meeting taking place between the two leaders.

Anastasiades stated that he is willing to meet socially with Akinci without preconditions while Akinci stressed that such a meeting should have a purpose. On March 29, the Turkish Cypriot leader highlighted that the Greek Cypriot side needs to adopt a positive stance regarding the future and that Turkish Cypriots need to see signals or messages demonstrating such a change. Akinci clarified that the meeting should not be acknowledged as a resumption of the negotiations and reiterated that the Turkish Cypriot side shall no longer engage in an “ineffectual, open ended process that is not results oriented”.

On March 30, Spehar announced that the two leaders agreed to hold an informal meeting in the UN buffer zone on April 16. The meeting will be hosted by Spehar. The meeting will be the first held between the two leaders since the collapse of talks in Crans Montana last July, amid a climate of distrust and the escalation of tension by Turkey in the Cypriot Exclusive Economic Zone (EEZ) in February.

Speaking on Turkish Cypriot public broadcaster BRT on March 15 the north’s energy minister, Ozdil Nami, expressed his readiness to discuss hydrocarbons with his Greek Cypriot counterpart, Giorgos Lakkotrypis, under UN auspices or any other umbrella, with the aim of resolving the dispute between the two sides and facilitating efforts to reunify the island. The Greek Cypriot side rejects hydrocarbons being part of the talks, affirming that it had already been decided that it should be handled by the federal government after the island’s reunification. According to government spokesman Prodromos Prodromou “if the Turkish Cypriots insisted on creating a committee to handle energy matters as a precondition for talks it means there is no desire for negotiations.” The spokesman said hydrocarbons were not an issue and would be a part of the discussion for reunification.

On March 16, US Assistant Secretary of State for European and Eurasian Affairs, Wess Mitchell met with President Anastasiades. Speaking after the meeting Mitchell stressed his country’s desire for the resumption of the reunification talks and supported Cyprus’ right to develop its natural resources. Mitchell also met with Akinci to hear the positions from the Turkish Cypriot negotiating team.

On March 22, Anastasiades met in Brussels with the President of the European Council Donald Tusk ahead of the Varna EU - Turkey Summit of March 26. During the meeting Anastasiades conveyed to Tusk the need to send to Turkey a clear message regarding its behaviour in the

Eastern Mediterranean through the summits conclusions. A post summit news conference found the leaders of EU institutions, namely European Council President, Donald Tusk, and European Commission President, Jean Claude Juncker, warning Turkey that its accession passed through good neighbourliness, including normalisation of relations with Cyprus and Greece. EU leaders condemned what they described as “continued illegal actions” by Turkey in the Eastern Mediterranean. The Turkish Cypriot Foreign Ministry said the President of the European Council Donald Tusk’s stance favouring the Greek Cypriot side was unacceptable and pointed out that this stance was doing nothing but making the Greek Cypriot side more intransigent and unwilling to agree on a solution.

Delegations from the Republican Turkish Party (CTP) and the Progressive Party of Working People (AKEL), headed by respective party leaders Tufan Erhurman and Andros Kyprianou came together at the CTP headquarters to discuss the future of the negotiation process. Speaking at a joint press conference following the meeting Kyprianou expressed his concern that “if the situation continues to deteriorate our common homeland will be faced with the threat of permanent division,” while Erhurman for his part underlined the need to start a result oriented rather than open-ended negotiation process.

The plan to allow Maronites to return to their former villages currently under Turkish military

control has been given new impetus, more than seven months after the idea was first announced. The Turkish Cypriot leader Akinci said he would convene a “high level” meeting with the government to take stock of the situation.

A number of bi-communal groups including the “Famagusta Initiative”, the organization “Famagusta Our City” and “Unite Cyprus Now” gathered at the unopened crossing point in Derynia in the Famagusta district on March 31 to press for its opening. The leaders had agreed in May 2015 to open crossings at Derynia and Lefka-Apliki but work has not been fully completed as they are still at odds after the collapse of the Cyprus talks in Crans-Montana last July.

A statement by the Greek Turkish Forum (GTF) dated February 28 was sent to the two leaders recommending the following list of confidence building measures:

- Ensure a common time zone across the whole of Cyprus.
- Coordinate and finance the repair and maintenance of cemeteries.
- Arrange meetings between the two fire brigades to agree on a joint procedure for dealing with catastrophic fires.
- Return icons to their rightful owners.
- Facilitate purchase of car insurance to cover all the island at the same rates.

