



July 2022

**A COMPREHENSIVE SET OF IDEAS  
FOR REACHING AN AGREEMENT  
BETWEEN GREEK CYPRIOTS AND TURKISH CYPRIOTS,  
THE GUARANTOR POWERS,  
THE EUROPEAN UNION  
AND THE UNITED NATIONS  
ON HOW THE CYPRUS PROBLEM  
COULD BE RESOLVED**

***A good, feasible and viable option***

**This document is also available  
In Greek and Turkish**

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## 0 PREFACE

0.1 The ideas, which are set out on the following pages, are largely based on the convergences that have been attained or on suggestions that have been made by United Nations officials.

0.2 The novelty of the approach adopted here is the great emphasis placed on day-to-day issues that are of concern to ordinary citizens. The underrating (in the past) of this dimension of the political problem of Cyprus has resulted in intensifying the fears of Greek Cypriots as well as of Turkish Cypriots that changing the status quo could lead to negative developments that would seriously impact their daily lives. It is of the utmost importance to find practical ways and means to allay these fears.

0.3 Of equal importance for the success of the efforts aiming at the reunification of Cyprus is the attainment of a climate of harmonious cooperation amongst all those involved in the reunification process. It is essential to replace the confrontational climate that has prevailed in the past, which has fueled antagonistic claims and counter-claims and was probably the most important factor that led to the collapse of the Zurich and London agreements and to the painful experiences that were inflicted on the people of Cyprus.

0.4 Northern Cyprus has had a public administration, a civil service, a taxation system, a social insurance and pension system, a health care system and a judicial system, which are separate from those of the Republic of Cyprus, since 1974. Under this proposal, unless specifically stipulated otherwise, these separate systems will be automatically “inherited” to the North Cyprus constituent state of the Federation and the corresponding systems in South Cyprus, will be automatically “inherited” to the South Cyprus constituent state of the Federation. Under this proposal, certain systems - such as those associated with the currency of the country and its central bank, the fiscal policies followed etc. - are explicitly designated as “federal functions”, while, in certain other cases, such as taxation, social insurance, public pensions and health care, the two separate administrative systems are interlinked. In the areas of policing, public security and justice, above the two separate systems of the two constituent states there is a “federal level”, which has authority over the whole of the country. The “independent officers” (such as the attorney general, the auditor general etc.), anticipated under our proposal, shall function at the constituent state level and at the federal level, thus ensuring uniformity in the application of the jointly devised rules, throughout the territory of the federation. Certain expensive facilities and equipment, which are rarely used but when needed must be readily and abundantly available – such as forest fire fighting airplanes, should obviously be set up at the federal level. In our opinion, it would be a mistake to try to anticipate all the specific tasks that may have to be tackled and to seek to regulate them in advance. The system must have an adequate level of flexibility and should be able to adapt to changing circumstances, always on the basis of a consensus between the two constituent states that will be expressed by the “at least one positive vote” of both sides.

0.5 With these thoughts in mind, a convergence of thoughts and ideas on the political, social and economic future of Cyprus is being sought, particularly in respect of those issues that directly impact the day-to-day life of the people of Cyprus. The implementation of certain of the ideas that are advanced in this paper (such as the derogations from the European Acquis) are clearly subject to the approval of the European Union, but this is likely to be forthcoming (possibly with some modifications), given the declared commitment of the European Commission to assist and support the reunification of Cyprus, in every way possible.

## 1 INTRODUCTION

1.1 Despite the efforts exerted over the past 60 years for securing a stable and permanent climate of peace and security - a climate that would be conducive to the attainment of the desirable political, social and economic accomplishments, this goal has not been attained as yet, and, as a consequence, the majority of Cypriots are overwhelmed by a feeling of fear and concern for their future.

1.2 This work aims at demonstrating that the attainment of a favourable environment for achieving the reunification of Cyprus does not constitute an unattainable goal. With good faith, honesty and hard work we can transform our homeland into the paradise we have all dreamt of, at some stage in our life.

1.3 The fact that the whole of Cyprus is a full member of the European Union - a group of European countries that are slowly but steadily advancing on the road to federalism - is an important factor that must be fully utilised in confronting the problem of insecurity, which overwhelms both Greek Cypriots and Turkish Cypriots as well as those permanently living in Cyprus.

1.4 Without any doubt, the reunification of Cyprus (and the political and economic stability that will naturally follow) will pave the road to sustainable economic development and to the promotion of Cyprus as an international business centre.

1.5 In reading this paper, you will probably identify points with which you are not in full agreement. Please do not yield to the temptation of focusing on these issues but try to view the proposed arrangements as a whole. Above all, do not fail to consider what is likely to happen, if the problem remains unresolved for the next 60 years.

## 2 THE OVERRIDING OBJECTIVE

2.1 The reunification of Cyprus in a manner that would consolidate the unity of the country, on the basis of a federated, bizonal, bicomunal structure, with one sovereignty, one citizenship and one international personality, with political equality, as set out in detail in this work. The two constituent states shall carry the name "**North State of the Republic of Cyprus**" and "**South State of the Republic of Cyprus**".

## 3 FUNDAMENTAL RIGHTS

### 3.1 Upholding Personal Rights

3.1.1 The securing and protection of the fundamental rights of European Union citizens, which are directly linked to European Union citizenship, are listed in Articles 8 to 25 of the Treaty on the Functioning of the European Union and are based on the fundamental principles of the European Union.

3.1.2 These are:

- The right of respecting human dignity and the right of protecting life.
- The right of freedom, security and respect of private and family life.
- The right to democracy, to vote and to stand for election as a candidate, the right to education, the right to choose a profession or vocation, the right to work and the right to own property.

- The right to equality and the prohibition of any form of discrimination.
- The right to the rule of law, to a fair administration and to an effective access to justice.
- The respect of all human rights, including the entitlement of minorities for adequate protection.

## 3.2 Free Movement, Right of Establishment, the Cyprus Citizenship

3.2.1 More specifically, the securing and protection of the right of free movement and establishment in the entire jurisdiction of the Federal Republic of Cyprus and, by extension, the entire jurisdiction of the European Union, without suffering any discrimination on the grounds of ethnicity and the securing and protection of the right to vote and to stand as a candidate in municipal elections and elections for the European Parliament, which are held in the jurisdiction in which the citizen permanent resides.

3.2.2 It is clarified that for the purposes of maintaining the bizonality of the Federal Republic of Cyprus, the granting of the right to vote and to stand as a candidate in state elections of the one state to the citizens of the other constituent state shall be left at the discretion of the government of that state. The acquisition of such a right in one of the constituent states will automatically result in the loss of this right in the other constituent state.

3.2.3 It is also clarified that for a transitional period of 10 years, the right of (permanent) establishment of a citizen of the one constituent state in the other constituent state shall be limited to 50% of the permanently established citizens in a given municipality or community.

3.2.4 Finally, it is clarified that the granting of the citizenship of the Federal Republic of Cyprus shall be decided by each constituent state, provided that all the conditions set by the Federal Government and sanctioned by the House of Representatives and the Senate are fully satisfied and on the basis that such admissions to citizenship are limited to a ratio of 1:4 between the North State and the South State, quantified cumulatively, on an annual basis. The aforementioned restriction is extended to cover the permanent residents of the Federal Republic of Cyprus, who hold the Greek or the Turkish citizenship.

3.2.5 This deviation is necessary to avert the risk of substantially changing the cultural, ethnic and religious composition of Cypriots, given (a) the small size of the population of Cyprus, (b) the large size of the population of Turkey, (c) the geographical proximity of Turkey to Cyprus and (d) the substantial differentiation of the per capita income of the population of Cyprus compared to the population of Turkey. It is understood that the aforementioned restriction does not apply to tourists, students and seasonal workers, who have the necessary documents for proving their residence status and on the basis that they remain in Cyprus on a temporary basis, on the strength of temporary residence permits. [Note: For the application of this provision in relation to Greek citizens and, in the future, in the event that Turkey is admitted to the European Union, in relation to Turkish citizens, it is necessary to secure the consent and agreement of all the member states of the Union].

3.2.6 In order to ensure that the Cypriot nationality is not inadvertently granted to persons of questionable moral standing and, in general, to persons which do not fully satisfy the conditions set, the citizenship granted shall be “conditional” for a period of 3 years from the date of the publication of the relevant decision in the Government Gazette and it shall be subject to revocation by a decision of the Supreme Federal Court, on the application of the Attorney General or the Assistant Attorney General of the Federal Republic of Cyprus. In the event of such an application being made, the citizenship granted shall be suspended from the date of the filing of the application to the date of the final court decision.

3.2.7 For the purpose of avoiding doubt, it is clarified that all Cypriot citizens enjoy the right of unrestricted freedom of movement and have the right to acquire immovable property in the jurisdiction of the entire Cyprus. They also have the right to reside in any part of Cyprus, thus

being entitled to stay and work, to trade, to set up and operate a business or a profession and, in general, to engage in any economic activity, irrespective of the constituent state in which they have the right to vote and to stand for election.

3.2.8 The citizens of the Federal Republic of Cyprus also have the right to directly submit (either individually or in groups) petitions / complaints to the European Parliament and to any other EU institution or body, on issues that directly affect them and are within the competence of the Union.

### **3.3 Prohibition of any Form of Discrimination**

3.3.1 The protection against any form of discrimination and, in particular, in relation to sex, race, colour, ethnic origin or social background, genetic characteristics, language, religion or beliefs, political conviction or any other view or opinion, being a member of a minority group, birth, incapacity, age or sex orientation. The obligation of affording equal opportunities to all citizens of the Federal Republic of Cyprus falls within the framework of these prohibitions.

### **3.4 Data Protection and Privacy**

3.4.1 The protection of personal data constitutes another fundamental right of the citizens of the Federal Republic of Cyprus, based on the relevant European Union Regulations and Directives. It is clarified that the protection given in this respect is not intended to conceal criminal acts and the protection afforded to personal data may be restricted in certain circumstances by specific legislative acts, whenever such a restriction is deemed necessary and analogous for the protection of the wider public interest and, in particular, for combating corruption and collusion.

### **3.5 Right to Appeal to Justice**

3.5.1 The securing and protection of effective access to justice. This is another fundamental right of the citizens of the Federal Republic of Cyprus. Thus, every person has the right to a fair, public trial, which will be completed within a reasonable period of time, and will be conducted by an independent and impartial court that has been legally constituted. Every person has the right to seek the advice of a lawyer and to engage a lawyer to defend him/her. In criminal cases, the presumption of innocence must always be respected, while the persons suspected or accused of having committed a crime must always be in a position to understand what is going on in the criminal proceedings and must have the right to interpretation and translation into a language they can readily understand. These persons must also be advised of their rights when brought before justice and must have access to a lawyer of their choice. Those lacking sufficient resources must be provided with legal aid.

3.5.2 In particular, victims of criminal acts must be protected, in accordance with the provisions of European Union law, must be treated with respect, must receive appropriate support and must have access to justice.

3.5.3 It is understood that every citizen of the Republic of Cyprus has the right to appeal to the competent state courts, then to the federal courts and, if necessary, to the courts of the European Union, whose judgement is final and enforceable throughout the territory of the Federal Republic of Cyprus.

