



REPUBLIC OF CYPRUS

FROM 1960 TO THE PRESENT DAY



Historical Background

Cyprus, according to mythology, is the birthplace of Aphrodite, the goddess of love and beauty. The island is both an ancient land, with an eleven thousand-year-old history and civilisation, and a young independent Republic since 1960. Its geographic location at the crossroads of three continents - Europe, Asia and Africa - and at the meeting point of great civilisations has been a major factor influencing the course of the island's history throughout the centuries.

Situated at the north-eastern end of the Mediterranean Sea, Cyprus, with an area of 9.251 square kms, is the third largest island after Sicily and Sardinia. It has a Mediterranean climate and enjoys more than 300 days of sunshine every year.

The 1960 census showed that Cyprus had a population of 572.707 consisting of 77,1% Greek Cypriots, 18,2% Turkish Cypriots, 1,1% Maronites, Armenians and Latins and 3,6% others.

According to the 1960 Constitution, the Armenian, Maronite and Latin religious groups opted to be part of the Greek Cypriot community. The population of the island (Dec. 2011) was 952.100 of whom 684.000 (71,8%) belong to the Greek Cypriot community, 90.100 (9,5%) to the Turkish Cypriot community and 178.000 (18,7%) are foreign nationals residing in Cyprus.

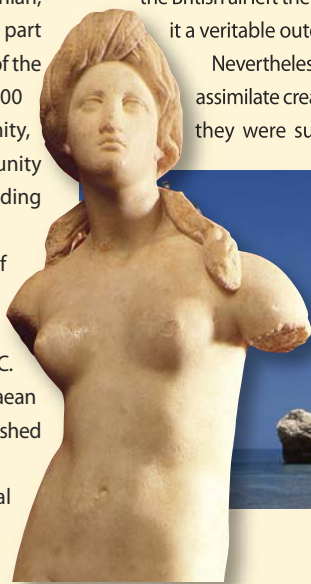
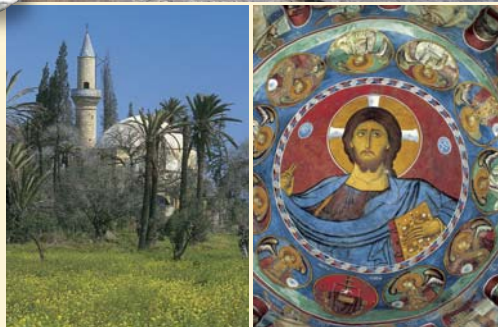
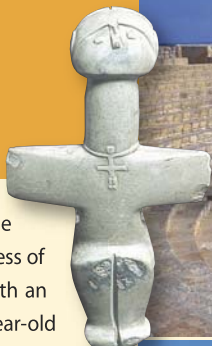
Greek and Turkish are the official languages of the state, while English is widely used.

The island's history is one of the oldest recorded in the world running back to the 9th millennium BC. The settlement in Cyprus of Mycenaean and Achaean Greeks between the 13th and 11th century BC established the predominantly Greek character of the island.

Because of its strategic position and natural

wealth, Cyprus became the pawn of various powers that dominated the region at one time or another. Phoenicians, Assyrians, Egyptians, Persians, the Ptolemies, Romans, Arabs, Franks, Venetians, Ottoman Turks and the British all left their mark on the island, making it a veritable outdoor museum.

Nevertheless, Cypriots have managed to assimilate creatively the various influences they were subjected to, without losing





their individuality. The beautiful Eastern pots, for example, became Cypriot pottery, while the Gothic arch became an element in local popular architecture.

Cyprus became an independent, sovereign state in August 1960 on the basis of the Zurich and London Agreements, following an armed liberation struggle against British colonial rule between 1955 and 1959.

The Republic of Cyprus has a presidential system of government with a clear division of authority

between the executive, legislative and judicial branches. According to the Constitution, executive power is exercised by the President and Vice-President (allocated to a Turkish Cypriot but currently vacant) through the Council of Ministers; legislative power is exercised by the House of Representatives and judicial power by the Supreme Court, the Criminal Courts and the District Courts.

The Republic of Cyprus has since 1960 been a member of the United Nations and over the years has become a member of practically all of its specialised agencies. It is also a member of the Commonwealth, the Council of Europe, the World Trade Organisation and the Organisation for Security and Co-operation in Europe.

On 1 May 2004 Cyprus formally joined the European Union completing a long journey, which began with its application for full membership in 1990.

Cyprus has always been part of the European family of nations. Accession to the EU was a natural choice for Cyprus, dictated by its culture and civilisation, its history,



its European outlook and adherence to the ideals of democracy, freedom and justice.

Although all Cypriots who carry a Republic of Cyprus passport enjoy the status of European Union citizens, the application of the EU laws and regulations (the *acquis communautaire*) is suspended in the Turkish occupied area of the Republic pending a solution of the Cyprus problem and the reunification of the island.