- Facilitate use of mobile phones throughout the island without limitation on the geographical position of the caller.
- Permission for respective religious buildings to be opened for services, e.g. in Famagusta on Easter Sunday.
- Complete the opening up of the Derynia and Lefka-Apliki crossing points.
- Complete the electricity interconnector without further delay.
- Kyrenia Archbishopric to be restored and opened for religious feasts.
- Expand cooperation and exchanges between the two communities in the field of education is an urgent need and more regarding joint citizenship courses in the educational systems could be established as soon as possible.
- Adopt Europa Nostra's proposal to celebrate European Cultural heritage year 2018 in the only divided capital in the European Union, by opening passages in Victoria street and the market area, combined with an urgent programme of consolidation and conservation of architectural heritage in the Green line.

2. Hydrocarbons

A new Turkish Navtex bounding the island's east, south and western coasts from March 12 until the 18th and again from the 22nd until the 29th was issued in March. The Republic of Cyprus responded by issuing its own Navtex

stating that Turkey's action had not been authorized by the Republic.

On March 13, Energy Minister Yiorgos Lakkotrypis, confirmed a Bloomberg report stating that Royal Dutch Shell was interested in buying 10bn cubic meters of Cypriot and Israeli gas over the next 10 years for \$25bn (€20.3bn). The minister stated that Cyprus was "close to a deal," relating to talks to sell gas to one of the two liquefaction plants managed by Shell on Egypt's Mediterranean coast via pipeline, without revealing additional details.

On March 14 US Ambassador to Cyprus, Kathleen Doherty stated during a press conference that while the US recognises the Republic's right to develop its EEZ it does not take positions on who has the right over maritime boundaries. Doherty in particular noted that in terms of the hydrocarbons issue, "the parties should work it out themselves...our global policy is not to take positions on who has right on the global maritime boundaries".

According to ENI's chief exploration officer, Luca Bertelli, the consortium of ENI and TOTAL is considering searching for more natural gas in offshore blocks 6 and 11. Bertelli underlined the significance of the results of the consortium's exploratory drills at the Onisiforos and Calypso targets noting that the drills there have confirmed the presence of hydrocarbons formations in carbonate layers similar to Egypt's massive Zohr gas play.

On March 20, Turkish President Recep Tayip Erdogan stated that a rig acquired by Turkey would soon be sent to the Mediterranean to conduct exploratory drilling for hydrocarbons.

On March 27 President Anastasiades addressed the 9th Mediterranean Forum on Oil and Gas in Nicosia. The President noted that Cyprus is promoting three projects that were selected by the European Commission as projects of common interest, because of their benefits to the European energy market. According to Anastasiades, two of the projects had secured EU funding. Specifically, €101m will be allocated to the CyprusGas2EU project, while the EastMed Pipeline had been awarded €34.5m for technical studies. The CyprusGas2EU project aims at allowing the transport of gas from the Eastern Mediterranean to Europe. Anastasiades noted that by 2020, Cyprus will construct a Floating Storage and Regasification Unit (FSRU) in order to import gas in the form of LNG from international markets. The EastMed Pipeline aims to transport gas from Cyprus and the Eastern Mediterranean to Europe via Crete and mainland Greece.

On March 14 and 15 the two ExxonMobil vessels arrived in Cypriot waters to conduct surveys in Block 10 in order to identify the best drilling targets. ExxonMobil plans to carry out exploratory drilling in the second half of this year, in late summer or autumn.

3. Greek Cypriots

Economic Developments

In its staff concluding statement of the second post-bailout program monitoring mission, the International Monetary Fund (IMF) urged Cypriot authorities to amend foreclosures and insolvency laws in a bid to tackle the high percentage of non-performing loans (NPLs) and restart structural reforms. The statement moreover affirmed that despite the sizable and sustained improvement in the island's economy, private sector indebtedness remained high, putting pressure on banks and limiting new lending.

The Central Bank of Cyprus (CBC) generated a profit of €49.5m in 2017 compared to a profit of €74.2m in 2016 on reduced net interest income, which reduces the dividend transferred to the government's coffers. Net interest income fell in 2017, the year in which Bank of Cyprus fully repaid the remaining emergency central bank liquidity, to €94.5m compared with €121.5m in 2016. Net revenue from fees and commissions rose to €17.5m from €11m. The CBC also stated that Cyprus generated in 2017 a current account deficit of €1.3bn, or 6.7% of economic output, compared to a deficit of €888.8m in 2016, or 4.39%.