3.5.4 It is clarified that the composition of the federal courts will comprise an equal number of judges appointed by each of the two constituent states plus one judge who will be appointed jointly by the other judges, provided that he/she has the European Union citizenship and has secured at least one positive vote from the judges nominated by each of the two constituent states. The judge thus appointed shall serve as president of the federal court, unless otherwise

decided, provided that the decision in question has secured at least one positive vote from the judges appointed by each of the two constituent states of the federation.

3.5.5 It is further clarified that the costs of administering justice (including the emoluments of judges) shall burden the constituent states, save the case of the administration of justice at the federal level, where the costs will be borne by the federal budget.

### **3.6 Right to Communicate Freely**

3.6.1 The securing and protection of the right to communicate. This fundamental right shall be satisfied in the Federal Republic of Cyprus by the recognition of the Greek, Turkish and English languages as the official languages of the state. In practical terms, this means:

- 3.6.2 Providing the facility to learn all three languages in public schools, at the primary, secondary and higher levels of education throughout the country.
- 3.6.3 Specifying an adequate level of knowledge of at least two of the three languages as a necessary precondition for being recruited in the civil service, at the federal level as well as at the state level and at the level of local government.
- 3.6.4 Rendering the use of all three languages in all public documents and forms compulsory.
- 3.6.5 Rendering the use of all three languages on public plates, road signs, nameplates and, in general, on signs and plates that are intended to inform and advise the public, compulsory.
- 3.6.6 Rendering the right to communicate (in writing as well as orally) in one of the official languages of the citizen's choice, at every level of the executive, legislative and judicial arms of the state.

3.6.7 Note: For the implementation of the aforementioned language arrangements the Turkish language must be adopted as an official language of the European Union.

### **3.7 Right to Free Education**

3.7.1 Securing and protecting the right to free primary and secondary education. Each constituent state is obliged to satisfy this fundamental right, in its own geographical jurisdiction, and to absorb all the costs associated with this process in its state budget, within the framework of the following general rules concerning the operation of schools:

- 3.7.2 All public schools of primary and secondary education operating in the territory of the Federal Republic of Cyprus have an equal status and they provide a mutually recognised qualification.
- 3.7.3 The "basic core" of the syllabus covers about 50% of the entire teaching time and is determined at federal level.
- 3.7.4 The remainder of the syllabus is determined at the state level.
- 3.7.5 The main language of instruction in the North State is Turkish and in the South State is Greek, while the secondary language of instruction in the North State is Greek and English and in the South State Turkish and English.
- 3.7.6 Each constituent state has the right to establish primary and secondary schools in the other constituent state, at its own financial expense and under its own supervision. The children of persons who have the right to vote and stand for election in the other constituent state will have the right to attend these schools free of charge.
- 3.7.7 While it is recognized that public education at the level of primary and secondary education will have a Turkish culture orientation in the North State and a Greek culture orientation in the South State, under no circumstances will it be permissible to promote ethnic or religious hatred or to try to degrade the importance of one cultural tradition at the expense of the other. On the contrary, the main objective of public education



throughout the Cyprus territory should be to respect and tolerate diversity and to recognize the right of every citizen to make his own choices, within the framework permitted by the constitution of the country.

### **3.8 The Legal Status of the Federal Republic of Cyprus**

3.8.1 The Federal Republic of Cyprus is a country with a federated, bizonal, bicomunal structure. It follows that the State has a single sovereignty, a single international personality and a single citizenship and is integrated into the European Union as a full member-state. The Federal Republic of Cyprus, which will result from the evolution of the pre-existing Republic of Cyprus, consists of two equal constituent states, that of Northern Cyprus and that of Southern Cyprus.

3.8.2 All citizens of the Federal Republic of Cyprus are simultaneously citizens of either the northern constituent state or the southern constituent state. The latter qualification is an internal one; it complements but it does not, in any way, substitutes the Cypriot citizenship.

3.8.3 The Federal Republic of Cyprus is a successor of the Republic of Cyprus and, therefore, assumes all the international rights and obligations, including the rights and the obligations which are linked to the status of Cyprus as a member-state of the European Union and of the United Nations, which were previously enjoyed or carried by the Republic of Cyprus.

3.8.4 The secession of one of the constituent states, or part thereof, to form an independent, sovereign state or for the accession to another existing state, is not anticipated by the constitution of the Federal Republic of Cyprus. If, nevertheless, such a secession or accession of one of the constituent states, or part thereof, is attempted, then all the rights of the breakaway state or region, including its sovereign rights, if any, shall be automatically transferred to the other constituent state.

*[continued on next page]*

## 4 GOVERNANCE

### 4.1 Governance - The Presidency

4.1.1 The presidents of each constituent State are elected simultaneously, by direct election, for a five-year term.

4.1.2 To ensure a minimum common understanding on the key issues of the country's governance, the presidential candidates must nominate, at the commencement of the election campaign, a presidential candidate in the other Constituent State with whose positions there is consensus and with whom they are ready to cooperate. Throughout the territory, each registered voter casts his/her vote for the pair of candidates of his/her choice, by utilising a common ballot paper (of a different colour in each constituent state).

4.1.3 The election result is measured by adjusting the counted votes of each pair in each state, so that the counted valid votes of each pair in each state, are limited to the total of the counted valid ballot papers of that pair throughout the territory multiplied by the percentage of the registered voters of that state to the registered voters of the entire territory. It is understood that the number of valid ballot papers counted is not weighted (adjusted) downwards, if it is not greater than the corresponding maximum number determined as described above. *(Note: The above-mentioned "adjustment" aims at adjusting the election result on the basis of the electoral strength of each state. – An example of the prescribed "weighting" of the election result is given in Appendix 2).*

4.1.4 The presidents of the constituent States shall be those who have jointly obtained the maximum number of weighted valid votes in the entire territory of the country, while President of the Federal Government shall be declared, on a rotational basis, one of the two Elected Presidents of the Constituent States, for two periods of 21 months each and 9 months each, for the southern and northern states, respectively. While the president of the one constituent state serves as president of the Federal Government, the president of the other constituent state serves as vice president of the Federal Government.

4.1.5 In the event that a presidential candidate in one of the constituent states fails to nominate a presidential candidate in the other constituent the state with whom he/she is ready to cooperate, and yet that candidate secures the largest number of valid votes of any pair in the entire territory, then the majority candidate shall be elected president of the state for which he/she has submitted his/her candidacy; while the candidate of the runner-up pair shall be elected president of the other constituent state. In such a case, if, within three months of their election, the cooperation of the two elected presidents proves unworkable, they should both resign and the election process repeated, within one month of the resignation.

### 4.2 Governance - The Cabinet

4.2.1 The Federal Council of Ministers is presided over by the President of the Federal Republic of Cyprus. If the president is temporarily obstructed from attending to his/her duties, he/she is replaced by the Vice-President. The Federal Council of Ministers also includes 11 ministers who are selected after consultation with the presidents of the two constituent states, in a way that leads to the selection of 7 ministers with the right to vote and stand for election in the Southern State and 4 ministers with a similar right in the Northern State. In the absence of an agreement between the presidents of the constituent states, each of them appoints the ministers corresponding to the state of which he is president. The decisions of the Federal Council of Ministers are taken by a simple majority of those present, provided that at least 1 (one) positive vote is obtained from each of the two states. In the event of a tie, the subject is deferred to the next meeting of the Federal Council of Ministers, when a repeated tie is deemed to be a rejection of the proposal.

4.2.2 For promoting the highest possible level of coordination, the ministers and the ministries they manage are the same, both at the federal and state levels. In all cases, where the portfolio of a minister at the federal level is held by a person who has the right to elect and be elected in the North State, then that same person should hold that portfolio at the level of the State in which he/she is a registered voter. In the remaining cases, the position of minister at the state level is occupied by a different person coming from that State, who, at the federal level, carries the title of "Deputy Minister". Analogous rules apply in the case of the South State. "Deputy Ministers" have the right to attend meetings of the Federal Council of Ministers as observers, without the right to vote.

4.2.3 The salaries and other financial emoluments (pensions, allowances, etc.) of the president, vice president and ministers are paid one half from the federal budget and one half from the state budget in which they are registered as voters. The emoluments of the deputy ministers are paid in full by the state in which they are registered as voters.

<b>GOVERNMENT</b> <i>[The number denotes the months of service]</i>	Federal Level		Northern State	Southern State	Deputy Ministers at State Level
	42	18	60	60	
President (& Minister of Foreign Affairs)	42	18	60	60	
Vice-President	18	42			
1 Agricultural Development & Food	X		X		X
2 Competition, Commerce & Shipping	X			X	X
3 Public Order (Police / Fire Service / Civil Defence)	X			X	X
4 Justice & Transparency	X		X		X
5 Labour & Social Cohesion	X		X		X
6 Finance	X			X	X
7 Federal Coordination & Digital Governance	X			X	X
8 Environment & Energy	X		X		X
9 Culture, Sports & Education	X			X	X
10 Health	X			X	X
11 Infrastructure, Transport & Communications	X			X	X
	11		4	7	11

4.2.4 During the transitional period of the implementation of the present plan, a Deputy Ministry of Compensation and Settlements is installed (at the federal level), reporting directly to the President and the Vice-President of the Federal Government, headed by 2 (two) Deputy Ministers (one from those registered to vote and stand for election in the northern Federal State and one from those registered to vote and stand for election in the southern Federal State), whose sole task will be to solve the practical problems that may arise during the transition from the old system to the new one.

### 4.3 Governance - Independent Bodies

4.3.1 The independent officers of the public administration of the Federal Republic of Cyprus are the following:

<b>INDEPENDENT OFFICERS</b> <i>[The number denotes months of service]</i>	Federal Level		Northern State	Southern State
	42	18	60	60
Central Bank Governor	42	18		
Central Bank Assistant Governor	18	42		
Attorney General	42	18	60	60
Assistant Attorney General	18	42		
Auditor General	42	18	60	60
Assistant Auditor General	18	42		

Accountant General	42	18	60	60
Assistant Accountant General	18	42		
General Director of Taxation	42	18	60	60
Assistant General Director of Taxation	18	42		
Public Administration & Human Rights Commissioner (Ombudsman)	42	18	60	60
Assistant Public Administration & Human Rights Commissioner	18	42		
Education & Training Commissioner	42	18	60	60
Assistant Education & Training Commissioner	18	42		
Personal Data Protection Commissioner	42	18	60	60
Personal Date Protection Assistant Commissioner	18	42		
Environment & Health Commissioner	42	18	60	60
Environment & Health Assistant Commissioner	18	42		
Competition Monitoring Commissioner	42	18	60	60
Competition Monitoring Assistant Commissioner	18	42		
Public Procurements Supervision Commissioner	42	18	60	60
Assistant Public Procurements Supervision Commissioner	18	42		
Communications Supervision Commissioner	42	18	60	60
Communication Supervision Assistant Commissioner	18	42		
Capital Market Supervision Commissioner	42	18	60	60
Capital Market Supervision Assistant Commissioner	18	42		
MCM Supervision Commissioner	42	18	60	60
MCM Supervision Assistant Commissioner	18	42		

4.3.2 The independent officers shall be appointed by the presidents of the two constituent states within one week of taking office, in a manner similar to that of the appointment of ministers and for a term of office that is coterminous to that of the state presidents, provided that their appointment is sanctioned by the House of Representatives by a simple majority. The emoluments etc. of the independent officials shall be paid in a manner similar to that used for covering the emoluments of the members of the Federal Council of Ministers.

