

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

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At a meeting of the Permanent Representatives' Committee (Coreper) on 6 October 2004, delegations agreed on the amended version of the draft Regulation with a series of technical and policy amendments to be taken into consideration when being examined by the European Parliament.

To recall, the Council of 26 April 2004, considering that the Turkish Cypriot community has expressed their clear desire for a future within the European Union, recommended that the funds earmarked for the northern part of Cyprus in the event of a settlement should be used to put an end to the isolation of that community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community, with particular emphasis on the economic integration of the island and on improving contact between the two communities and with the EU.

This revised draft is without prejudice to further work by the Permanent Representatives' Committee on the draft Council Regulation on special conditions for trade with those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control (doc. 11603/04).

The revised draft Council Regulation stipulates that the Community shall provide assistance to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the *acquis communautaire*. Assistance shall benefit inter alia local bodies, cooperatives and representatives of civil society, in particular organisations of the social partners, business support organisations, bodies carrying out functions in the general interest in the areas, local or traditional communities, associations, foundations, non-profit organisations, non-governmental organisations, and natural and legal persons. The draft states that granting of such assistance shall not imply recognition of any public authority in the areas other than the Government of the Republic of Cyprus.

The amendments drafted by Coreper can be summarized as follows:

- measures to be financed under this Regulation are of an exceptional and transitional nature and are intended, in particular, to prepare and facilitate, as appropriate, the full application of the *acquis communautaire* in the areas following a solution to the Cyprus problem;
- with a view to allocating the financial support in the most efficient and rapid way, it is desirable to provide that assistance can be supplied directly to the beneficiaries;
- the development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply should take account of island-wide planning, where appropriate;
- in the implementation of actions financed under this Regulation, the rights of natural and legal persons, including the rights to possessions and property, should be respected.

One also notes the amendments aiming to provide a new comitology procedure instead of and replacing the one preferred by the Commission in its proposal (Coreper prefers the management committee procedure for the decisions on financing instead of the consultative committee).