Meanwhile, according to the Finance Ministry, the government generated a fiscal surplus of €250.6m on a cash basis in the first two months of 2018 compared to a surplus of €133m in the respective period of 2017. The improvement in

public finances in January to February was on a €142m increase in revenue, to €1.2bn, which offset a €28m increase in spending, to €963.4m.

On March 27, Moody's Investors Service downgraded the baseline credit assessment of the state-owned Cyprus Cooperative Bank to 'ca' from 'caa2,' citing a shortfall in provisions rendering a capital increase necessary. It also placed the bank's 'Caa2' long-term, local and foreign currency deposit ratings on review "with direction uncertain". It did the same also with the bank's long-term 'Caa1(cr)' counterparty risk assessment (CRA) and affirmed its 'Not-Prime' short-term deposit ratings and 'NP(cr)' short-term CRA. According to the agency the outcome of the bank's decision to seek an investor to either acquire it as a fully licenced lender or buy its assets or part of them, will determine the review.

Domestic Developments

On March 5, MP's resumed discussion of a government bill providing for the creation of a National Investment Fund to manage future hydrocarbons proceeds. The bill which was initially submitted to parliament in June 2016 was lastly discussed in May 2017. According to Averof Neophytou, chairman of the House finance committee, the fund's revenues are primarily geared at future generations of all Cypriot citizens, Greek and Turkish Cypriots, as well as the religious minorities.

On March 16, Averof Neophytou was re-elected as uncontested president of the right-wing ruling Democratic Rally (DISY) party for another five-year term. DISY member and MEP Lefteris Christoforou was also re-elected unopposed as deputy president.

A meeting between Education Minister, Costas Hambiaouris and far-right party Elam leader Christos Christou, sparked outrage on March 28 after the minister stated that they shared common values. The meeting was part of a round of introductory talks with political parties after taking office earlier this month. In particular, the minister stated: "We will accept any constructive criticism where we need to and I want you to know that the values and principles you mentioned are also our values and principles." Hambiaouris did not specify what common values and principles he had with the far-right party. Commentators on social media blasted the minister for even agreeing to meet Elam which is considered to be a branch of Greece's extreme right wing Golden Dawn in Cyprus. Criticizing the meeting, AKEL spokesman Stefanos Stefanou noted that in any other country a minister visiting the offices of a neo-fascist party and making such comments would have resulted in his/or her resignation.

Trade Unions and Labour Relations

PEO characterized the President's statement in parliament and his reference that the minimum wage discussion should await the achievement of full employment as disappointing. In a coun-

try that is “champion in social inequality” and in a country of “numerous working poor”, immediate measures need to be taken said PEO.

A two-hour strike was threatened by the Limassol port workers concerning health and safety issues. It was subsequently cancelled as a meeting was called to discuss these with the employers.

A 24-hour strike was threatened by PEO and SEK at Coca-Cola factory against the gradual expansion of outsourcing. It was subsequently cancelled as the firm retreated after the intervention of the Department of Labour Relations.

New legislation concerning all the processes related to the unemployed is being prepared, stated the Minister of Labour. This is expected to unify the various directives and create a platform where the unemployed and the employers could do their searches.

A labour dispute is underway at the Bank of Cyprus concerning the renewal of the collective agreement with ETYK protesting non enforcement of already agreed pay raises, the non-reintroduction of the Cost of Living Allowance (COLA) and the non-opening of work positions. ETYK’s members have voted their readiness for strike action as well while the Bank of Cyprus demands “more just solutions” that “will protect work positions in the medium term” including new wage scales. The Bank of Cyprus distributed a questionnaire to its employees about the new system of wages and promotions it seeks to implement provoking the fury of ETYK

which stated that this constitutes blackmail and filing of the employees’ views. The dispute has been taken to the Mediation Service of the Department of Labour Relations.

The gender pay gap has decreased to 13.9% in Cyprus in 2016 compared to 16.1% where it stood in 2011. The disparity of gender equity on the island and the lack of women in high level decision making and executive positions remains a cause for concern

According to the national statistics the working population in Cyprus stopped shrinking in 2016 as the number of Cypriots and migrants that came was more than those who left. This was in contrast to the years 2012-2015 where many migrants left Cyprus along with 8.817 Cypriots looking for jobs abroad. Foreign workers in Cyprus come from a diverse variety of countries.

The Cyprus Employers & Industrialists Federation OEB opposes the de-freezing of public sector jobs announced by the government claiming that the needs can be covered by the transfer of employees from the semi-public sector and through outsourcing to the private sector.

OEB sent a series of suggestions to all the ministries of the government which constitute its “road map” for the next five years. Among its key requests are the lowering of corporate taxes, the digitalization of government services, subsidies for hiring unemployed, restricting the right of strike in key services and instituting

private law regime for the employment relations of public health professionals.