4.3.3 The general directors and the assistant general directors of the federal presidency and the vice-presidency and of the federal ministries are appointed and remunerated in a similar manner and on a similar basis.

4.3.4 The Independent Commissioners (and the Assistant Commissioners) as well as the Governor of the Central Bank, the Attorney General, the Auditor General, the Accountant General and the Director of Taxation (and their Deputies) are independent officers of the state administration. Their principal role is a supervisory role, aiming at securing the proper functioning of the systems that fall under their supervision and, in parallel, to serve as a protective shield of the civil society against the arbitrary behaviour of the state apparatus or of other stakeholders (in addition to the protection afforded by the judicial system).

4.3.5 It follows that the Independent Officers of the State must be (and must always remain) free of any influence on their work on the part of the executive and the legislative arms of the State. An extension of this principle is the prohibition of their involvement in any executory work undertaken by the State. A good example of the need to avoid conflicting arrangements is the case of the Attorney General, which is a role that is clearly distinct from that of serving as an advisor or legal consultant to the government or any other arm of the State.

4.3.6 It is understood that in those cases where the necessary qualifications, the appointment process, the term of service and the duties of an Independent Officer are prescribed in Directives

and/or Regulations issued by the European Union, such rules and regulations supersede those stipulated in the corresponding national rules.

#### 4.4 Governance - Public Registries

4.4.1 The Public Registers of the Federal Republic of Cyprus are authentic databases necessary for the proper functioning of society as a whole, from which statements of authentic information can be drawn by those who have the right to extract and to the extent that they are duly authorised to extract specific information. The type of information maintained in these public registers, the obligation, as well as the conditions that must be met for inputting or deleting information from the registers is specified at the federal level. The Public Registers are electronic-registers (e-registers), the authenticity, integrity, availability and proper access of which as well as the accountability of their administrators is secured by digital technologies. Some of the public registers (the Basic Public Registers) are of particular importance to the public administration as well as to the citizens, given that they carry primary and authentic information that is extensively used and reproduced in many ways, in other registries and electronic services. The underlying information reflected in these basic registers relates to daily-life events of natural and legal persons or is required to facilitate the provision of services that are of importance to the country's citizens.

4.4.2 The Basic Public Registers, in line with the European definition of the New European Interoperability Framework, are the cornerstone of digital services, as they constitute reliable sources of basic information on various subjects or objects, such as persons, companies, vehicles, licenses, buildings, locations and roads, which can be digitally reproduced.

4.4.3 The Public Registers are developed and centrally kept by the Federal Government. Those responsible for the development of these systems, their proper maintenance, their adequate protection and their proper supervision are the Federal Administrator and the Deputy Federal Administrator of the Public Registers, who are lifelong civil servants and whose employment costs are borne by the federal budget. The services of the Federal Administrator and the Assistant Federal Administrator of the Public Registers may be terminated by a joint decision of the president and the vice president of the federal government.

4.4.4 The persons responsible for entering, deleting or modifying data in the Public Registers are the State Administrators of the Registers, who must be satisfied for the correctness and completeness of the data entered in the Public Registers and must ensure the timely entry of the required data. In addition, the state administrators are responsible for the day-to-day extraction and safe keeping of copies of the federal registries, which they administer.

4.4.5 It is understood that the data in the Public Registers will be kept in a way that will ensure the protection of personal data, in accordance with the provisions of the European Union legislation. It is also understood that the data kept in the Public Registers and especially the data in the public view (such as the vehicle registration numbers) will not include unnecessary data that could lead to discrimination against specific groups of citizens.

4.4.6 The Basic Public Registries include the following specialised data bases:

	<i>Federal Administrator of Public Registries</i>		<i>Assistant Federal Administrator of Public Registries</i>		<i>Administrators of Northern State Public Registries</i>		<i>Administrators of Southern State Public Registries</i>	
<i>[The numbers denotes months of service]</i>								
<i>The Register of Citizens (entitled to vote and to stand for election )</i>	42	18	18	42	60		60	
<i>The Register of Identity Cards</i>	42	18	18	42	60		60	
<i>The Register of Residence Permits</i>	42	18	18	42	60		60	
<i>The Social Security Register</i>	42	18	18	42	60		60	
<i>The Tax Register</i>	42	18	18	42	60		60	

<i>The General Commercial Register (of companies etc.)</i>	42	18	18	42	60	60
<i>The Land Registry</i>	42	18	18	42	60	60
<i>The Street and Street Numbers Registry</i>	42	18	18	42	60	60
<i>The Driving Licences Registry</i>	42	18	18	42	60	60
<i>The Vehicle Registry</i>	42	18	18	42	60	60
<i>The Register of Licensed Financial Institutions *</i>	42	18	18	42	60	60
<i>The Register of Licensed Insurance Companies</i>	42	18	18	42	60	60
<i>The Registers of Licensed Professionals (Doctors, Lawyers, Accountants, Architects, Engineers etc.)</i>	42	18	18	42	60	60
<i>The Official Government Gazette **</i>	42	18	18	42	60	60

(\*) Responsibility of the Central Bank

(\*\*) The Official Government Gazette must be easily and freely available, in an electronic form on the internet, in the three official languages of the Republic.

4.4.7 It is understood that authorised persons should be able to extract from the Public Registers the stored data, in any of the official languages of the Republic of Cyprus (Greek, Turkish and English). The names of the natural and legal persons will be assigned in the three languages in the manner of choice of the person involved and, in the case where the personal names are specified in only one language out of the three, they should be phonetically rendered into the other languages, using the Latin alphabet.

## **4.5 Governance - Conflict Resolution Mechanism**

4.5.1 Despite the safeguards contained in this Plan and the good intentions of the parties involved, the possibility of leading the governance of the country into deadlocked situations cannot be completely ruled out. Thus, in the event of a dispute and an inability to reach a consensus, despite all efforts made, resulting in the creation of a climate of instability and uncertainty, the assistance of the European Commission in resolving the problem encountered should be sought (by means of a joint "Referral Note"). The position taken by the European Commission shall be binding and immediately enforceable, while preserving, of course, the right of any aggrieved party to appeal against the decision to the European Court of Justice, if valid grounds exist for doing so.

*[continued on next page]*

## 4.6 Governance - Federal Legislative Bodies

4.6.1 The Federal Republic of Cyprus has two (2) legislative bodies: the House of Representatives (Lower House) and the Senate (Upper House), with 48 members each.

	<u>House of Representatives</u>	<u>Senate</u>
<b>Composition:</b>	Proportional to those who have the right to vote and stand for election, with a minimum number of 10 from each state. Decimals must be rounded to the nearest whole number.	24 Senators from each state.
<b>Election:</b>	Simultaneous procedure with the election of the presidents of the constituent states (and the Federal Government), using a single ballot paper. For the Lower House, the electorate of each state is divided into constituencies of about 100,000 voters each, in which the parliamentary candidates with the largest number of votes in each electoral constituency and the candidates with the largest number of "unapportioned" votes in the entire territory are elected, provided that the votes allocated to the second allotment round represent at least 3% of the total number of the counted valid ballot papers.	
<b>Quorum:</b>	25 Members	25 Senators
<b>Valid resolutions:</b>	Majority of those present.	Majority of those present (at least 5 senators present from each state).
<b>Presidents of the Lower and the Upper House</b>	In both legislative chambers, the deputies of the "alliance" that elected the presidents of the two constituent states and have secured (in the process of electing the president and deputy president of each house) the largest number of votes, are elected presidents and deputy presidents. The elected presidents and deputy presidents of the lower and upper house serve for periods similar to those during which the candidates from the same state serve their term as presidents of the Federal Republic of Cyprus.	

4.6.2 It is understood that the laws voted must always comply and be harmonized with the European Union legislation and the Constitution of the Federal Republic of Cyprus. In case of doubt or challenge and an inability to reach an agreement, despite all efforts made to this end, resulting in the creation of a climate of instability and uncertainty, the opinion of the Legal Service of the European Commission will be sought by submitting a joint "Problem Resolution Referral Memorandum". The opinion of the Legal Service of the European Commission will be binding and immediately enforceable, while maintaining, of course, the right of any aggrieved party to appeal before the European Court of Justice, against the decision thus taken in.

## 4.7 Governance - State Legislative Powers

4.7.1 In federal Cyprus, the "presidential decree" constitutes legislation, which is issued by the President of each constituent State, on the basis of proposals that are drafted and submitted by the competent ministers of the constituent State, in accordance with the authority granted under the relevant primary legislation. The "presidential decree" is subject to the normal publication requirements and is legally binding but it cannot exceed the powers granted under the primary legislation nor can it contain provisions that are unconstitutional and is subject to a legal review pre-issuance procedure.

4.7.2 As mentioned above, the supreme legislative power in the Federal Republic of Cyprus is that of the European Union. This legislation is amplified and supplemented at the level of the Federal Legislature. However, it is very likely that there will be a need for further elaboration and supplementation of legislation at the State level, in order to address the problems often arising at the local level. This need is covered by the issuance of Regulatory Legislation, in the form of Regulatory Decrees, issued by each State Government, without the need for pre-consultation or harmonization with the State Government of the other constituent State. It goes without saying, of course, that these Regulatory Decrees must be fully harmonized with European and Federal legislation. Failure to comply with this requirement would render them invalid from the time of their issuance.

4.7.3 The aforesaid Decrees require the approval of the State Government involved. Issued in the 3 official languages of the Republic of Cyprus, they are signed by the President and the competent Minister(s) of the State Government and are valid from their publication in the Official Gazette of the Republic, where they are posted in a separate State Section of the Gazette, care of the Secretary of the State Government.

## **4.8 Governance - The European Parliament**

4.8.1 The election of the members of the European Parliament (MEPs) to the seats that each time correspond to Cyprus, is carried out by direct, universal and secret ballot by Cypriot citizens, who have the right to vote for the election of President and Vice-President of the Federal Republic of Cyprus. Citizens of other European Union Member States, who have the right to vote in the national elections of their country of origin, also have the right to vote.

4.8.2 For the election of MEPs, the entire Territory of Cyprus constitutes a single constituency. The day and duration of voting shall be determined each time by a Decision of the Federal Council of Ministers, at least thirty days before election-day.

4.8.3 The European Parliament candidates must have the right to stand as candidates for the positions of President and Vice-President of the Federal Republic of Cyprus. Also qualified to participate in the election process, as candidates, are the citizens of other European Union Member-States, who have the right to stand as candidates in the corresponding elections in their country of origin.

4.8.4 Those receiving the largest number of valid votes in the entire Republic of Cyprus are elected, provided that at least one of the elected candidates is the candidate, who receives the highest number of votes in the constituent state that has not succeeded to elect a candidate on its own.

