

Notes & News

•Trade unions, non-governmental organisations and other civil society groups from the two Cypriot communities came together in early December to establish the **Civil Movement for Solution, Reunification and Peace**, committed to work for a Cyprus settlement based on mutual respect, understanding and reconciliation. The new Movement called on the leaders of the two communities to pursue with urgency a settlement on the basis of a bizonal, bicomunal federation enshrining political equality and a single sovereignty.

•Meeting at the Nicosia headquarters of the EU Representation in Cyprus on 4 December, Greek Cypriot and Turkish Cypriot environmentalists agreed to establish the **bicomunal Platform for Cyprus: Environment and Energy (PCEE)**. Its creation followed a joint visit by environmentalists from the two communities to the Brussels headquarters of the EU in February 2009. Activities of the new grouping will include the exchange of scientific, technical and environmental information and material, visits to sensitive sites and awareness-raising events.

•The start of **digital terrestrial television (DTT)** in Cyprus is scheduled for May 2010 at the latest, according to an announcement on 7 December by the Government, which said that the switch to DTT and the termination of analogue transmission would be completed in July 2011. DTT transmission would be in the hands of the Cyprus Broadcasting Corporation (CyBC) and a private consortium, which will be chosen by auction. Communications and Works Minister Nicos Nicolaides said that the starting price in the auction for the private platform would be approximately €850,000.

•The Government has launched a **€2.7 million e-commerce programme** to help Cypriot business people break into electronic trading on the internet. Commerce, Industry and Tourism Minister Antonis Paschalides said that the new scheme is intended in particular to assist small businesses to set up websites. Two support packages are available, one involving a grant of €6,540 for companies wishing to create a website as part of their commercial activities and the other a grant of €27,090 for companies aiming to operate solely on the internet.

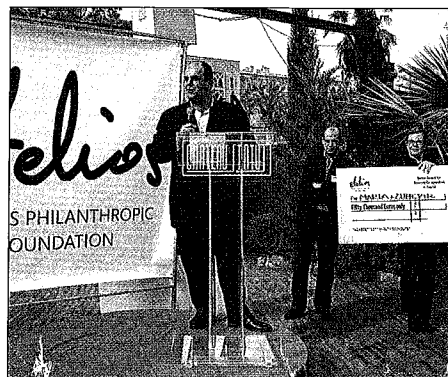
•The **St John Lyceum in Limassol** was on 9 December announced as the winner of first prize in an EU-sponsored competition to promote awareness among young people of global warming resulting from carbon dioxide emissions. Entitled "Stop the madness, save the planet", the school's entry was the work of students Kalina Theodorou, Michalis Papanayiotou and Constantinos Savvas, under the direction of assistant headmistress and physics teacher Maria Loizou Theodosiou. A total of 603 schools took part in the campaign in the 2008-09 academic year, with 40 projects meeting the criteria for entry in the competition.

•The last sample of soil for a **Geochemical Atlas of Cyprus**, intended to map the distribution of heavy metals and chemicals in the island's soil, was taken by President Christofias from the gardens of the Presidential Palace in a ceremony on 15 December. The atlas is being compiled by the Environmental Geology Department in co-operation with New South Wales University in Australia and will be published in print and electronic form in about a year's time. It will cover the Government-controlled areas and the British bases of Dhekelia and Akrotiri, but not under existing circumstances Turkish-occupied northern Cyprus.

•Mayor Eleni Mavrou was among numerous dignitaries who attended a preview of the renovated and expanded **Leventis Municipal Museum** in Laiki Geitonias in Nicosia's Old City on 16 December. The €5 million refurbishment of the museum, which has recently celebrated its 20th anniversary, includes larger exhibition space

for more Cypriot treasures and the introduction of digital technology to provide visitors with a virtual tour of Nicosia in the past. The renovated museum will be opened to the general public from 9 January.

•The first **Stelios Awards for Business Cooperation in Cyprus**, funded by British/Greek Cypriot entrepreneur Sir Stelios Haji-Ioannou with the aim of promoting bicomunal economic activity, were awarded on 18 November at a ceremony in Nicosia. Each worth €50,000, the awards went to Papazor Enterprises, an internet-based car and villa rental service; C&A Agricultural Products, which distributes and exports farm produce; the trilingual Highgate School in Nicosia; the Three Ladies Team, an economic research and consulting company; and OSP Continental Trading, which manufactures PVC windows and doors. Sir Stelios said that, while he could not solve all the problems of Cyprus, it was more likely that



•Awards for bicomunal enterprise... Sir Stelios Haji-Ioannou makes the presentations in Nicosia.

the situation would improve when people began to work together and to trust and communicate with each other. Up to €1 million over four years has been pledged to fund five awards a year, to be decided by Sir Stelios personally.