In the absence of a political settlement, the Cyprus Government provides essential services to Turkish Cypriots even under the prohibitive conditions of military occupation and forcible division. Many more Turkish Cypriots have been able to benefit from an expanded range of services (such as employment, free medical care, social and educational services) through a series of new policy initiatives and tangible measures undertaken by the Government since the partial lifting, in April 2003, of the illegal restrictions imposed by the Turkish side on the movement of people across the ceasefire line since 1974.



These initiatives are in line with the government's policy designed to foster trust and reconciliation between the two communities, as well as promote the reunification of Cyprus and the reintegration of its people and economy. ■

Turkey's Military Invasion and Occupation

The people of the newly-established Republic of Cyprus were not able to enjoy the fruits of their struggles and sacrifices for long.

Certain provisions of the Zurich-London Agreements and the Constitution were soon to prove conducive to constitutional deadlock, domestic conflict and foreign interference, rather than peace, harmony and respect for the sovereignty of Cyprus.

Efforts to amend the Constitution were rejected by the Turkish side, with the Turkish Cypriot leadership falling in line with Turkey's long-term policy of segregation and partition. This resulted in the intercommunal clashes of 1963/64, the drawing up of the dividing "green line" running through Nicosia and the constant efforts on the part of Turkish Cypriot extremists to promote Turkey's partitionist and expansionist designs.

The coup on 15 July 1974, perpetrated against the legal government of the Republic of Cyprus by the military junta ruling Greece at the time, gave Turkey a long-awaited pretext to invade the island on 20 July 1974 in violation of the UN Charter, international law and the principles governing the conduct among nations.

As a result, about 36,2% of the Republic of Cyprus was occupied (the northern part, representing 70% of the economic potential) and still remains under Turkey's military control. About 200,000 Greek Cypriots - over a third of the population - were displaced, becoming refugees in their own country, while the Turkish Cypriots were compelled to move to the occupied part of the island in compliance with Turkey's policy of ethnic segregation. About 1,200 Greek Cypriots are still missing as a result of the invasion. It has not been possible to ascertain their fate because Turkey refuses to cooperate fully in resolving this humanitarian issue.

The "Attila line" ("Operation Attila") was the code-name



Turkey gave to its military invasion) divides Cyprus since 1974. After four centuries of peaceful coexistence in mixed villages, towns and places of work, the two communities of the island - Greek Cypriots and Turkish Cypriots - were forcibly separated.

There was immense human suffering and great material loss. The danger of economic collapse was imminent. The refugees had to be rehoused and find new work while their basic needs had to be met.

Forty-three thousand Turkish troops still occupy the Republic of Cyprus illegally. More than 160,000 colonists from Turkey were brought to Cyprus and settled in the occupied area, in violation of international law, with the aim of changing the demography of the island. In view of the mass emigration of

Turkish Cypriots from the occupied area (due to the conditions created by Turkey's occupation) the total number of Turkey's troops and settlers is now much greater than that of the remaining Turkish Cypriots.

In order to consolidate the de facto division, the Turkish Cypriot leadership unilaterally declared the occupied area an "independent state" in 1983. This act of secession against the Republic of Cyprus was declared "legally invalid" by the UN Security Council, which also called for its withdrawal. No country in the world but Turkey recognises that illegal regime.

The illegal regime and Turkey have also followed a systematic policy of "turkification" in the occupied areas while destroying much of the island's eleven thousand-year-old cultural heritage: Greek place names have been replaced by Turkish ones; monuments, cemeteries, places of worship and archaeological sites were destroyed, desecrated or vandalised; priceless religious and archaeological treasures - part of the world's cultural heritage - have been stolen and smuggled abroad. Despite constant protests by the Cyprus Government the illegal excavations and looting of antiquities continue.

Another tragic occurrence is the eviction of the enclaved Greek Cypriots from their homes occupied by Turkey. While after the invasion there were 20,000 people enclaved, less than 440, mostly elderly, remain today. ■



Economy

Despite many difficulties faced right from its establishment, through the 1974 catastrophe and the continuing foreign occupation of its northern part, the Republic of Cyprus can boast considerable achievements.

In 1960 the Cyprus Government took over a colonial economy that was backward and underdeveloped. Its productive base was inadequate and its economic activity was dependent on unstable factors.

Agriculture's contribution to the national income was never more than 18%, despite the fact that it employed 45% of the labour force. Over 50% of the revenue came from the export of minerals. As regards exports, 32% consisted of raw agricultural products and only 19% were industrial products and even these were processed raw materials from the agricultural sector.

The situation was similar in other fields. On average only 43% of children between 12 and 17 years old attended secondary schools. In addition, only 28% of houses in the countryside had electricity and only 7% had in-house water supply.