## **4.9 Governance - Judiciary**

4.9.1 The structure of the judiciary in the Federal Republic of Cyprus is the following:

<b><u>Court</u></b>	<b><u>Jurisdiction</u></b>	<b><u>Northern State</u></b>	<b><u>Southern State</u></b>
<i>District Courts</i>	First instance adjudication of all civil disputes and criminal offenses, punishable by imprisonment of up to 5 years. The district courts are one-judge courts. Specialised courts of first instance may be set up to deal with cases related to family law, labour law, international protection (asylum) law, etc.	*	*
<i>Criminal Courts</i>	First level trials of the more serious criminal offences. The criminal courts are three-judges courts.	*	*



<i>Appeal Courts</i>	The courts of appeal hear appeals against decisions of the courts of first instance. As a rule, appeals are heard by 3 judges.	*	*
<i>Supreme State Courts</i>	The two Supreme State Courts have (a) reviewing powers in relation to decisions, acts or omissions of administrative bodies, (b) exclusive jurisdiction on issuing preferential warrants, (c) adjudicating naval court cases and (d) adjudicating electoral court cases.	1	1
<i>Supreme Federal Court</i>	The Supreme Federal Court has jurisdiction to hear appeals against decisions of the Supreme State Courts and cases relating to the Constitution of the Country. The composition of the Supreme Federal Court (in each case) is five judges but the total number of members of the Court is 18.		1

4.9.2 It is understood that appeals against the decisions of the Supreme Federal Court of Cyprus may be launched before the Court of Justice of the European Union (CJEU), in accordance with the provisions of European legislation. The legal aspects of this process will have to be looked into in detail.

4.9.3 (\*) The number of district courts, criminal courts and courts of appeal of each State is determined by the State's Supreme State Court, depending on the current and estimated future demand for judicial services.

#### 4.10 Composition of the Courts

4.10.1 The composition of state courts in each state is decided by the Supreme State Court of each individual state.

4.10.2 The members of the Supreme Federal Court are jointly appointed by the Presidents of the two constituent states for a nine-year term, non-renewable. The selection of a judge from the sitting judges of each Supreme State Court is made annually, so that the composition of the Supreme Federal Court is entirely renewed every 9 years. In the first determination of the composition of the Supreme Federal Court, 6 judges will be selected for a 3-year term, 2 for 4 years, 2 for 5 years, 2 for 6 years, 2 for 7 years, 2 for 8 years and 2 for 9 years. At the end of their term in the Supreme Federal Court, retiring judges will be able to return to their former position on the State Supreme Court, if they so wish, but during their term on the Supreme Federal Court they will not be allowed to hold any other position, anywhere else.

4.10.3 The Presidents of the State Supreme Courts are appointed by the judges of each Supreme State Court, by a simple majority. The President of the Supreme Federal Court is appointed annually by a majority of 75% of the judges of the Supreme Federal Court. In the event of failure to achieve this percentage, the President of the Supreme Federal Court of Justice shall be appointed by the European Commission from amongst persons who have similar qualifications to those required for an appointment as members of the European Court of Justice, barring judges who have Cypriot or Greek or Turkish citizenship. The so appointed President of the Supreme Federal Court shall be seconded to the Supreme Federal Court of Cyprus for a period of twelve months, which may be renewed for further 12-month periods, as necessary.

4.10.4 The remuneration, pensions and other emoluments of members of the judiciary are charged to the state budgets, except for the emoluments etc. of members of the Supreme Federal Court, where the burden must be borne by the federal budget.

*[continued on next page]*

## **5 THE PUBLIC SERVICE**

### **5.1 Staffing and Allocation of the Cost of the Civil Service**

5.1.1 In addition to the public services provided by the municipalities and local communities, there are three self-contained bodies of civil servants that serve the public in Cyprus. These are: The Federal Civil Service and the two State Public Services. Of course, there is an extensive organic interconnection and interplay between them, which aims at minimizing the total cost of operating the public services throughout the Cypriot territory, but also at maximizing the productivity of all the services provided, by avoiding the unnecessary repetition of the same tasks at the federal and state levels.

5.1.2 A good example of the work that must be carried out at the federal level - in order to achieve the greatest possible savings - is the design, development and testing of new computerised systems, but also the continuous (on-going) maintenance of these systems. Another good example of avoiding unnecessary waste of resources is the joint tackling of international tasks at the federal level. A third good example is the use of the federal civil service as a reservoir of specialized knowledge and expertise to deal with rare or complex problems or problems that have a global scope.

5.1.3 The staffing of each State Public Service, the determination of the working conditions of civil servants, including their remuneration, and, in general, the absorption of the operating costs of the State Public Service is a matter falling within the competence and responsibility of each state government.

5.1.4 In the case of the Federal Civil Service, a distinction should be made between, on the one hand, the senior executives of the federal civil service, who are appointed for a certain term, are detached from the State Public Service and, on a rotational basis, assume responsibility for the administration of the individual branches of the federal service (as in the case of independent state officials and general directors of federal ministries) and, on the other hand, members of the Federal Civil Service, who are permanently employed by the Federal Government and are engaged exclusively in serving the State at the federal level.

5.1.5 Members of the Federal Public Service must necessarily speak adequately at least two of the three official languages of the Federal Republic of Cyprus, while speakers with proficiency in all three languages shall be entitled to a 10% bonus on their basic salary.

5.1.6 The emoluments and all similar rights (pensions, etc.) of members of the Federal Civil Service (with the exception of those on secondment from the State Civil Services) are borne entirely by the federal budget of the Republic.

## **6 SECURITY AND GUARANTEES**

6.0.1 All the parties involved in formulating the political future of Cyprus agree that the security system, which will be adopted by the Federal Republic of Cyprus, must ensure that - in a united Cyprus - both communities feel safe and the security of one community is not attained at the expense of the security of the other community. Furthermore, there seems to be universal agreement that in the new order of things, no country can have institutionalised unilateral intervention rights in Cyprus.

6.0.2 The first stage in the implementation of an agreed settlement is indeed crucial, because it is at that stage that difficulties are likely to arise, which could throw the process into reverse. Undoubtedly, good, detailed planning of the new order of things will greatly help to avoid interpretative difficulties and, by extension, controversies. In such a case, equally important for the smooth transition of the Republic of Cyprus to its federal status will be a well-designed system for

monitoring the implementation of the agreed solution and the possibility of immediately providing effective assistance in solving the problems that will arise, thus avoiding further complications and reversals.

6.0.3 If such difficulties are encountered, the right of unilateral intervention on the part of any of the guarantor powers, if exercised, will almost certainly lead to the intensification (rather than the resolution) of the problem.

6.0.4 This is precisely the thinking behind the proposal to replace the existing Treaty of Guarantees with a new Treaty of Friendship and Good Implementation of the Agreed Solution. The practical value of the safeguards contained in such a Friendship Treaty will focus on the effectiveness of the safeguards and the speed with which these safeguards could be activated.

## **6.1 The Necessity to Involve the European Union**

The speed of activating the safety valves is of the utmost importance for the effective operation of the system and the avoidance of irreversible faits accomplis. The attainment of the required state of readiness presupposes the existence of a rapid deployment mechanism, with a presence on the ground, and excludes organisations, such as the United Nations, the practical value of which is inevitably undermined by their indecisiveness in taking decisions and the non-executory nature of their resolutions. Under the circumstances, the only appropriate solution to secure the desired sense of security in Cyprus is the European Union, whose involvement - due to Cyprus' membership of the Union - is a relatively easy affair and provides the needed guarantees of objectivity and fair judgement.

## **6.2 The European Rapid Deployment Force**

6.2.1 The Federal Republic of Cyprus should not maintain any independent military forces, but can certainly contribute to the creation of the European Union Rapid Deployment Capacity, in which Greece and Turkey could participate, with their 950 and 650 Cyprus-based soldier contingents (or part thereof), respectively, as a link between the European Rapid Deployment Force and the North Atlantic Alliance.

6.2.2 The European Rapid Deployment Force will be composed of professional soldiers from all member states of the European Union and will be used to support peace and counter-terrorism missions, in any part of the world the European Commission directs. The European Rapid Deployment Force could be based at the Dhekelia Military Base, at the Saint Nicholas Garrison and at a base in Northern Cyprus, which will be vacated by the Turkish army.

6.2.3 The administrative centre of the European Rapid Deployment Force will be located in Nicosia, in what will be designated as "federal area", such as the space currently occupied by the "green line" (in which federal ministries and other federal agencies could also be installed).

## **6.3 The Federal Police**

6.3.1 In addition to the European Rapid Deployment Force, a Federal Police force will be established. Consisting of 2,500 men and women, its main mission will be to preserve order throughout the territory of Cyprus, to police the international airports and ports of Cyprus, to suppress and solve interstate crimes and to combat terrorism and drugs trafficking. In addition, it will cooperate with the police forces of other countries and, above all, the various competent bodies of the European Union (such as the European Border and Coast Guard Agency (Frontex), Europol, etc.).

6.3.2 For a period of at least 10 years, the composition of the Federal Police should be as follows: 1,500 police officers seconded from other member states of the European Union (of which 100 from Greece and 100 from Turkey) and 500 police officers, who will have the right to vote and stand for election in the North State and the South State of Cyprus.

6.3.3 It is clarified that during the aforementioned transitional period, the commander and deputy commanders of the Federal Police will not be Cypriot, Greek or Turkish citizens.

6.3.4 It is understood that with the deployment of the European Rapid Deployment Force and the Federal Police, all foreign military forces located in the geographical territory of Cyprus, save the British military forces stationed at the Episcopi Base, will be withdrawn.

## **7 THE TERRITORY ISSUE**

7.1 The "territory issue" is directly related to the "property issue", given that certain "territorial adjustments" have been agreed, which will allow some 85,000  $\pm$ 3,000 displaced owners to be resettled in their properties. Obviously, these figures depend on the land area that will ultimately remain under the jurisdiction of each constituent state. On the basis of the negotiations and convergences that have been achieved, the territorial percentage of each state was agreed at 28.5% and 71.5% for the North and South States, respectively, while the coastline corresponding to these percentages was estimated at 54% and 46%, respectively. It is obvious that the territorial arrangements will directly impact the compensation, which will need to be paid in those cases where it will not be possible to resettle the owners deprived of the possession of their property. The treatment of the problem will inevitably be different, depending on whether the affected property will eventually end up falling under the administrative jurisdiction of the state in which the owner is a permanent resident or not.

7.2 It is clarified that all references to the "territory issue" exclusively relate to immovable property. Of course, it is well known that the upheavals of the war extended over significant losses to business and personal property, which are not addressed in this paper, both because of the complexity of the issue and the practical difficulties of quantifying the losses in question, but also because these losses have been - at least partially - covered in various other ways (forgiveness of debts, subsidies, allowances, grants, tax concessions, etc.).

7.3 It is assumed that included in the areas that are subject to territorial adjustment are those of the fenced-off Famagusta and part of the Morfou area. The details of the territorial adjustments, which were proposed and discussed at the 2017 Geneva negotiations, are in the custody of the United Nations. For reference purposes, a map of Cyprus illustrating the current situation is provided in *Appendix 3* to this paper.

7.4 There is no doubt that for many people negatively affected, the determination of the practical impact of the ideas set out in this paper is conditional on the prior precise determination of the geographical jurisdictions of the two constituent states of the Federal Republic of Cyprus, such as, for example, the fact that the geographical jurisdiction of the fenced-off area of Famagusta will come under the South State.