The trade unions PEO, SEK and PASIDY issued a statement that in the context of the privatization of the Cooperative Cyprus Bank, the jobs and the terms of the employment of the current staff should be safeguarded. The Cyprus Union of Bank Employees ETYK also issued a similar statement threatening with strike action if the Cooperative Cyprus Bank continues to not enter in dialogue with ETYK. PEO called the people to join the protest organized by AKEL against the privatization of the Cooperative Cyprus Bank. Moreover, PEO, SEK and PASYDY had a meeting with the Minister of Finance who affirmed that “the protection of the employees is the top priority” in the privatization process of the Cooperative Cyprus Bank.

Wages raises are expected in the broader public sector for the first time since 2010 and the reduction of the cuts imposed in 2012. Trade unions refer to the agreement reached with the Minister of Finance stipulating a 2% margin available while the Minister stated that 2% is the maximum according to the agreement and it does not mean that that would be the actual wage raise.

SEK General Council expressed its worry about the “serious deregulation” currently existing in the labour market and re-affirmed its position about the strengthening of the collective agreements through making the basic terms of sectoral collective agreements law. SEK also

called for public works to deal with unemployment, for a progressive tax reform, combating illegal employment and for the abandonment of any plans of privatization of the semi-public services.

PEO expressed its concern about the Labour Relations Department’s Mediation Service operation which refused to examine the case of the 50 workers fired by the UN’s subcontractors and merely submitted the case to the Attorney General.

PEO called upon the government to stop bypassing the problems of the Social Insurance Fund and to re-initiate social dialogue about how to strengthen it by increasing its real stock and by changing the decision-making process concerning its management.

The Code of Combating Sexual Harassment at work is almost ready and will be adopted in the civil service while PEO and SEK will promote it in the context of the renewal of the collective agreements in the private sector.

PEO and SEK condemned the decision of the Council of Government which continues to exclude the afternoon teachers from access to unemployment benefit. PEO and SEK state that the decision made now, upholding the unacceptable sale of services regime, proves that the government’s actions taken in January were not sincere but instrumental. PEO and SEK warned that they will not tolerate this and will take strong measures until the unfair regime of sale

of services that drives employees to the conditions of the dark ages is abolished.

4. Turkish Cypriots

Economic Developments

The devaluation of the Turkish Lira against foreign currencies reached record levels in March making citizens and economic circles increasingly concerned about the stability of the economy. The value of 1 euro, which was 4.66 TL at the beginning of the month reached 4.88 by the end of March. In the northern part of Cyprus where salaries are set in TL, from rent to private school fees almost all prices are indexed to foreign currencies. According to Reuters, Turkey's involvement in the conflict in Syria and the possibility of an early election in Turkey are the two main reasons behind the rapid depreciation of TL. In the meantime, the State Planning Organisation has announced that the cost of living has increased by 1.61% in February and 11.80% in the last 12 months.

After the third meeting of the Minimum Wage Determination Commission the minimum wage for the first half of 2018 has been set at 2365 TL (EUR 466). The new minimum wage is effective as of March 1. Five labour representatives in the Commission voted against the proposed figure, yet they were outvoted by the state and employers' representatives who have five representatives each. Overall, the new minimum wage did not satisfy the unions' and workers'

expectations. When the earlier minimum wage was set in July 2017 it was equivalent to 534 Euros.

According to the Turkish Cypriot Central Bank data, depositors have been turning their savings into foreign currencies. The share of TL deposits has dropped below 45% in the last three years, while the share of deposits in foreign currencies has increased from 45.6% to 55.4%

According to the data from the Ministry of Tourism and Environment net tourism revenues, which was US\$ 739.4 million in 2016, increased by 13.01% in 2017 to reach US\$ 850 million. The share of the tourism sector in the GDP, which was estimated to be 8.7% in 2016, has gone up to 9.22% in 2017 (according to the yet unofficial figures).

Relations with Turkey

Prime Minister, Tufan Erhurman and Deputy Prime Minister-Foreign Minister, Kudret Ozersay held their first official visit to Ankara where they met with Turkish president Erdogan, Prime Minister Yildirim and Deputy Prime Minister Responsible for Cyprus Affairs Recep Akdag. Speaking to reporters before his departure for Ankara, Erhurman said that the aim of the visit was discussing with Turkish officials the financial protocol, the Cyprus problem and hydrocarbons in the EEZ. Upon their return to Cyprus Erhurman said "the messages of support we have received from the Turkish Republic for our four-party coalition has made us hap-

py, motivated us and further encouraged us". The invitation from Ankara arrived amidst allegations that the Turkish government turned down the Turkish Cypriot government's request for an appointment to visit Ankara.