•Representatives of **Greek Cypriot and Turkish Cypriot political parties** on 18 December visited care centres for mentally handicapped people in Nicosia, giving them presents and greetings for the festive season. They were accompanied by the Slovak Ambassador, Anna Tourenikova, whose embassy has sponsored a long-running series of monthly meetings between parties of the two Cypriot communities. The Parliamentary Spokesman of the Greek Cypriot AKEL party, Nicos Katsourides, thanked the Turkish Cypriot participants for their involvement in activities "to promote the common goal of a just, functional and viable solution to the Cyprus problem".

•The bicomunal **All-Union Forum**, linking three Greek Cypriot and three Turkish Cypriot trade unions, issued a joint declaration on 19 December expressing support for the current efforts by the two community leaders to reach a settlement of the Cyprus problem. It said that the unions would continue to work for the reunification of Cyprus, for a united economy and for a common system of labour relations and working conditions.

•The latest drive to increase the number of **blood donors in Cyprus** was organised by the Chamber of Shipping on 11 December at the Ygia Polyclinic in Limassol. Many employees of member companies of the Chamber gave blood in the exercise, which was described as part of its ongoing socioeconomic and philanthropic contribution over 20 years. The Blood Co-ordinating Committee of Limassol paid tribute to the Chamber of Shipping for its effort, which produced over 1,300 blood units.

•The trial continued at Nicosia Criminal Court in December of four individuals and the now defunct **Helios Airways** on a total of 1,119 charges,

Events in January

Selected cultural and other events to be held in Cyprus in January 2010.

1-31 January: Exhibition of innovative paintings from Cyprus, Greece and the UK, Kypriaki Gonia Gallery, Larnaca.

4-17 January: Exhibition of works by architect Zenon Sherepeklis, Municipal Arts Centre, Nicosia.

4-29 January: Exhibition of photographs by Stelios Skopelitis of Nicosia as Europe's last divided capital, Famagusta Gate, Nicosia.

9 January: Official opening to the public of the refurbished Leventis Municipal Museum, Old City, Nicosia.

9-15 January: New Year International Regatta, Cyprus Yachting Association Sailing Centre, Ayios Tychonas, Limassol.

15 January-5 February: Exhibition of sculptors by Andreas Tamamounas, Kypriaki Gonia Gallery, Larnaca.

18-24 January: Exhibition of paintings by Sophie Kelder, Melina Mercouri Hall, Nicosia.

Courtesy of the Cyprus Tourism Organization (www.visitcyprus.org.cy).

including manslaughter, arising from the crash of a Helios airliner north of Athens in August 2005, in which all 121 passengers and crew, most of them Cypriots, were killed. Relatives of the dead attended the proceedings, although there was no repetition of previous disturbances. The trial will take many months, possibly years, unless the accused change their not guilty pleas. □

Sporting highlights in December

Swimming. Paralympic champion Karolina Pelendritou has set a new world record in the 100 metres women's breaststroke at the World Championships for disabled swimmers held in Rio de Janeiro, Brazil, in early December. The visually impaired swimmer broke her own record in the heats and then broke it again when winning the gold medal in the finals, setting a new best time of 1 minute 14.38 seconds. She also won a silver medal in the individual medley race.

Football. APOEL of Nicosia ended their unsuccessful campaign in the group stages of the European Champions League by securing a highly creditable 2-2 draw against English giants Chelsea in London on 8 December. Finishing bottom in their four-member group with three points, APOEL did not gain the consolation of a place in the Europa League, the second-tier European cup competition.