## **8 THE PROPERTY ISSUE**

### **8.1 The Substance of the Property Problem**

8.1.1 One of the important consequences of the unsettled situation that has prevailed in Cyprus since 1963 was the effective deprivation of many property owners of the right to freely use, exploit

and utilise their property. The massive population movements that took place between 1963 and 1975 (members of the Turkish Cypriot community moving from the south to the north and members of the Greek Cypriot community moving from the north to the south) were caused by the need to attain a minimum level of physical safety and security. In practice, several of the properties, which by necessity were "evacuated" in the above-described manner (especially those intended for use as dwellings) were utilised for the accommodation of displaced persons of the other community. However, because the flows of displaced persons were not equal in numbers, many Greek Cypriot-owned properties in the north remained vacant and were used to house Turkish nationals, who gradually settled in the northern part of Cyprus. In fact, some of them were asked to pay and have paid a certain consideration for the property "allocated" to them. These arrangements were made under conditions of war, the primary goal being the settlement of the homeless and not the settlement of the problem that had arisen on a fair and equitable basis. The process proposed here recognises the necessity of eliminating or at least mitigating the gross injustices caused to the detriment of the owners of the affected properties (whether commercial or residential), both in the north and in the south and is based on the convergences achieved and made publicly known.

8.1.2 In dealing with the difficult "property issue", three basic "concepts" come into play, representing the "therapies" offered for this purpose: "Rehabilitation", "compensation" and "exchange", which is a form of "compensation". "Rehabilitation" has two separate aspects: (a) regaining the right of "use and possession" and (b) restoration of the property to its former qualitative state. In fact, there is a third dimension, which is the loss of use during the intervening period of time. This latter issue has also been excluded from the problems addressed in this paper, on the grounds that it is a particularly complex and difficult issue to deal with, in part because of the offsetting of claims that in certain cases has actually taken place, but also because the loss of the economic benefit of use was, in many cases, compensated in various other - admittedly heterogeneous - ways.

8.1.3 The arrangements referred to herewith are based on the agreed framework of a federal solution, based on the principles of bi-zonalism, bi-communalism, political equality, a single sovereignty, a single international personality and a single citizenship.

8.1.4 The terms set out below are consistently used in this chapter:

8.1.4.1 **Dispossessed Owner (DO):** A natural or legal person who, at the time of dispossession, held a legal interest in the affected property as owner or part owner, his/her legal heir, personal representative or successor in title, by way of gift or otherwise.

8.1.4.2 **Current User (CU):** A person who has been granted a form of right to use or occupy property by an authority under a legal or administrative process established to deal with property belonging to dispossessed owners, or any member of his/her family who has a derivative right to use or occupy such property, or his/her heir or successor in title. The definition does not include any person, who occupies or uses a property having no legal, administrative or formal basis, nor any person using or occupying property under a lease contract from a private person, nor any military force, body or authority.

8.1.4.3 **Owner of Substantial Improvement (OI):** For the purposes of determining the ownership of the improvement, such improvement shall not be considered as having been attached to the land; the owner of the improvement is the natural or legal person who paid for the improvement or his/her heir, personal representative or successor in title. The burden of proof concerning the value, ownership and date of construction of any improvement lies on the owner of the improvement.

8.1.4.4 **Subsequent Purchaser (SP):** Any purchaser (or his/her successors in title) of an affected property, which was assigned to a dispossessed owner.

## 8.2 The Proposed Therapies

### 8.2.1

GEOGRAPHICAL AREAS	NOT SUBJECT TO TERRITORIAL ADJUSTMENT			
	ELIGIBLE FOR REINSTATEMENT			
		DISPOSSESSED OWNER (DO)	>	DO can claim partial reinstatement and partial compensation or total compensation.
		CURRENT USER (CYPRIOT) (CU)	>	Reinstatement of CU's own property or compensation for relocating.
		CURRENT USER (NON-CYPRIOT) (CU)	>	CU must vacate the property and seek financial assistance from the state he is currently located at to relocate.
		DISPOSSESSED OWNER (DO)	>	DO can only claim compensation.
		CU WHO IS ALSO A DISPOSSESSED OWNER (CU/DO)	>	CU/DO can claim title in exchange of owned dispossessed title, subject to equalisation of values.
		SUBSEQUENT PURCHASER FROM CU/DO	>	Assuming use of property for over 10 years, acquisition of property title on satisfying various conditions.
		OWNER OF <u>SUBSTANTIAL</u> IMPROVEMENT (OI)	>	OI can claim title on payment of current value of affected property without the improvement.
	SUBJECT TO TERRITORIAL ADJUSTMENT	DISPOSSESSED OWNER (DO)	>	DO can only claim reinstatement.
		OWNER OF <u>SUBSTANTIAL</u> IMPROVEMENT (OI)	>	OI can claim cost of improvement or title (on paying for the original property), depending on the wishes of the DO.
		CURRENT USER (CYPRIOT) (CU)	>	Reinstatement of CU's own property or compensation for relocating.
		CURRENT USER (NON-CYPRIOT) (CU)	>	CU must vacate the property and seek financial assistance from the state he is currently located at to relocate.
		OWNER WHO DOES NOT WISH TO CLAIM REINSTATEMENT	>	Owner may claim compensation from the Dispossessed Property Management Board (see below).

(\*) Refers to properties owned by institutions, used for military purposes or for public use, significantly improved properties and properties that are currently used by dispossessed owners or by subsequent purchasers from dispossessed owners.

8.2.2 It is appropriate and necessary to point out that the therapies outlined above constitute a general framework for dealing with the problem. The details of the necessary mechanism and the relevant procedures which will have to be followed in practice, as well as the detailed terms of reference of the **Dispossessed Property Management Board** and of the **Dispossessed Property Valuation Board**, which will manage the property-related process, must be further elaborated, in order to secure the necessary visibility and clarity of the procedures to be followed and, thus, secure the fair and equitable resolution of this problem.

8.2.3 In general, the offsetting of claims of dispossessed owners, through the “exchange” of their properties, is a preferred therapy in that it does not entail the payment of public funds. Once the terms of the exchange are agreed between the dispossessed owners, it is a process that can be completed quickly and inexpensively. It is important to clarify that such exchange arrangements will be made on a voluntary basis between dispossessed owners and, once completed, they will be rendered irreversible. These exchanges will be facilitated by the publication of mechanistically arrived at values (see below), determined by the Dispossessed Property Management Board, but these values will not be binding on the dispossessed owners, who will be able to negotiate between them the specific terms of the exchange, if they so wish.

8.2.4 A complication, which will need to be dealt with, is the case of “**substantial improvements**” having been made on a dispossessed property, which is located in an area that is subject to adjustment and is eligible for re-instatement. In this case, the owner of the “substantial improvements” will be able, at the option of the dispossessed owner, to claim the cost of the improvements or the title of the dispossessed property (in the latter case, on payment of the value of the original dispossessed property). If the dispossessed owner opts to acquire the “substantial improvements”, the value of the “substantial improvements”, which will have to be paid to the owner of the “substantial improvements”, shall be provided by the latter, but under no circumstances can this cost exceed the current replacement cost of the “significant improvements”, after adjusting the current replacement cost for the age and current condition of the “material improvements”.

### 8.3 A “Dual-Track” Valuation Approach

8.3.1 On the basis of the proposed “therapies”, a valuation of the affected properties, as of July 20, 1974, will be needed, in the following cases:

8.3.1.1 Properties not eligible for re-instatement, resulting in the need to pay compensation.

8.3.1.2 Properties eligible for partial re-instatement and partial compensation, resulting in the need to pay for the part that is not eligible for re-instatement.

8.3.1.3 Properties in areas not subject to territorial adjustment and, although eligible for re-instatement, the owner chooses not to claim re-instatement and claims compensation instead.

8.3.1.4 Properties in areas not subject to territorial adjustment that are not eligible for re-instatement (for example, the land on which Larnaca and Erchan airports have been built).

8.3.2 Given the inappropriateness of depriving Cypriot citizens of their rights emanating from international treaties and, in particular, of the right to have recourse to the European Court of Human Rights (ECHR), it is proposed to approach the quantification of the value of immovable properties, which will be involved in the “settlement” process, through the adoption of a “**dual-track**” approach.

8.3.3 More specifically, it is proposed that the value of each affected property will be initially established by a specially constituted **Dispossessed Property Management Board** (functioning under rules that would be similar to those of the independent bodies of the federation – see Chapter 4.3), on a mechanistic basis, by reference to uniform principles, applied consistently. Such mechanistic valuations will be undertaken in relation to properties that qualify to come under the generally agreed therapies and satisfy the terms and conditions set for each particular case, provided that an application is received to this effect from the dispossessed owner of the property or his/her heirs. The recommended mechanistic approach (methodology) and the full utilisation of the data (concerning ownership, location, size and other technical particulars) that are stored in the registers of the Cyprus Land Registry, will expedite the process and it will contain its cost to a substantial extent. The data in question are generally believed to be reasonably accurate and complete. The affected persons should have a period of, say, 3 months from the launching of the process to express their interest for such a mechanistic valuation and to confirm their consent for the relevant data to be publicly published.

8.3.4 Once adopted by the **Dispossessed Property Management Board**, the mechanistic values assigned to the affected properties should be published in a manner that it is easily accessible by the public at large (for example, through the use of the internet), thus securing the maximum possible processing speed and the maximum transparency. The affected persons should have a further period of, say, 3 months from the date of the publication to irrevocably accept the mechanistic valuation. In the event of the acceptance of the mechanistic valuation, the anticipated therapy (including the payment of compensation, the transfer of ownership etc.) should materialise within, say, 2 months of the acceptance of the mechanistic valuation by all the parties involved in the property that forms the subject-matter of the mechanistic valuation. In the event that such acceptance is not forthcoming by the set deadline, the right of accepting the mechanistic valuation will be lost but the affected parties will have the right of recourse to a more elaborate valuation process and, ultimately, to the **ECHR**.

8.3.5 In the event that the more elaborate valuation process is elected by the affected persons, as being more appropriate under the circumstances, those qualified to seek one of the therapies anticipated under the overall settlement agreement, should file an application with a separate, specially constituted, independent **Dispossessed Property Valuation Board**, within a deadline of, say, 3 months of the date of the publication of the mechanistic valuations referred to in the preceding paragraph. This application should specify (in €) the claimed value of the property, as of July 20, 1974, and should provide full technical backing of the value claimed. The application should be accompanied by an application fee of €1,000 to cover the Property Valuation Board’s costs for



examining the application. The claimed value should be examined by the Property Valuation Board and should be accepted or adjusted, as appropriate. The Property Valuation Board should be constituted under terms and conditions that are identical to those applicable to the Dispossessed Property Management Board. Against the decision of the Property Valuation Board, the affected parties will have the right of recourse to the **ECHR**, at their expense.

8.3.6 It should be clearly understood that all property values, determined as at July 20, 1974, should be updated to a recent current date, by utilising a mechanistic approach, such as a general price index, covering the period from July 20, 1974 to the adopted recent date.

