Cyprus: accession to the European Union and progress in negotiations

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PURPOSE: to present the regular report from the Commission on Cyprus' progress towards accession.
CONTENT: In line with the timetable of Agenda 2000 and the guidelines agreed by the European Council in Cardiff, the Commission presents a report in the form of an appraisal of the progress made by this country with regard to accession. However, as the political situation in Cyprus is dominated by the island's partition, the report largely concentrates its analysis on developments in negotiations to resolve the Cypriot question. Overall, little progress has been made in this respect since the publication of the Commission's 1993 observations and its report of July 1997 regarding Agenda 2000. Although many efforts have been made to bring the two sides closer, the resumption of dialogue has not been achieved and the Turkish Cypriot authorities are still refusing to take part in the accession process. As a result, only the Southern part of the country will be involved in accession and the various assessments made by the Commission in this report relate primarily to this part of the island. As in the case of the other candidate countries, the report concentrates on analysing the political and economic progress that Cyprus has made in relation to accession and examines the extent to which the Community acquis has been transposed in this respect. The Commission considers that economically Cyprus has made satisfactory progress, even though growth in GDP has slowed down significantly over the last two years. Cyprus has lost competitiveness in traditional sectors (industry and tourism) and it is therefore necessary to restructure these sectors within the framework of accession. The economic disparity between the poorer North and the richer South of the island has increased since 1993 even though the report says that the integration of the northern part of Cyprus should not pose major economic problems. As far as the adoption of the acquis is concerned, a large number of the instruments required for the progressive adoption of the acquis were already contained in the Association Agreement and the 1988 Protocol. On the basis of these instruments, Cyprus has made significant progress in adopting the acquis and more particularly within the framework of the Customs Union. Nevertheless, greater efforts still need to be made in the area of the single market (banking regulation). Maritime transport, telecommunications, and justice and home affairs represent other areas in need of particular attention. The Cypriot public administration seems well prepared to ensure the correct implementation of the acquis. In conclusion, from an economic point of view there is no major obstacle to Cyprus's accession to the EU ; however, the central question remains the partition of the island. A specific strategy will therefore have to be drawn up for Cyprus. A regular report will be put forward at the end of 1999 to evaluate the results of this country in its progress towards membership and to assess political progress on the island.