Commonwealth Games. The Queen's Baton for the Commonwealth Games to be held in New Delhi in 2010 progressed through Cyprus in early December before being taken to Malta for the last stop in the European leg of its journey. The Queen's Baton is the Commonwealth Games' equivalent to the Olympic Torch. □

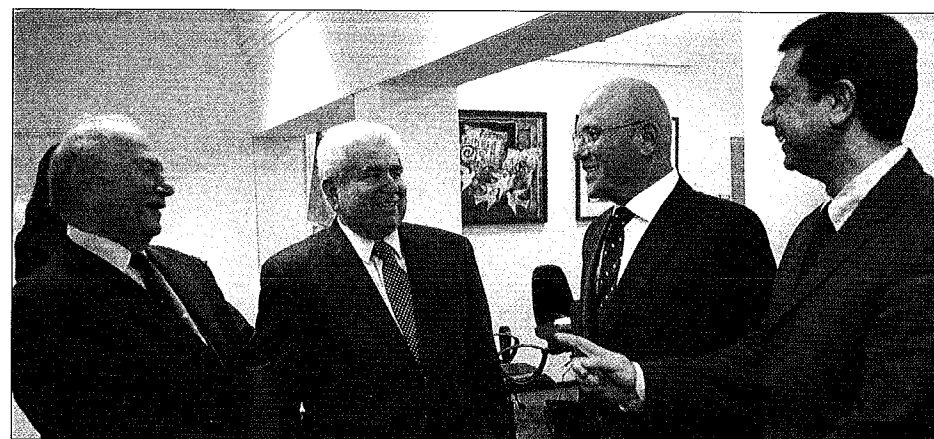
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•Sharing a joke... President Christofias and Turkish Cypriot leader Talat (in the centre) relax before a new round of talks.

Talks continue, with little progress

The year ended with the UN-sponsored talks process between President Demetris Christofias and Turkish Cypriot leader Mehmet Ali Talat still in place but without having apparently made much substantive progress towards a settlement. On a positive note, President Christofias and Mr Talat agreed at their last meeting of 2009 on 21 December to intensify the pace of their talks in January 2010.

The 9th and 10th sessions of the second phase of the talks, which had begun in September, took place on 1 and 3 December and continued the leaders' consideration of issues related to aliens/settlers, citizenship, immigration and asylum, on which they had embarked in November (see CN 11/2009). The 11th session on 9 December focused on economic matters, as did the 12th and 13th sessions on 14 and 21 December respectively. The 13 second-phase sessions by end-2009 brought the number of meetings since the talks began in September 2008 to 53.

A joint statement read out after the 21 December session said that the two leaders would hold their first meeting of 2010 on 4 January and would then have daily sessions on 11, 12 and 13 January and on 18, 19 and 20 January. The aim would be to achieve "more convergences on governance and power-sharing, the economy and EU matters", and discussion would continue on the property issue. The talks would continue to be held at the residence of UN Special Representative Taya-Brook Zerihoun in the UN buffer zone.

Meanwhile, on the wider diplomatic front, Turkish Prime Minister Recep Tayyip Erdogan had further muddied the waters on 8 December by proposing, during talks with US President Barack Obama in Washington, that the USA

should become more involved in the search for a Cyprus settlement. His specific proposal was that the USA should participate in four-party talks also involving Turkey, Greece and the two Cypriot communities (as one party).

Mr Erdogan's latest notion contrasted with his call in November for five-party talks on Cyprus, involving the two Cypriot communities plus Greece, Turkey and the UK as the three guarantor powers for Cyprus. It was given similar short shrift by Cyprus Government Spokesman Stephanos Stephanou, who said that four- or five-party negotiations on Cyprus were unacceptable and that a UN-mandated procedure was underway between the Greek Cypriot and Turkish Cypriot communities.

Mr Erdogan's Washington visit coincided with the start of a further visit to Cyprus by three "Elders", from the panel of senior statespersons launched in 2007 by former South African President Nelson Mandela to help to solve difficult international problems. The delegation, which met both Cypriot leaders, consisted of former US President Jimmy Carter, Archbishop Desmond Tutu of South Africa and former Algerian Foreign Minister Lakhdar Brahimi. On their departure on 10 December, the Elders expressed their belief that the UN-sponsored talks "are making slow but steady progress".

•A call for the Cypriot people to ignore rumours about the terms of a Cyprus settlement was made by President Christofias in his New Year message released late on 31 December. He said that some progress had been made in his talks with Mr Talat, but acknowledged that a solution was not close. He stressed that the Government would remain faithful to UN resolutions, international and EU law, and the High-Level Agreements of 1977 and 1979. □

Further renewal of UNFICYP mandate

The UN Security Council on 14 December renewed the mandate of the 45-year-old UN Peacekeeping Force in Cyprus (UNFICYP) for a further six months under Resolution 1898 (2009), which was adopted by 14 votes to one. As with the previous renewal in May, the dissenting country was Turkey, which is serving a two-year term as a non-permanent UN Security Council member.