Later in the month Ozersay visited the Turkish Foreign Minister Mevlut Cavusoglu in Ankara. During a joint press conference Ozersay said "we've said before that if [the Greek Cypriot side] keeps insisting on carrying unilateral activities and issuing drilling licenses to companies, we too will carry out such activities. Now, we have come to this final stage. If they continue to insist on unilateral activities then the TRNC in consultation with Turkey will start drilling activities through the Turkish Petroleum it has authorized. This will not happen in the far future". Reportedly a new model of financing of the Immovable Property Commission was also discussed in the meeting between the two foreign ministers.

The Turkish Cypriot Health Minister Filiz Besim paid a visit to Turkey where he met Recep Akdag. After a visit to a hospital in Yozgat, Besim said "we have a hospital project in north Cyprus. That is why we are examining different hospital projects here in Turkey ... There is a unique-public private partnership here. We need to see all the different models so that we can choose the right one for our country".

Domestic Developments

After an 8-day long marathon in parliament, the 2018 budget of TL 5.82 billion (EUR 1.15 bn) was approved on 21 March. The bill had been prepared by the previous UBP-DP coalition government but was not debated at the parliament due to the early general election, which took place on 8 January 2018. Speaking before the vote and referring to the recent plunge of Turkish Lira against foreign currencies, the Finance Minister Serdar Denktas said that a difficult year awaited everyone. Following the approval of the budget, Prime Minister Tufan Erhurman via social media, said that after passing of the budget, the government, would focus all its attention and energy on taking action.

According to Prime Minister Erhurman, a report into allegations levelled against former Prime Minister Huseyin Ozgurgun has been passed to the Attorney-General's Office, where an investigation has been launched. Meanwhile claims of irregularities in relation to the privatization of the operation of Ercan (Tymbou) Airport, where a 300-million-euro upgrade is under way, are also being investigated against former transport ministers Kemal Durust and Tahsin Ertugruloglu. Both Durust and Ertugruloglu lost their parliamentary immunity when they failed to hold on to their seats in January's general election.

The nine female members of parliament have pledged to join forces to end all forms of domestic violence and sex slavery in the country, as well as human trafficking and smuggling

of persons. The promise came in a joint statement from women parliamentarians, from all three political parties, to mark International Women's Day. The MPs saluted the struggle of all women for equality, democracy and justice and expressed determination to join forces in finding common ground to address the problems faced by women in the northern part of Cyprus.

According to the Standard Eurobarometer 88, 61% of Turkish Cypriots are happy with their current situation, which is far behind the EU average of 83%. The survey results indicated that inflation, rising cost of living, economic situation and unemployment are the main social problems facing the Turkish Cypriot community.

5. FES Cyprus Events

April

Wednesday, 18th April 2018, 5pm – 7.30 pm

Civil Society Advocates / FES / KEPLI
Presentation in Greek

New Law on Associations and Foundations

KEPLI, Grigori Afxentiou 27
Larnaca, Cyprus

Open to the public



May

Monday, 7th May 2018, 10 am – 11:30 am

Civil Society Advocates / FES / KEPLI
Presentation in Greek

New Law on Associations and Foundations

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

Open to the public



Wednesday, 09th May 2018, 5pm – 7:30 pm

Civil Society Advocates / FES
Presentation in Greek

New Law on Associations and Foundations

Classic Hotel, 94, Rigenis Str, 1513, Nicosia,
Cyprus

Open to the public



Tuesday, 22nd May 2018 (to be confirmed)

Civil Society Advocates / KEPLI / FES
Presentation in English

New Law on Associations and Foundations

KEPLI,
Sotira or Paralimni (tba), Cyprus

Open to the public



Imprint:

Friedrich-Ebert-Stiftung (FES)

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

Tel. +357 22 377 336

Email: office@fescyprus.org

Web-Seite: www.fescyprus.org

Facebook: www.facebook.com/FESCyprus

Twitter : @FESCyprus

Text:

Hubert Faustmann, Yiannis Charalambous,
Sertac Sonan, Grigoris Ioannou, and Sophia
Papastavrou

Layout:

Christiane Paparoditi

**If you want to subscribe or unsubscribe to this (free)
monthly newsletter, please send an email to:
Christiana Paparoditi fespaparoditi@gmail.com**