

Instrument of financial support for encouraging the economic development of the Turkish Cypriot community

2004/0145(CNS) - 07/07/2004 - Legislative proposal

PURPOSE : to establish an instrument of financial support for encouraging the economic development of the Turkish Cypriot community.

LEGISLATIVE ACT : Council Regulation.

CONTENT : to recall, 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.

Responding to the Council's invitation, the Commission has 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. More specifically, it establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community. In view of the political situation and with a view to allocating the financial support in the most efficient and rapid way it provides that assistance be supplied directly to the beneficiaries.

These measures will facilitate trade from the northern part of the island and strengthen its economic integration through financial assistance of EUR 259 million. They also set specific rules for goods crossing the green line separating the Greek Cypriot and the Turkish Cypriot communities.

Priority will be given in particular to the following objectives :

- the promotion of social and economic development, in particular concerning rural development, human resources development and regional development;
- the development and restructuring of infrastructure, in particular in the areas of energy, environment (including water supply);
- telecommunications and transport (including projects to develop links between the Cypriot communities);
- reconciliation and confidence building measures, including support to civil society;
- improved understanding of the European Union's political and legal order;
- promotion of youth exchange and scholarships;

– progressive alignment with the acquis communautaire and preparation for implementation of the acquis.

FINANCIAL IMPLICATIONS :

- Budget line : 22.01.04.07 - Financial support for encouraging the economic development of the Turkish Cypriot Community – Expenditure on administrative management; 22.02.11 - Financial support for encouraging the economic development of the Turkish Cypriot Community.

- Total allocation for action (Part B): EUR 259 million for commitment.

- Period of application: 2004-2006 for commitments. The legislative financial statement for this Regulation will present an amount of EUR 6 million for 2004, mainly dedicated to feasibility studies for the implementation of the financial support over the years 2005 (EUR 114 million) and 2006 (EUR 139 million). A part of the assistance will be used to finance the support expenditure linked to the implementation.

- Overall financial impact of human resources and other administrative expenditure : EUR 4.135 million.