The Cyprus Government welcomed the renewal resolution as "balanced", notably in that it reaffirmed previous UN Security Council resolutions calling for a settlement enshrining a bicomunal, bizonal federation. The Turkish UN Ambassador explained his country's vote against the resolution on the grounds that it referred to the "Government of Cyprus", whereas in his view there had not been a joint Government since the Greek Cypriot-Turkish Cypriot partnership state collapsed in 1963.

The Turkish Ambassador nevertheless reiterated his Government's full support for the UN Secretary General's good offices mission on Cyprus and welcomed the achievements so far of the leaders of the two Cypriot communities in their direct settlement talks in Nicosia. He described the talks as aiming a federal Government and two constituent states.

Resolution 1898 (2009) asserted that "there now exists a rare opportunity to make decisive progress in a timely fashion". It strongly urged the Greek Cypriot and Turkish Cypriot leaders "to increase the momentum in the negotiations to ensure the full exploitation of this opportunity to reach a comprehensive and durable settlement based on a bicomunal, bizonal federation with political equality".

The Security Council called for additional confidence-building measures, including the opening of more crossing-points between the Government-controlled areas and Turkish-occupied northern Cyprus. In this context, it welcomed the two leaders' agreement in principle in June - not yet implemented - that a new crossing-point should be opened at Limnitis in north-western Cyprus.

The Resolution also urged the two leaders to explain to their communities clearly, in advance of any future referendums, the benefits of a settlement as well as the need for increased flexibility and compromise. It called for the avoidance of any action that would lead to tension, or undermine the progress made to date or damage existing goodwill on the island. It also urged the engagement of civil society and co-operation between economic and commercial bodies in the two communities. □

Inside Pressure on Turkey • Illegal immigration issue • Christofias in Copenhagen • Papadopoulos' body stolen • Negative ECHR ruling • 2010 budget passed • President optimistic on economy • Priority for renewable energy • Campaign against tax evasion

Tassos body theft

President Christofias and other political leaders expressed outrage at the theft of the body of former President Tassos Papadopoulos from his grave in Deftera village cemetery near Nicosia during the night of 10-11 December, almost exactly a year after his death in December 2008. Amidst public shock at the desecration, the police launched an inquiry to discover the perpetrators, whose identity and motives remained unknown as the year ended.

Speaking in Brussels, where he was attending an EU summit, President Christofias described the theft of his predecessor's remains as "an unacceptable, unholy, unethical and condemnable act that damages our traditions, our culture and our respect for the dead". Urging the people to remain calm in the face of the sacrilege, he called on those responsible to be brought to justice speedily.

Despite the removal of the former President's body, a scheduled memorial service to mark the first anniversary of his death went ahead on 12 December at the Church of St Nicolas in Kato Deftera. Those attending included former First Lady Fotini Papadopoulou and his son Nicolas. □

ECHR rejection of Greek Cypriot suits

The Government regretted the rejection by the European Court of Human Rights (ECHR) on 17 December of 49 suits against Turkey by Greek Cypriot relatives of missing persons on the grounds that they had been submitted too late. Cyprus Spokesman Stephanos Stephanou said that the ruling would be studied by the Attorney General's Department.

The ECHR decided that, under its rule that applications must be submitted not more than six months after the exhaustion of domestic court remedies, the Greek Cypriot suits claiming that Turkey had violated the human rights of missing persons by not investigating their fate should have been submitted by 1990. In fact, the 49 applications had been filed in 2004 and 2009, following the ECHR's landmark inter-state judgment in 2001 that Turkey should ensure effective investigation of the fate of Greek Cypriot missing persons. The latest ECHR ruling could not be appealed.