*[Continued on next page]*

## 9 THE ECONOMY

9.1 With a population of 1 million, Cyprus is one of the smallest countries in the world. Due to its small size, the proper functioning of the market is constantly being undermined and maintaining the country's competitiveness requires constant vigilance. The problem is exacerbated by the fact that Cyprus is an island, which inevitably isolates the country from the rest of the world. These objective difficulties, which undermine the competitiveness of the Cypriot economy, must be compensated for by eliminating as many productivity leaks as possible. The containment of monopolies and oligopolies, the avoidance of unnecessary and time-consuming bureaucratic procedures and making the most of technology are tools and techniques for increasing productivity and, by extension, competitiveness. This is necessary to secure and maintain a satisfactory standard of living for all Cypriots. The validity of these conclusions is obvious when one considers that large countries, such as Germany, France, Spain and Italy, saw the need to create a "common market" to enable themselves to successfully compete with bigger countries, such as the United States of America and China.

9.2 Apart from securing the proper functioning of the market-place, the successful management of the Cypriot economy necessitates a political structure that would promote the attainment of the ideal balance between federal and state powers. The most important areas, in which state powers have a decisive impact are the following:

- monetary and economic stability;
- economic development, including the country's infrastructure;
- minimising unemployment;
- ensuring social cohesion, particularly in the areas of public safety, health, retirement and education;
- securing the necessary resources to finance the policies pursued, either by imposing and collecting taxes or by borrowing.

9.3 Obviously, in all matters - without exception - related to the legislative and, in general, the regulatory framework of the Federal Republic of Cyprus, full compliance and harmonisation is required with the relevant provisions of the European Union.

9.4 In particular, in matters pertaining to the economy, the level of decentralisation aimed at in the country's laws and regulations, must be in balance and in harmony with the capabilities of each state to draw the necessary resources (in the form of taxes and / or loans) to implement the obligations and commitments, it has undertaken.

9.5 Obviously, the ceiling on borrowing must be set at the federal level, since excessive economic dependence on a lender and, in the worst case scenario, state bankruptcy will have very serious economic and political repercussions on the entire federation.

9.6 The transfer of the entire responsibility for the imposition and collection of taxes to the constituent states would be a serious mistake, both because it will undermine the objective of seeking the convergence of the living standards of all Cypriots, but also because it is likely to promote a form of "tax competition", which will lead to undesirable market distortions and, by extension, to the undermining of the competitiveness of the economy.

## 10 THE CURRENCY OF THE FEDERAL REPUBLIC OF CYPRUS

10.1 The currency of the Federal Republic of Cyprus is the Euro (€). The Central Bank of Cyprus is a federal institution and has the powers granted and the responsibilities assigned by the European Central Bank to the central banks of euro zone countries. It is understood that the Central Bank of Cyprus has the obligation to follow the guidelines of the European Central Bank and, more generally, it has the duties, obligations and rights arising from its role as the central banker of the Federal Republic of Cyprus.

10.2 The Central Bank of Cyprus is governed by the Governor of the Bank and the Deputy Governor of the Bank, appointed by the Federal Government, with the agreement of the European Central Bank. The Governor and the Assistant Governor of the Central Bank of Cyprus cannot be persons who have the right to vote and stand for election in state elections in the same constituent state. References to the issue of the administration of the Central Bank of Cyprus are also made in the chapter dealing with the issue of "Governance".

10.3 It is understood that all financial institutions operating in the Federal Republic of Cyprus are subject to the common operating and control regulations in force in all eurozone countries as well as those prescribed at the level of the Federal Government.

## 11 TAXATION

### 11.1 The Imposition and Collection of Federal and State Taxes

On the basis of the above considerations, the proposed regulations in the field of taxation are the following:

11.1.1 Responsibility for the imposition and collection of both federal and state taxes lies with the Department of Taxation of each State, which will have administrative autonomy and will report to the government of the State, in which it operates. Nevertheless, each State Department of Taxation will have the obligation to comply with the federal regulations that will govern its operations.

11.1.2 In addition to the Tax Department of Northern Cyprus and the Taxation Department of Southern Cyprus, there will also be a Federal Tax Department, under whose responsibility the following functions will be served:

- 11.1.21 the general coordination of the State Tax Departments;
- 11.1.22 the management of the international work of the Department of Taxation, such as, for example, the negotiation and signing of international conventions for the avoidance of double taxation;
- 11.1.23 the formulation of new or the amendment of existing federal tax regulations to eliminate problems that have been identified in practice;
- 11.1.24 the design and implementation of computerized systems and forms for improving the operation of the system;
- 11.1.25 providing support to the State Tax Departments on issues of education, dealing with difficult tax cases, temporary secondment of personnel, etc.;
- 11.1.26 conducting internal audits to ensure the reliable and proper functioning of the State Tax Departments.

### 11.2 The Taxes levied in the Federal Republic of Cyprus

11.2.1 The taxes levied in the Federal Republic of Cyprus are distinguished between "federal" and "state" taxes. The federal taxes are:

- Income tax (personal and corporate).
- Tax on interest, intellectual property rights and distributed dividends.
- Value added tax (VAT).
- Road tax.

While the state taxes are:

- Property taxes, including the tax levied on the capital gains realised on the liquidation of real property (if levied).
- Municipal taxes.

11.2.2 The proposed rates at which the federal taxes are levied are the following:

- Corporation tax: 15%.
- Tax withheld on distributed dividends: 15%.
- Withheld tax on interest income and on intellectual property rights: 15%.
- Personal income tax:
 

Income bracket -	up to €20,000	0% *
	from 20,001 to €30,000	10% *
	from 30,001 to €50,000	20% *
	from 50,001 upwards	29% *

(\*) Tax rate applicable to the specified bracket.
- Value added tax (VAT): The rates adopted by the Federal Government, within the range specified by the European Commission.
- Road tax: At the rates prescribed by the Federal Government.

11.2.3 The rates of state taxes are prescribed by the state governments.

11.2.4 It is understood that the rates of the federal as well as the state taxes may be modified by enacting the necessary legislation, as generally provided.

### 11.3 The Incidence of Taxation

11.3.1 The incidence of taxation is determined by reference to the source of the taxable income, as follows:

<u><b>Type of Income</b></u>	<u><b>Taxing State</b></u>
Rewards for salaried services	Where the services are rendered
Rewards for professional services	Where the services are rendered
Profit from a commercial or an agricultural activity	Where the activity takes place
Pensions	Where the entitlement arises
Rent income	Where the rented property is located
Interest income	Where the interest entitlement arises
Dividends	Where the place of the effective management of the company is located
Any other personal income	Where the permanent tax residence of the taxpayer is located
Company profits	Where the profit is generated

*(in the case that the company or the trader or the provider of professional services has business or professional activities in both of the states of the Federation, the total profit generated by each separate activity is allocated to the two states on the basis of the gross revenues generated in each state)*

11.3.2 It is understood that profits and other forms of income originating from outside of Cyprus are taxed in the state of the permanent tax residence of the taxpayer, on the basis of the relevant provisions of the applicable double tax treaties, the provisions of which apply throughout the Cyprus

territory. [It goes without saying that the existing DTT between Northern Cyprus and Turkey will be extended to cover the whole of Cyprus].

11.3.3 It is clarified that if a taxpayer has income that originates in both constituent states, he/she is required to register in the tax records of both states, in a way that will clarify the state in which he/she is permanently resident for tax purposes. In the tax return submitted in the state where he/she maintains his/her permanent tax residence, he/she must declare his/her worldwide income from all sources, while in the tax return in the other state he/she must declare only his/her income that is taxed in that state. It is understood that the State, which taxes the total income of the taxpayer, must provide credit for the taxes imposed on the declared income in the other State.

11.3.4 It is also clarified that for the purposes of levying VAT on sales by a company subject to VAT in one State to a business subject to VAT in the other State, the provisions of the European Union governing intra-Community cross-border transactions will apply.

11.3.5 Finally, it is clarified that in order to avoid creating conditions of unfair competition, all activities that are systematically carried out and aim at the production of profit are taxed in the State where the profit arises, even if they are carried out by organizations that do not have profit-generation as their main objective.

## 11.4 The Allocation of Collected Taxes

11.4.1 The taxes collected are apportioned to the federal and state budgets, as follows (*the figures quoted are indicative, since they are subject to quantification testing*):

<u>Type of Income</u>	<u>Budget</u>			
	<u>European Union</u>	<u>Federal-government</u>	<u>Taxing State</u>	<u>Other State</u>
Corporation tax	0%	10%	80%	10%*
Tax withheld from distributed dividends	0%	10%	80%	10%*
Tax withheld from interest income and intellectual property rights	0%	10%	80%	10%*
Personal income tax	0%	10%	80%	10%*
Value added tax (VAT)	0.3%	9.7%	80%	10%*
Road taxes	0%	10%	80%	10%*
Import duties (third country imports)	75%	15%	10%	0%
Cyprus' contributions to the EU (charge)	--	--	**	**

(\*) Provided that the per capita national income of the previous calendar year of the permanent residents of the "Other State" is less than 80% of the per capita national income of the same year of the permanent residents of the "Taxing State". Otherwise, this "contribution" is reduced to zero.

(\*\*) This charge is paid by each constituent state and is calculated on the basis of the gross national income of each state and the percentage of the contribution as quantified by the European Union.

11.4.2 It is clarified that the taxes apportioned to each state may not coincide with the corresponding taxes actually collected by that state. This mismatch shall be eliminated monthly with the necessary clearing statements between the Federal Tax Department and the State Tax Departments of the Republic of Cyprus.

## 12 CONTRIBUTIONS TO STATE FUNDS

It is well known that, in addition to the taxes levied and collected, various "contributions" are also imposed and collected, which - at least in theory - cover the cost of providing various public services and benefits, such as health care, pensions (retirement, invalidity, etc.), various social cohesion

benefits (unemployment, housing, etc.) and public utility services (such as sewerage collection, garbage collection, water supply, street lighting, cleaning and maintenance of public spaces, etc.).

## 12.1 Medical Care

12.1.1 In the relatively recent past, a General Health System (GeSY) was installed and began to operate in South Cyprus, which is still at the first stage of its lifespan and it is too early to evaluate the success of the project. The beneficiaries of the system are virtually all permanent residents of the South State, while the financing of the system is secured by the compulsory contributions listed in the table below. The system has already created serious operational deficits, which, however, may be due – at least in part – to the coronavirus pandemic.

<u>Category of Contributor</u>	<u>Contribution</u>	<u>Quantification Base</u>
<b>Salaried Persons</b> (public and private sectors)	<b>2,65%</b>	On salaried income
<b>Employers</b> (including the State as an employer)	<b>2,90%</b>	On salary costs
<b>Officers</b>	<b>2,65%</b>	On the income earned
<b>Payers of rewards granted to officers</b>	<b>2,90%</b>	On the cost of such officers
<b>Pensioners</b>	<b>2,65%</b>	On the pension entitlement
<b>Recipients of rent, dividend and interest income</b>	<b>2,65%</b>	On the rent, dividend and interest income
<b>Self-employed persons</b>	<b>4,00%</b>	On the earnings of self-employed persons
<b>State</b>	<b>4,70%</b>	On the earnings of salaried and self-employed persons, officers and on pensions

The maximum total annual earnings for a natural person in relation to which contributions are paid is the amount of €180,000.

12.1.2 Given that GeSY in the South State is still at an experimental stage, a transitional arrangement in respect of this issue should perhaps be the following: Burden the total cost of the GeSY system on the Budget of the South State with the parallel channeling of all the related contributions collected to the same Budget and the undertaking of the obligation to cover any GeSY deficits, until different arrangements are made. The permanent residents of the North State deriving income subject to GeSY contributions should be given the option of either being exempted from the obligation to pay the relevant contributions (resulting in the loss of the right to cover their medical needs), or of participating in the GeSY system by paying additional contributions in relation to their income derived from outside the South State (thus having all the rights they would have had, if they were permanent residents of the South State).