Sound macroeconomic policies since 1960; the adoption of a market-oriented economic system; the dynamic and flexible entrepreneurial community; a highly educated labour force; close cooperation be-

tween the public sector and the social partners; but above all the industriousness of the Cypriots, all contributed to the rapid development of the economic and social sectors in the new Republic. Equally significant was the consolidation of democratic institutions.

Cyprus has gradually transformed itself from an exporter of agricultural products and minerals in the period 1960 to 1974 and an exporter of processed goods in the second half of the '70s, to a major tourist destination and services centre.

Cyprus had enjoyed, until the recent economic crisis, a record of successful economic performance, reflected in rapid growth, full employment conditions as well as external and internal stability. The weak colonial economy had been transformed into a modern economy offering dynamic services with advanced physical and social infrastructures.

In terms of per capita income, Cyprus is classified by the World Bank among the high-income countries. The average annual rate of growth in the past five years (2008-2012) has been - 0,50%, while the average inflation rate stood at 2,56% and the average unemployment rate at 7,1% over that period. In addition, Cyprus was ranked 31st in the United Nations 2012 Index of Human Development.

This transformation reflects the skilful exploitation of the comparative advantages of the island, stemming from the population's high level of education and high standard of living, as well as the island's convenient geographical position, a long period of mild weather conditions and the development of the necessary infrastructure with regard to airports, ports and telecommunications.

Of particular importance over the last few years have been the growth of the transit trade sector and the increased use of Cyprus as an offshore base for international business operations.

With a per capita income of EUR 19.676 (25.593 US dollars) in 2012 compared to 500 US dollars in 1961, with an unemployment rate of 11,8% and a





rate of inflation of 2,4% in 2012, Cyprus is still well positioned among EU member states.

The successful integration of the latest technology into the economy, the constant improvement of the island's infrastructure and the high productivity and quality of the Cypriot labour force, have turned Cyprus into a centre of transit trade, international merchant shipping and business, contributing significantly to the economic growth of the broader region.

Since its accession to the EU, Cyprus has undergone significant economic and structural reforms that have transformed its economic landscape. Tariffs and quantitative restrictions have been eliminated for all manufactured goods and agricultural products originating in Cyprus and other EU countries. Trade and interest rates have been liberalised, while price controls and investment restrictions have been lifted. Private financing has been introduced for the construction and operation of infrastructure projects and the monopoly in the telecommunications sector has been abolished. Cyprus is being transformed into a key outpost in the Eastern Mediterranean, serving as a bridge between the EU and the increasingly important market of the Middle East. Furthermore, Cyprus has gained a reputation as the springboard for investment into Central and Eastern Europe.

Firmly committed to sound fiscal policies essential for preserving macroeconomic stability and ensuring

the sustainability of the convergence process, the Cypriot authorities adopted concrete measures that strengthened economic performance and met the required Eurozone targets by mid-2007.

As a result, on 1 January 2008, the euro became the monetary unit of Cyprus replacing the Cyprus pound. Euro banknotes and coins are circulating and are the legal tender in the Republic of Cyprus. This was one of the most important achievements for Cyprus, integrating it even further into the EU. This success was made possible despite the uncertainty in the international economy.

The international economic crisis of the last few years had a major impact on the Cyprus economy. As a result, the Government has adopted a series of measures to support the real economy and bring about economic recovery and growth as well as structural reforms. Primarily because of the recapitalization needs of Cypriot banks, the Government in 2012 was compelled to apply for assistance to the support mechanism provided by the EU Commission, the European Central Bank and the International Monetary Fund (The "Troika"). It is currently implementing the loan agreement concluded in the spring of 2013 with the "Troika".

Furthermore, recent natural gas explorations in its Exclusive Economic Zone have revealed rich reserves of natural gas, which will have significant revenue implications for Cyprus in the years to come. ■



Today



Today, the Republic of Cyprus is a modern European democracy with a state of the art telecommunications system enjoying direct telephone links with all the countries of the world; one of the largest merchant fleets in the world with 1.840 (2012) ships on its registry; and a key business centre serving as a springboard for investments in the Eurozone and the Middle East.

The EU is Cyprus' main trading partner absorbing 58,1% of exports and providing 68,3% of imports.

Despite the heavy blow brought about by Turkey's military invasion in 1974 resulting in the loss of 65% of hotels as well as the Nicosia International Airport, growth in the tourist sector was rapid. Today, tourism is one of the major sectors of the Cyprus economy. In 2012 over 2,4 million tourists visited Cyprus generating EUR 1.927,7 million in foreign exchange earnings, compared to 25.700 tourist arrivals in 1960 with CY £1,8 million (EUR 3,8 million) in foreign exchange earnings.