Attorney General Petros Clerides expressed displeasure with the ruling and voiced particular criticism of the massive recourse to the ECHR by Greek Cypriots, warning that individual applications could ruin all the gains made by the Government at the Court. □

Donations to CMP

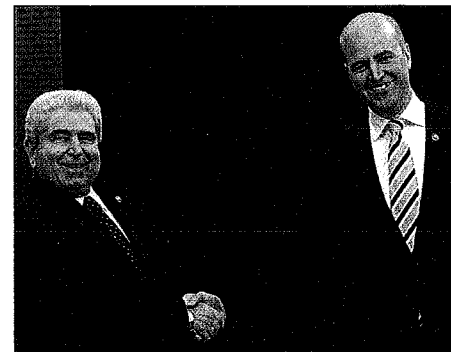
Significant contributions by the EU, the Cyprus Government and Ireland to the work of the tripartite UN-sponsored Committee on Missing Persons (CMP), as confirmed in December, ensured that the CMP would have funds in 2010 to meet its €2.4 million annual budget. The funding is for the CMP's programme for the exhumation, identification and return of the remains of those listed as missing since the 1974 and earlier hostilities in Cyprus.

An EU donation of €3 million was provided for in the organization's budget for 2010, as finally approved by the European Parliament on 17 December. This followed further contributions of €150,000 by the Cyprus Government and €50,000 by Ireland. □

Pressure on Turkey's EU negotiations

What Government Spokesman Stephanos Stephanou described as a "strong political message" was conveyed by Cyprus at the EU Council of Foreign Ministers in Brussels on 7-8 December concerning the continued refusal of Turkey to fulfil its commitments on Cyprus in the context of its aspiration to join the EU. The messages included an assertion by Foreign Minister Markos Kyprianou that Cyprus will set conditions for the opening of six new chapters of Turkey's negotiations with the EU.

The EU Foreign Ministers noted "with deep regret" that Turkey continues to refuse to comply with the 2005 Ankara Additional



*Stockholm handshake... President Christofias meets Prime Minister Reinfeldt of Sweden, holder of the EU Presidency.

Protocol requiring it to recognise the Republic of Cyprus and to open its ports and airports to traffic from Cyprus. In the absence of progress on this issue, the Ministers maintained the suspension of eight of the 35 negotiating chapters with Turkey, as decided in December 2006. This stance was endorsed by the EU summit in Brussels on 10-11 December, attended by President Demetris Christofias.

The opposition parties in Cyprus were critical that the Government had not persuaded other EU members to impose sanctions on Turkey for its non-compliance with the Ankara Protocol. Mr Stephanou responded that Mr Kyprianou had made a "unilateral" statement to the EU Council giving notice that specific conditions would be set by Cyprus for the opening of negotiations with Turkey on the chapters covering energy, common foreign and security policy, justice, freedom and security, free movement of citizens, education and fundamental freedoms.

Cyprus made no attempt to block the opening of negotiations with Turkey on environmental issues on 21 December. But the UK Government caused a diplomatic flurry by issuing a statement implicitly criticising Cyprus for hindering the enlargement process. Amidst condemnation by Cypriot parties of this British "provocation", President Christofias noted that the UK statement had been issued "outside the EU's organs". □

New action against illegal immigrants

Stiffer penalties for people who allow illegal immigrants to stay on their premises were adopted by the Cyprus House of Representatives on 10 December by 25 votes to 11, although implementation will be delayed for a year to enable the Government to mount a campaign against the employment of illegal workers.

The opposition Democratic Rally (DISY) voted against the new penalties on the grounds that they might be applied to owners of property who were unaware of the presence of illegal immigrants on it. There was also opposition to a provision that employees of foreign companies would need a good knowledge of Greek and of Cypriot history and culture to obtain long-term residence. The provision was therefore amended to specify an "adequate" knowledge of Greek and of the "basic elements of the modern political and

social reality of Cyprus".

The House debate took place against a background of growing concern about the level of immigration to Cyprus. This was heightened by figures from the Eurostat statistical office on 16 December showing that in 2008 15.9 per cent of the population of the Government-controlled areas of Cyprus (125,000 persons) were foreign nationals, compared with an average for the 27 EU member states of 6.2 per cent.

Interior Minister Neoklis Silikiotis congratulated his Maltese counterpart on a decision by EU Ministers on Dec. 1 that the new European Asylum Support Office will be located in Malta. Mr Neoklis had bid for the Office to be located in Cyprus, but expressed satisfaction that another Mediterranean island had been chosen. □

Christofias at climate change conference

Delaying action to tackle climate change "is not an option", declared President Demetris Christofias on 18 December in an address to the UN Climate Change Conference in Copenhagen. He and the Cyprus Government were therefore disappointed when the conference ended without a binding international agreement on new measures to tackle global warming.