12.1.3 Northern Cyprus currently has a public healthcare system which is available to all those who have a social insurance number, their spouses and their children. Use of the accident and emergency departments of public hospitals is available to all, free of charge. The contributory social insurance system provides for retirement pensions and certain other benefits.

## 12.2 Pensions

12.2.1 Both constituent states have their own rules concerning the quantification, conditions of payment and payment procedures of pension benefits. These rules will remain in force but the rules governing the quantification and payment of pensions in those cases where pension rights arise in more than one member state of the European Union should also apply, i.e. the payment of pension rights will be made separately by each of the states in which a pension entitlement has accrued, in accordance with EU Regulations 883/04 and 987/09. It goes without saying that the existing interstate conventions in the field of social security shall be valid and applicable throughout the territory of the Federal Republic of Cyprus. It also goes without saying that a similar agreement should be concluded with Turkey as soon as possible.

## 12.3 Social Cohesion Benefits

12.3.1 The social cohesion benefits provided are numerous, depending on the prevailing conditions from time to time and are differentiated over time. To the extent that the social security contributions and the benefits provided by each state are not harmonized in their entirety, the only basis offered to address this problem is an arrangement similar to the approach taken on the issue of health care, i.e. the provision to permanent residents of the North State of the option to either be exempted from the obligation to pay the relevant contributions (resulting in the loss of the right to derive social cohesion benefits), or to participate in the system by paying additional contributions in relation to their income derived from sources outside the South State (with the consequence of having all the rights they would have had, if they were permanent residents of the South State).

## 12.4 Public Utilities

12.4.1 Utility services are of a local nature and are generally provided by municipal and community authorities. It follows that these issues are regulated by the State Governments, since they exclusively concern the residents of each constituent state. Of course, this regulation does not exclude the possibility of collaborations for the joint treatment of specific projects, such as, for example, the sewerage system of Nicosia.

*[continued on next page]*

## 13 THE MANAGEMENT OF THE OFFSHORE WEALTH OF CYPRUS

### 13.1 The Management Body of the Offshore Wealth of Cyprus

13.1.1 The management of the offshore wealth of the Federal Republic of Cyprus is the responsibility of an independent eleven-member body, the "**Cyprus Offshore Wealth Management Board**", which is appointed and operates in a manner similar to that of the Federal Council of Ministers. The Board is an independent legal person governed by public law. In particular, the members of the Board are selected for a five-year term (renewable for a further period of five years), after consultation between the presidents of the two constituent states, in a way that leads to the selection of 7 members having the right to vote and stand for election in the South State and 4 members with a similar right in the North State. In the event of failing to reach an agreement between the presidents of the constituent states, each of them shall appoint the members of the Board, corresponding to the state of which he/she is the president. The appointment of the members of the Board is subject to ratification by the House of Representatives, by simple majority.

13.1.2 The President and the Vice-President of the Board are elected by a simple majority of the members of the Board, provided they are persons who do not have the right to vote and stand for election in the same State. They serve alternately in the position of president and vice-president of the Board for periods of 18 and 42 months, depending on whether they come from the North State or the South State, respectively. The decisions of the Offshore Wealth Management Board of Cyprus are taken by simple majority of those present, provided that at least 1 (one) positive vote is secured from members from both constituent states. In the event of a tie, the matter shall be moved to the next Board meeting, where the repetition of the tie shall be deemed to be a rejection of the resolution that was the subject matter of the voting process.

13.1.3 The remuneration and any other benefit entitlement of the members of the Board shall be determined by the Federal Council of Ministers and, if the Board has sufficient revenues, shall be charged to the Board's budget, otherwise they shall be charged to the Federal Budget of the Republic of Cyprus. It is clarified that all members of the Board, upon acceptance of their appointment, have the obligation to draw up and submit the annual wealth declaration and the related statement of sources and applications of wealth, which all senior officials of the Federal Republic of Cyprus are obliged to submit.

13.1.4 The Cyprus Offshore Wealth Management Board is obliged to ensure the prompt preparation and publication of financial statements on the basis of the International Financial Reporting Standards, as generally provided for by corporate legislation. It goes without saying that the financial statements must be audited by certified public accountants, appointed at the time and in the manner of the Board's appointment, for a five-year term, which, however, is not renewable.

### 13.2 The Allocation of the "Surpluses" of Offshore Wealth Activities

The distributable profits from the exploitation of the offshore wealth of Cyprus shall be distributed as follows:

13.2.1 The amounts deemed by the Board as necessary for the exploitation of Cyprus' offshore wealth shall be transferred to "Investment Reserves".

13.2.2 The amounts deemed by the Board as necessary to cover future risks (for which no accounting provision is required) shall be transferred to a "General Reserve for Potential Future Risks".

13.2.3 The remaining profits that can be distributed shall be distributed as follows: 50% to the Federal Budget and 50% to the two State Budgets, based on the proportion of the permanent residents of each State, provided that the average per capita gross national income of the



population of each State in the immediately preceding year is not less than 80% of the corresponding amount of the other State. Otherwise, an additional percentage equal to 5% of the total distributed amount shall be distributed (at the expense of the Federal Budget) to the economically weaker State, for as long as the aforementioned economic imbalance persists.

### **13.3 The Commercial Exploitation of the Offshore Wealth of Cyprus**

13.3.1 The general rule that shall be followed in planning the commercial exploitation of the offshore wealth of Cyprus must be market oriented, the overall aim being to maximise the resulting long-term benefit in favour of all citizens of the Federal Republic of Cyprus.

### **13.4 The Settlement of Delineation Disputes**

13.4.1 The primary concern of the Federal Government will be the settlement of all outstanding issues between Cyprus and Turkey, concerning the delineation of their Exclusive Economic Zones (EEZ) and their Continental Shelves. The rapid international developments in the energy sector and, in particular, the mapped transition from fossil to green energy sources, make it imperative to commercially exploit the Cypriot natural gas deposits, in cooperation with all neighbouring countries, without further ado. Having regard to this overriding objective and in the overall goal of achieving a high level of cooperation amongst all the countries of the Eastern Mediterranean, a compromise basis should be arrived at, on which the delineation dispute between Cyprus and Turkey should be promptly settled, without the need to resort to lengthy arbitration procedures. Such an arrangement will widely open the road for Turkey's active participation in the restructuring of the global energy map.

## **14 EDUCATION & CULTURE**

### **14.1 The Recognition of the Cultural Plurality of Cyprus**

14.1.1 As already mentioned in this paper, while it is recognised that public education at the level of primary and secondary education will have a Turkish-centric orientation in the North State and a Greek-centric orientation in the South State, the "backbone" of the school curricula (about 50% of the total) shall be determined at the federal level. Under no circumstances will it be permissible to promote ethnic or religious hatred or to attempt to degrade the importance of one cultural tradition at the expense of another. On the contrary, the main objective of public education, throughout Cyprus, should be to promote the cultural wealth of both Cypriot communities and to cultivate respect and tolerance of diversity and the recognition of the right of every citizen to make his/her own choices, within the framework allowed by the Constitution of the country.

14.1.2 It is clarified that each constituent State will have the right to establish primary and secondary schools in the other constituent State, at its own financial expense and under its own supervision, in which the children of persons, who have the right to vote and stand for election in the other constituent State, shall have the right to attend freely.

### **14.2 The Projection and Maintenance of the Historical and Cultural Monuments of Cyprus**

14.2.1 The historical and cultural monuments of Cyprus constitute a common heritage of all Cypriots. The obligation to promote the historical and cultural monuments of the Federal Republic of Cyprus primarily rests in the hands of the State Government of the geographical area in which the historical or cultural monument is located, except for religious monuments, which are the responsibility of the respective religious institutions - for both use and promotional purposes and for

conservation purposes. Nevertheless, either because of the large amount of maintenance costs required or for any other reason, it shall be possible to allocate (by mutual agreement) the responsibility for the maintenance of specific historical and cultural monuments (on a partial or a total long-term basis) from one State to the other State or to the Federal Government, after mutual consultation and a decision taken at the level of the Federal Government.

### 14.3 State Television and State Radio

14.3.1 Each State is obliged to offer at least one television and at least one radio channel, which will broadcast programmes of a "mixed" content, on a nationwide scale, either in the language of the other constituent State or with subtitles given in the language of the other constituent State. It is understood that all state broadcasts must be objective and must avoid the promotion of any form of discrimination or hatred. It goes without saying that the cooperation between the bodies involved in state broadcasting is both permissible and desirable, especially but not only for the purposes of saving unnecessary costs.

## 15 THE STATE SYMBOLS

### 15.1 The State Anthem

The State Anthem of the Republic of Cyprus is the following:



Anthem.mp3

and it is used throughout the Federation.

The verses of the anthem (in English) are the following:

*Land of friendship and peace,  
Joyful Cyprus.  
Global crossroads of history,  
A cradle of civilization.  
Land of hope and progress,  
Creative Cyprus.  
Endless source of inspiration,  
Land of the sea and the sun.*

## 15.2 The State Flags

15.2.1 The flags of the Republic of Cyprus are the following:



*Flag of the Federal Republic of Cyprus*



*Flag of the Northern State*



*Flag of the Southern State*

15.2.2 The flag of the Federal Republic of Cyprus, the State flag (in the case of a State presence) and the flag of the European Union must be displayed on all public buildings of the territory, on which it is not permitted to raise or otherwise display any other flag. Exceptionally, the flag of another country or state may be raised or displayed at the location where a legally accredited and established representation of the said foreign country or state is housed. Foreign flags may also be displayed on the occasion of visits of foreign dignitaries or other distinguished persons or in the course of events of a multinational character and content.

## 15.3 The Geographical Name and the International Accronym of Cyprus

15.3.1 The geographical name of the Federal Republic of Cyprus is ΚΥΠΡΟΣ or KIBRIS or CYPRUS, the international acronym of Cyprus is «CY» and the rendering of the geographical name of the country, in the languages set out below, is the following:

Afrikaans	Siprus	Albanian	Qiproja	Belarusian	Кіпр	Catalan	Xipre
		Arabic	قبرص	Bulgarian	Кипър	Czech	Kypr

Danish	Cypern	Hindi	साइप्रस	Lithuanian	Kipras	Slovenian	Ciper
Dutch	Cyprus	Hungarian	Ciprus	Mandarin	賽普勒斯	Spanish	Chipre
Estonian	Küpros	Icelandic	Kýpur	Norwegian	Kypros	Swahili	Kupro
Farsi	قبرس	Indonesian	Siprus	Polish	Cypr	Swedish	Cypern
Finnish	Kypros	Irish	An Chipir	Portuguese	Chipre	Tagalog	Tsipre
French	Chypre	Italian	Cipro	Romanian	Cipru	Thai	ประเทศไทย
Galician	Chipre	Japanese	キプロス	Russian	Кипр	Ukrainian	Кіпр
German	Zypern	Korean	키프로스	Slavic	Кипар		
Hebrew	קפריסין	Latvian	Kipra	Slovak	Cyprus		

## 15.4 The Placenames

15.4.1 In Northern Cyprus as well as in Southern Cyprus the placenames used will continue to be those that were being used at the stage of the establishment of the Republic of Cyprus, in 1960. Nevertheless, the State Governments will have the right to add to these traditional placenames a Turkish-sounding or a Greek-sounding name, provided that both names will be used in all official documents, signs etc. of the Federal Republic of Cyprus.