Cyprus' healthy climate, natural beauty, archaeological wealth, highly educated population, high standard of services and its traditional warm hospitality, make the island an ideal holiday destination.

Significant progress has also been made in the social sphere. In 2011 over 66,4% families owned their homes. Illiteracy, which in 1961 was about 20%, today is practically non-existent. Cyprus holds a very high position internationally as far as third-level education is concerned. The total number of third-level students at home and abroad during 2010-2011 was 41.291 (19.199 abroad and 22.092 in Cyprus). Cyprus has three state universities (the University of Cyprus in Nicosia, the Open University and the Cyprus University of Technology in Limassol), as well as five private universities.

Medical care, both public and private, is of high standard and continuously improving. Infant mortality has dropped from 40 per 1000 live births in 1960 to 3,1 in

"It is the intention and desire of the Cyprus Government that a solution to the Cyprus problem be achieved as soon as possible, in a way that will restore human rights for all the citizens of the Republic of Cyprus. I call upon our Turkish Cypriot compatriots to become partners in the effort for reunification, and for the creation of a homeland without occupation troops. A European, peaceful and prosperous Cyprus...We are ready to work for the building of a new relationship between Cyprus and Turkey which will lead to the solution of the Cyprus problem by putting an end to the occupation, and thereby contributing to regional peace, stability and prosperity."

*President Nicos Anastasiades
28 February 2013*

2011. The average life expectancy has risen from 65 years in 1950 to 82,9 for women and 79,0 years for men in 2011. The ratio of persons per doctor has fallen from 1.470 in 1961 to 333 in 2011.

The steadfast commitment to safeguard the independence and sovereignty of the Republic of Cyprus, along with the progress achieved in all fields of activity since independence, as well as the determination to be always an active and constructive EU partner, form the foundations of the island's continuing struggle for the restoration of freedom and justice throughout its territory.

The UN has undertaken several initiatives to solve the Cyprus problem and reunite Cyprus, with several rounds of intercommunal negotiations held since 1975. These efforts have been undermined by Turkey, which has sought a settlement that would leave Cyprus permanently divided.

On 24 April 2004 the people of Cyprus were asked to approve or reject a settlement (Annan Plan V) proposed by the UN Secretary-General, through separate, simultaneous referenda by the two communities. A majority of 75,8% Greek Cypriots rejected the proposed Plan because they felt that the final text, which incorporated arbitrarily many last minute unacceptable demands by Turkey, was not balanced and did not meet their concerns regarding security, functionality and viability



of the solution and the state of Cyprus. The Greek Cypriots have not turned their backs on their Turkish Cypriot compatriots, who approved the plan by 64,9% including the votes of the illegal colonists from Turkey, but have been working towards a viable reunification solution that will meet the expectations and legitimate concerns of both communities.

The overwhelming defeat rendered the Annan Plan null and void according to its own provisions. Nevertheless, the government of Cyprus has remained committed to the Secretary-General's mission of good offices and to a sustained process that will facilitate a comprehensive settlement. It has therefore tried to revive the peace process for an agreed settlement to free Cyprus from foreign military occupation and to reunify its territory, its population, its economy and its institutions.

Consistent with this outlook, on 8 July 2006, the President of Cyprus and the leader of the Turkish Cypriot community signed an agreement on a "Set of Principles" for the solution of the Cyprus problem. They reaffirmed their commitment to reunify Cyprus on the basis of a bizonal, bicomunal federation and agreed on procedures to prepare the ground for comprehensive negotiations.

Despite the setback caused by the refusal of the Turkish side to honour that agreement, the Greek

Cypriot side has continued to work for a settlement of the Cyprus problem that serves the interests of all Cypriots. The UN process was revived in 2008 through direct talks between the leaders of the two communities. However, this process was interrupted in the spring of 2012 when the Turkish side refused to cooperate for the continuation of the talks to resolve outstanding issues. Any new effort will remain under the auspices of the UN and will aim to find a solution based on the High-Level Agreements of 1977 and 1979, the UN resolutions, the Agreement of 8 July 2006, and the principles and values of the EU. It is hoped that when the peace process resumes the Turkish side will reciprocate the positive, constructive and forward looking approach of the Greek Cypriot side, in order to achieve the reunification of Cyprus. ■

WEB PAGES FOR FURTHER INFORMATION

Press and Information Office - www.moi.gov.cy/pio

Ministry of Foreign Affairs - www.mfa.gov.cy

Ministry of Finance - www.mof.gov.cy

Ministry of Commerce, Industry & Tourism - www.mcit.gov.cy

Cyprus Tourism Organisation - www.visitcyprus.org.cy

Planning Bureau - www.planning.gov.cy



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P.I.O. 153/2013 - 5.000 (English)

Published by the Press and Information Office, Republic of Cyprus

www.moi.gov.cy/pio

Printed by Konos Ltd