President Christofias told the conference that Cyprus "is already experiencing the first serious effects of climate change", explaining: "We have been witnessing prolonged periods of drought, increased temperature, degradation of forests and rare ecosystems. In addition, our environmental policy is obstructed by the military occupation of part of our territory."

The President continued: "Developed countries have over-exploited natural resources all round the globe and therefore have a duty to contribute significantly to the mitigation

and the reversal of the destruction of the natural environment. They have the means and technology of containment and they must be the driving force behind this global effort. They must also be ready to share technology and knowledge with emerging and developing countries."

Stressing his support for limiting future global warming to 2 degrees Celsius, President Christofias added that climate change targets "are not contradictory to our efforts to tackle the current economic crisis". Rather, "they are entirely complementary to our overall efforts for an environmental and sustainable global economic development."

The Presidential Palace was plunged into darkness on 16 December as Cyprus participated in a global "dim-out" to mark Earth Hour, which was intended to send a message to world leaders in Copenhagen. □

Government's 2010 budget adopted

The Government's budget for 2010 was adopted by the House of Representatives on 18 December by a comfortable majority of 33 votes to 19 after a three-day debate. Finance Minister Charilaos Stavrakis declared that "this is the budget that will get us out of the financial crisis", although it was acknowledged that 2010 would be another difficult year.

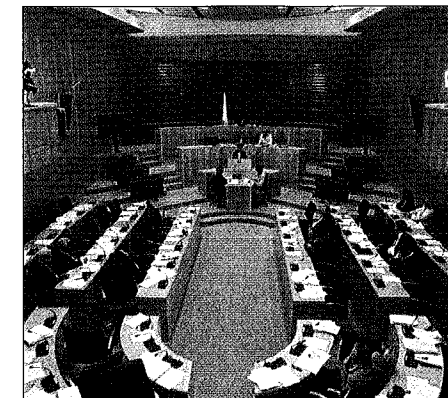
The budget provided for expenditure of €7.92 billion, up 3.6 per cent on 2009, against anticipated revenue of €5.72 billion (excluding loans), up 6.6 per cent on 2009. It was expected that the budget deficit in 2010 would be some 4.5 per cent of GDP, greater than the projected 4 per cent in 2009, although Mr Stavrakis stressed that the aim was to reduce the deficit to below the 3 per cent level prescribed by euro-zone rules at the earliest possible opportunity.

The budget proposals were approved by the left-wing AKEL party of President Demetris Christofias as well as by the deputies of the Democratic Party (DIKO) and the EDEK Social Democrats and by the single Ecologist deputy. Opposed to the budget as a whole were the Democratic Rally (DISY) and the European Party (EVROKO), although their deputies voted in favour of appropriations for defence and health.

In presenting the budget on 11 December, Mr Stavrakis declared that its aims were economic development, enhanced social cohesion and macroeconomic stability, focusing on softening the impact of the global financial crisis. A particular longer-term objective, he said,

was to reduce Cyprus' economic dependency on tourism and the construction sector.

Mr Stavrakis on 29 December tabled proposals, to be discussed with the political parties and social partners, for obtaining an additional 500 million in state revenue with the aim of averting a "vicious circle" of uncontrolled public debt. The measures include a two-year freeze on the creation of new civil service posts, a reduction in the state's contribution to public sector pensions and bonuses from 35 per cent of the payroll to 20 per cent, a 10 per cent reduction in social benefits and a new campaign against tax evasion (see adjoining report). □



*Forum of the people... The House of Representatives considers the Government's budget for 2010.

President bullish on economic prospects

Optimism that Cyprus will emerge successfully from its current economic difficulties was expressed by President Demetris Christofias on 7 December, although he acknowledged that the world financial crisis was having a negative impact on Cyprus in the shape of recession, rising unemployment, lower consumption and a growing budget deficit.

Addressing the 82nd annual general meeting of the Cyprus Chamber of Commerce and Industry (KEVE), President Christofias recalled that in response to the deepening crisis the Government had introduced a series of measures in consultation with the social

partners to support the financial system, the tourism industry and the construction sector.

