

Brussels, 7 July 2004

Commission proposes comprehensive measures to end isolation of Turkish Cypriot community

Responding to the invitation of the Council, the European Commission today proposed a comprehensive package of aid and trade measures which aim to put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus. These measures will facilitate trade from the northern part of the island and strengthen its economic integration through financial assistance of €259 million. They also set specific rules for goods crossing the green line separating the Greek Cypriot and the Turkish Cypriot communities.

Enlargement Commissioner Günter Verheugen said : *“As the Turkish Cypriot community expressed overwhelming support for the UN Plan to reunify Cyprus, it would have been unfair, to say the least, to leave it out in the cold. The Commission is therefore happy to propose an aid and trade scheme, which, if adopted by the Council, will foster the economic development of the northern part of the island. It will also build new bridges between the two communities and thus keep alive hopes of the reunification of Cyprus”.*

On 24 April, the “Comprehensive Settlement of the Cyprus Problem” as proposed by the UN Secretary General Kofi Annan did not pass the simultaneous referenda in Cyprus, despite approval by the Turkish Cypriot electorate, given that it was rejected by the Greek Cypriot electorate. Following the outcome of the referenda, the Council stated on 26 April that it was *“determined to put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community”.* The Council therefore *“invited the Commission to bring forward comprehensive proposals to this end, with particular emphasis on the economic integration of the island and on improving contact between the two communities and with the EU”.*

The Commission today decided the following :

- It proposed a regulation establishing financial support for the economic development of the Turkish Cypriot community and for improving contacts between the two communities. The envelope amounts to €259 million for the period 2004-2006. It will put a particular emphasis on alignment with EU legislation and policies, reconciliation and confidence building measures, social and economic development, development of infrastructure and people to people contacts. This regulation has to be adopted by unanimity by the Council after consultation of the European Parliament.

- It also proposed a regulation to facilitate direct trade from the the northern part of Cyprus. The proposal offers a preferential regime for products originating in the North, entering the Customs Territory of the EU. It sets rules on : the documents certifying the origin of goods, to be issued by the Turkish Cypriot Chamber of Commerce or another duly authorised body; phytosanitary inspections; food and product safety; taxation; communication obligations; safeguard measures in the event of ineffective cooperation, irregularities or fraud. It is proposed that the preferential regime should take the form of a tariff quota system which would be established to encourage economic development while avoiding the creation of artificial trade patterns or facilitating fraud. This regulation has to be adopted by the Council by qualified majority.
- It adopted a regulation defining special rules with regards to the intra-island trade
- It decided to authorise the Turkish Cypriot Chamber of Commerce to issue the necessary documents accompanying the goods which will cross the green line.

For further information see:

http://europa.eu.int/comm/enlargement/index_en.html