\* \* \* \* \*

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## DEROGATIONS FROM THE EUROPEAN ACQUIS

16.1 The freedom of establishment in the territory of the Federal Republic of Cyprus of citizens of the European Union, who hold the Greek citizenship and, in the case of Turkey's future accession to the European Union, of citizens of the European Union who will hold the Turkish citizenship, is limited to a ratio of 4 to 1, measured on an annual cumulative basis. Until Turkey's accession to the European Union, the above-mentioned ratio and similar restrictions will apply in relation to holders of the Greek citizenship and to holders of the Turkish citizenship, who will be granted, upon submission of a relevant application, the possibility of permanently establishing themselves in the Federal Republic of Cyprus, provided that the general conditions set by the European Union for granting a permanent residence permit to foreigners intending to settle in a member state of the Union are met. It is clarified that for the purpose of applying this derogation from the generally applicable rules, the Greek citizens who are already established in Cyprus and the Turkish citizens borne in Cyprus, who have already lived in Cyprus (as permanently established residents) for a period of at least 15 years as well as those who have not been borne in Cyprus but have lived in Cyprus (as permanent residents) for a period of 25 years shall be excluded from the aforementioned restriction. The Turkish citizens who are covered by this exemption, together with their dependents are estimated at 65,000.

16.2 The recognition of the professional qualifications of the persons who hold the Cypriot citizenship and are permanent residents of the North State at the time of the implementation of this Agreement, shall not be subject to the provisions of the relevant Guidelines of the European Union, provided that the affected professionals were holders of a local license to practice a regulated profession on 31 December 2020. The same derogation shall apply to the holders of the Turkish citizenship, who will acquire (at the time of application of this Agreement) the right of permanently establishing themselves in Cyprus, on the basis of the derogation of the previous paragraph.

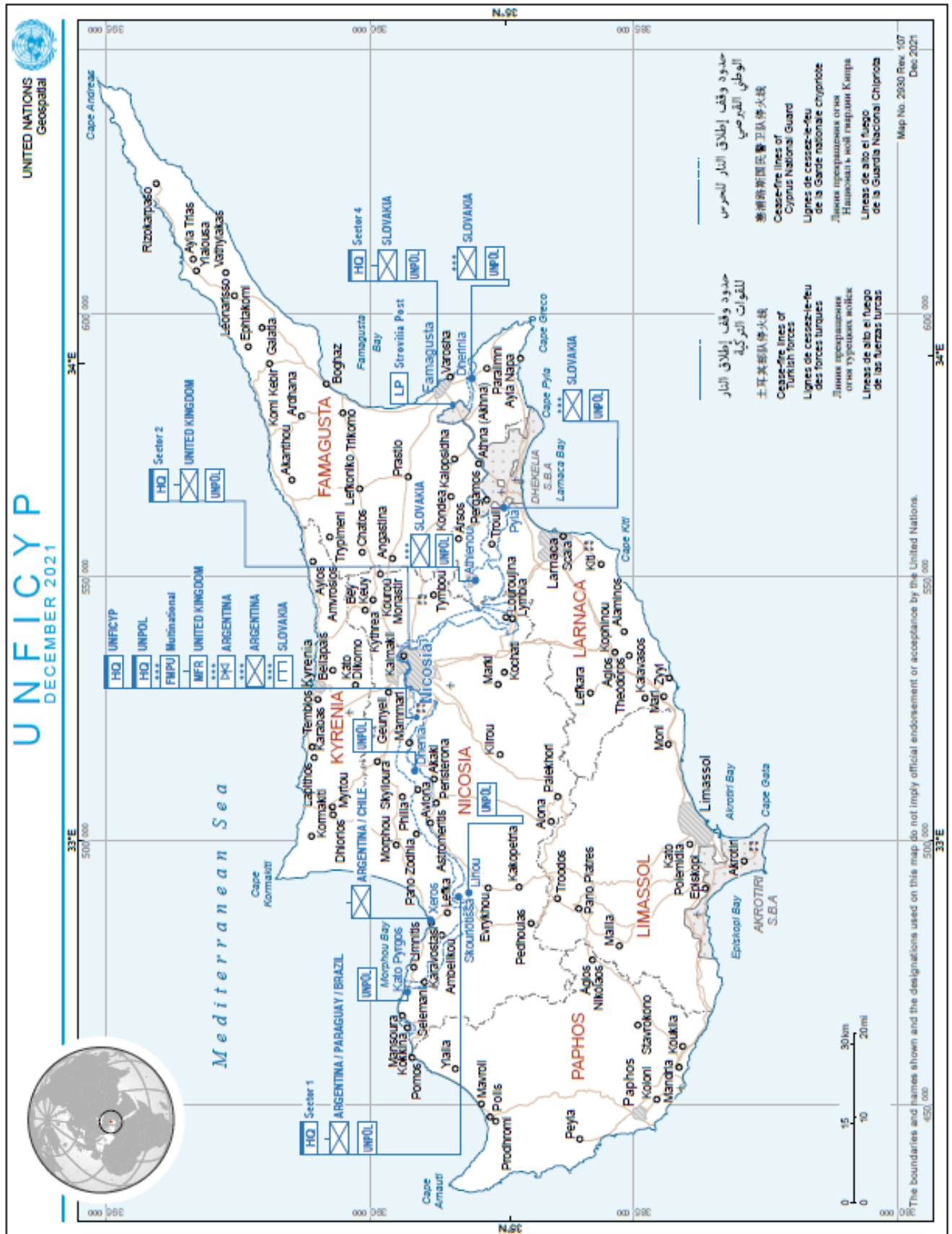
## 17 APPENDIX 2

### AN EXAMPLE OF WEIGHING THE ELECTORAL RESULTS (the numbers are hypothetical)

Presidential Elections	Scenario 1			Scenario 2			Scenario 3		
	700,000	300,000	1,000,000	700,000	300,000	1,000,000	700,000	300,000	1,000,000
Registered Voters									
	<b>South</b>	<b>North</b>	<b>Total</b>	<b>South</b>	<b>North</b>	<b>Total</b>	<b>South</b>	<b>North</b>	<b>Total</b>
North-South Ratio	70%	30%	100%	70%	30%	100%	70%	30%	100%
Abstentions	-210,000	-84,000	-294,000	-280,000	-84,000	-364,000	-210,000	-150,000	-360,000
Abstentions %	-30.0%	-28.0%	-29.4%	-40.0%	-28.0%	-36.4%	-30.0%	-50.0%	-36.0%
Total Votes Cast	490,000	216,000	706,000	420,000	216,000	636,000	490,000	150,000	640,000
Void	-650	-250	-900	-650	-250	-900	-650	-250	-900
Void %	-0.13%	-0.12%	-0.25%	-0.15%	-0.12%	-0.27%	-0.13%	-0.17%	-0.30%
Total Valid Votes	489,350	215,750	705,100	419,350	215,750	635,100	489,350	149,750	639,100
Percentage on Total	69.4%	30.6%	100.0%	66.0%	34.0%	100.0%	76.6%	23.4%	100.0%
<b>COUNTED VOTES</b>									
Alliance A	200,001	50,000	250,001	175,000	50,000	225,000	75,000	50,000	125,000
Alliance B	149,999	100,000	249,999	160,000	100,000	260,000	60,000	99,750	159,750
Alliance C	139,350	65,750	205,100	84,350	65,750	150,100	354,350	0	354,350
	489,350	215,750	705,100	419,350	215,750	635,100	489,350	149,750	639,100
	69.4%	30.6%	100.0%	66.0%	34.0%	100.0%	76.6%	23.4%	100.0%
<b>WEIGHTED VOTES</b>									
Alliance A	175,001	50,000	225,001	157,500	50,000	207,500	75,000	37,500	112,500
Alliance B	149,999	75,000	224,999	160,000	78,000	238,000	60,000	47,925	107,925
Alliance C	139,350	61,530	200,880	84,350	45,030	129,380	248,045	0	248,045
	464,350	186,530	650,879	401,850	173,030	574,880	383,045	85,425	468,470
	71.3%	28.7%	100.0%	69.9%	30.1%	100.0%	81.8%	18.2%	100.0%
Input Data									
Winning Alliance									
House of Representatives	Scenario 1			Scenario 2			Scenario 3		
	700,000	300,000	1,000,000	800,000	300,000	1,100,000	800,000	175,000	975,000
Registered Voters									
	<b>South</b>	<b>North</b>	<b>Total</b>	<b>South</b>	<b>North</b>	<b>Total</b>	<b>South</b>	<b>North</b>	<b>Total</b>
North-South Ratio	70%	30%	100%	73%	27%	100%	82%	18%	100%
Seats	34	14	48	35	13	48	38	10	48
Voters per Constituency	100,000	100,000		100,000	100,000		100,000	100,000	
Constituencies	7	3	10	8	3	11	8	2	10
Seats allocated to each constituency	4	4	40	4	4	44	4	5	42
Unallocated seats	6	2	8	3	1	4	6	0	6
Speakers (by rotation)	Alliance A MPs			Alliance B MPs			Alliance B & C MPs		
Senate (Upper House)	Scenario 1			Scenario 2			Scenario 3		
	24	24	48	24	24	48	24	24	48
Seats									
Constituencies	7	3	10	8	3	11	8	2	10
Seats allocated to each constituency	3	8	45	3	8	48	3	12	48
Unallocated seats	3	0	3	0	0	0	0	0	0
Speakers (by rotation)	Alliance A Senators			Alliance B Senators			Alliance B & C Senators		

A weighted voting system entails a degree of complexity because it seeks to strike a balance between desirable but conflicting objectives. What is being proposed here is not really that complicated; it is based on the premise that the "weight" attributed to the votes cast in each constituent state (for a given "alliance") should not exceed the percentage of the voters of that constituent state, in relation to the total voters in the entire federation, i.e., the weighted result should not carry more weight than the participation of the affected constituent state carries in the voting population of the entire federation. Exceptionally, the (theoretical) possibility of a non-allied candidate standing for election is anticipated. However, for such a candidate to be elected, he/she must secure, on a federation-wide basis, the highest number of votes, while his/her elected "co-pilot", in the other constituent state, is the person who has secured the highest number of votes in that constituent state. It follows that the conclusion that a candidate, who has no support in one of the constituent states could be elected is correct but, at least, the problem is mitigated in such a case by electing the candidate in the other constituent state that has secured the most votes in that constituent state. Under Scenario 3, the elected persons will be those, who have secured most votes in their respective constituent states, i.e., under Scenario 3, the weighted voting system is effectively deactivated. Of course, electing an extremist in the North and an extremist in the South could lead to a political crisis, but, in such a case, there is a diffusing valve, namely forcing a new election, after a 3-month unsuccessful period of attempts to solve the problem.

MAP OF CYPRUS REFLECTING THE CURRENT SITUATION



AN EXAMPLE OF A ROAD SIGN