Looking to the future, the President said that more measures were needed to control the fiscal deficit, to increase state income and to combat tax evasion, whilst stressing that the Government would continue to promote Cyprus as a regional centre in the fields of investment and research. He noted that 2009 had been a difficult year for the vital tourism industry and that the difficulties were likely to continue in 2010, whilst expressing confidence that the Government's measures to boost the industry would have results. □

Priority for renewable energy sources

The priority given by the Cyprus Government to the development of indigenous renewable energy sources (RES) was stressed by Commerce, Industry and Tourism Minister Antonis Paschalides on 11 December. He was addressing a conference in Nicosia on the promotion of renewable energy sources in the Mediterranean region.

Mr Paschalides reported that in 2008 the contribution of RES to energy consumption was only 4.5 per cent, with the remainder coming from imported fuels. He explained that Cyprus is an island with a small and isolated energy system, distant from international networks of electricity, oil and gas. It therefore faces additional challenges resulting in increased costs of imported energy, which in 2008 reached 19 per cent of total import costs.

Mr Paschalides noted that Cyprus has a long history of utilization of RES, starting with the building of windmills in the 1930s and continuing with the widespread installation of solar energy heating in the 1960s. More than

92 per cent of houses, as well as 53 per cent of hotels and a considerable number of factories and businesses are using solar energy for heating water. According to the European Solar Industry Federation, Cyprus has the highest per capita rate of solar capture installations.

Stressing that "there is still a long way to go", Mr Paschalides drew attention to the Government's action plan and support scheme for the development of RES. He said that to date photovoltaic systems producing 3 megawatts (MW) of electricity and biomass utilization units producing 4.4 MW had been installed.

The allocation of a €10 million EU subsidy to finance studies on the construction of a network for supplying power stations with natural gas was announced by the European Commission on 7 December during a meeting of the EU Council of Energy Ministers in Brussels. Mr Paschalides told the meeting that Cyprus required a derogation from EU regulations on natural gas distribution until it had been able to establish its own internal gas market. □

New campaign to stop tax evasion

A new campaign against tax evasion was decided by the Council of Ministers on 9 December to try to compensate for a sharp fall in Government revenues in 2009 because of the economic recession. Finance Minister Charilaos Stavrakis will seek the agreement of the political parties and the social partners for the campaign, which is intended to contribute to bridging the growing budget deficit in 2010.

Government Spokesman Stephanos Stephanou said that tax evasion not only deprived the state of revenue but also exacerbated social disparities. "There are groups who declare their incomes and pay their taxes regularly", he pointed out, "and there are other groups who avoid or evade tax".

Government revenue receipts began to recover in November thanks to a new requirement for more speedy payment of VAT by companies. Receipts in the 11 months to November totalled €2.1 billion compared with €2.35 billion in the same period in 2008. □

Aid for Turkish Cypriots

The disbursement of special EU financial aid of €259 million to the Turkish Cypriots was virtually completed by the deadline of 18 December, according to the European Commission. The funds were allocated, with the full support of the Cyprus Government, to prepare the Turkish Cypriots for eventual EU membership in light of the suspension of the *acquis communautaire* in the Turkish-occupied areas when the Republic of Cyprus joined the EU in 2004.

Outgoing EU Enlargement Commissioner Olli Rehn welcomed the disbursement of 99 per cent of the allocated funds, noting that "the EU is delivering very substantial support to the Turkish Cypriot community as promised in 2004, as a means to end its isolation and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community".

The uses to which the aid was put included grants to Turkish Cypriot NGOs, villages, schools, colleges, and small and medium-sized enterprises; the funding of reconciliation and confidence-building projects, including demining and the Committee on Missing Persons; desalination and waste water treatment plants; and legal preparations for the reunification of Cyprus. □

€2.2bn bonds issue

Agreements signed by the Finance Ministry with Cypriot banks on 9 December provided for the allocation of three-year cover bonds worth €2.2 billion with the aim of injecting additional liquidity into the financial system. The intention is to stimulate growth in the real economy by creating the conditions for loans at lower interest rates for businesses.

Finance Minister Charilaos Stavrakis said that the bond issue, in an "extremely difficult period of low economic growth", would result in €500 million being injected into the real economy if the banks lowered their lending rate by 1 per cent. He revealed that the Government planned to issue four-year bonds worth €1 billion early in 2010, followed by the issue of three-year bonds in the second half of the year and seven-year bonds at a date to be decided. □