

## EU officials expect early accession for Cyprus

The state visit of European Commission President Roman Prodi to Cyprus on 25-26 (see page 1) was preceded by a series of statements from European Union (EU) leaders clearly intended to increase pressure on the Turkish side to abandon its refusal to participate in either UN settlement talks or EU membership negotiations, by making it clear that Cyprus was on track for early accession with or without a political settlement.

Two days before Signor Prodi's arrival, the Belgian Government, as current holder of the EU Presidency, declared support for the September statement by the UN Security Council Chairman expressing disappointment at the "unjustified decision" of the Turkish side to reject an invitation to resumed UN talks. The Belgian statement said that the EU continued to give unreserved backing to "the efforts of the UN Secretary General to resume without preconditions, in line with Security Council resolution 1250, the search for a comprehensive settlement in conformity with the relevant Security Council resolutions". It therefore called on all parties "to co-operate in the process with a view to achieving a political settlement before the end of the negotiations for Cyprus' accession to the EU".

The Belgian statement received a particularly warm welcome from the Cyprus

Government, with Spokesman Michalis Papapetrou describing it on 24 October as "extremely important and positive", notably in its citation of "relevant Security Council resolutions" as providing the only basis for a settlement.

Also welcomed by Mr Papapetrou was a prediction by Enlargement Commissioner Günter Verheugen, given to a meeting of the EU-Cyprus Joint Parliamentary Committee in Brussels on 9 October, that Cyprus would be the first candidate country to complete its accession negotiations with the EU and that its accession was a certainty. In this statement, Herr Verheugen reiterated that the EU would prefer a Cyprus settlement to be reached prior to Cyprus' accession, but that this was not a precondition and that the window of opportunity would not remain open indefinitely.

Addressing the Cyprus Chamber of Commerce and Industry in Nicosia on 25 October, Signor Prodi called on Cypriot society to participate actively in the debate to be held in 2002 on the future of EU institutions and on ways to involve Europe's citizens in designing and implementing EU policies. He said that "the EU exists for its citizens and must be built by them", which was why he wanted "the Cypriot people to play a full part in shaping the Union's future". □



• Welcome to Europe... European Commission President Romani Prodi in Nicosia.

## Economic clouds may be ahead

A forecast that the September terrorist attacks in the US will have negative repercussions on the Cyprus economy as part of the global economy was given by Finance Minister Takis Klerides on 4 October, as he tabled the Government's draft budget for 2002 in the House of Representatives.

Mr Klerides said that Cyprus' growth rate and other economic indicators were very satisfactory at present, but that the prospect of a US-led downturn in the world economy would have an inevitable impact on Cyprus because of its heavy dependence on external factors and tourism. He stressed that the Government was monitoring developments closely and would take all necessary measures to minimize any adverse economic fallout arising from the new international situation.

The Finance Minister said that the Government's central aim was completion of negotiations for European Union (EU) membership by the end of 2002. He recalled that Cyprus had submitted its accession economic programme for the period up to 2004, the objective being to reach a balanced budget by 2004. He confirmed that Government would set up an emergency stabilization fund to help investors regain confidence in the Cyprus Stock Exchange, although there would be no direct government intervention in present circumstances.

●Cyprus' half-yearly trade deficit rose to over C£1 billion for the first time in the January-June period, as an expanding economy sucked in imports at a greater rate than the growth of exports. Imports in the six-month period rose to C£1,373 million, from C£1,136 million in the same period in 2000, while exports reached C£328 million (C£307 million), producing a crude deficit of C£1,045 million compared with C£830 million in January-June 2000. □

## Moves to prevent downturn in tourism

A two-pronged C£4 million package of measures for the tourist industry was approved by the Council of Ministers on 18 October with the aim of minimizing any adverse fallout arising from the US-UK military action against terrorism.

Commerce, Industry and Tourism Minister Nicos Rolandis said that the first prong of the plan would include an intensified advertising campaign and special cultural events during the coming winter, coupled with more visits to Cyprus for tour operators and travel writers and a possible tour of foreign capitals by a high-ranking Cypriot delegation charged with dispelling any doubts as to the safety of Cyprus as a tourist destination. The second prong would be a post-crisis special campaign by the Cyprus Tourist Organization aimed at ensuring future tourist growth.

Mr Rolandis added that tourist arrivals in September had been about the same as in September 2000 but that early figures for October were 10 per cent down. In November and December, moreover, a 20-30% reduction in numbers was expected. "Overall", said the Minister, "we had anticipated a 5 per cent increase in tourist arrivals for 2001, but at the end of the day figures as well as revenue will be roughly the same as last year".

●Cyprus Airways decided on 8 October to impose with immediate effect an extra charge of US\$5 per flight per passenger (\$10 per return ticket) to meet increased insurance costs in the wake of the attacks on the US. The surcharge was in line with those imposed by most other European airlines for the same reason. □



• The message to be conveyed... Cyprus remains a safe and very desirable tourist destination.