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ACKNOWLEDGEMENTS

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**NEAR EAST UNIVERSITY  
GRADUATE STUDIES**

**TURKISH REPUBLIC OF NORTHERN CYPRUS  
ECONOMY**

by

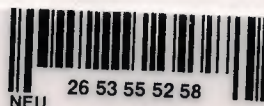
**ALPER ÇAVUŞ**

**A MASTER THESIS**

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*Finally, my very special thanks go to my family for their never-ending love, support patience and encouragement.*

## **1. INTRODUCTION**

### **1.1. CYPRUS IN HISTORY**

Little is known concerning the first inhabitants of Cyprus. The abundance of copper on the island, its thick forests and temperate climate and its location on the trade routes between Syria Egypt and the Eastern Mediterranean, often attracted the attention of the powerful states in the area.

The name "CYPRUS" is derived from "Zabar", meaning "copper", pronounced "Cypr" in Akkadian. The Akkadian word for copper passed into English as "copper" and into German as "kupper".

Cyprus was ruled by more than two dozen nations until now



### 1.1.1. HISTORICAL EVENTS IN CYPRUS PERIOD

*Table 1:*

<b>The STONE AGE</b> Settlers from Anatolia and Syria. Foundation of the first cities	7000-3900 BC
<b>The COPPER AGE</b> First appearance of copper tools	3900-2600 BC
<b>The EARLY BRONZE AGE</b> New immigrants from Anatolia	2300-1850 BC
<b>The MIDDLE BRONZE AGE</b> Cyprus becomes important as an exporter of copper. The building of fortresses against Hyksos invasions	1900-1600 BC
<b>LATE BROZE AGE</b> Expansion of Cyprus' trade and archaic colonisation	1650-1050 BC
<b>The DARK AGE</b> Beginning of Phoenician colonisation	1050-750 BC
<b>The ARCHAIC AGE</b> Cyprus belonged to the Assyrian Empire for 40 years and was later integrated into the Persian Empire	750-475 BC
<b>The CLASSICAL PERIOD</b> The rebellion against Persians. The destruction of the Persian Empire by Alexander the Great	475-325 BC
<b>The HELLENISTIC PERIOD</b> Cyprus was involved in the struggle amongst Alexander's Generals for the division of this empire.	325-58 BC
<b>The ROMAN PERIOD</b> Cyprus became a part of the Roman Empire	58 BC-330 AD
<b>The BYZANTIN PERIOD</b> The rise of Islam and the Arab invasions.	330 AD-1191
<b>The LUSIGNANS PERIOD</b> Richard the lion Heart conquered Cyprus On his way to Jerusalem during the third crusade. handed it over to his vassal. Guy de Lusignans. who established his kingdom.	1191-1489
<b>The VENETIAN PERIOD</b> Venice took over Cyprus. but there was always fear of the Ottomans Empire	1489-1571
<b>The OTTOMAN PERIOD</b> The Ottomans conquered Cyprus and it became a part of the Ottoman Empire. Settlers from various parts of the Ottoman Empire came to Cyprus	1571-1878
<b>The BRITISH PERIOD</b> The Ottomans rented Cyprus to Britain	1878-1918
Cyprus became a part of British Colonies with the <b>Lausanne Treaty (1923)</b>	1914-1960
The foundation of the Republic of Cyprus with its own constitution. While The President was a Greek Cypriot. the Vice president was Turkish.	1960
The island was in practice split into two parts as a result of Archbishop Makarios's attempts to change the state in favour of the Greek-speaking community. Cruel criminal were taken against Cypriot Turks and civil war broke out between Cypriot Greeks and Turks. The most tragic and dramatic events occurred in the 1958-1974 period	1963
After consultations with England. on <b>20 July 1974</b> . Turkey decided to exercise her power as guarantor under the Zurich and London agreements. and intervened militarily to protect the Cypriot Community. The intervention of Turkey in Cyprus as one of the guarantor powers within the framework of the Zurich and London agreements is legal. Turkey is among the guarantors of the Republic of Cyprus.	1974
In the recent period. the island enjoys a great internal tranquillity even tough the economic development of the Turkish Republic of Northern Cyprus is slow. hampered as it is by the embargo imposed by Greece and the Greek Cypriots on this part of the island.	1974-1996

## **1.2. THE COUNTRY, THE PEOPLE AND THE CULTURE**

According to the most recent general census conducted in 1995, the population of the Turkish Republic of Northern Cyprus is around 198,000. Cyprus is the third largest island in the Mediterranean after Sicily and Sardinia. It covers an area of 9,282 square km. The Turkish Republic of Northern Cyprus covers an area of 3,355 square km.

There is a number of neighboring countries at various distances. The nearest country is Turkey, which lies at a distance of only 65 km from Cyprus. Cyprus is at a distance of 100 km from Syria, 420 km from Egypt, and 965 km from Greece.

The official language of the TRNC is Turkish, but English is spoken widely as a second language. The official religion is Islam, with Muslims making up 98 % of the population, the rest is Orthodox, Maronite and Anglican.

There are fifty deputies in the country's parliament. The constitution of the TRNC was prepared by the Constituent Assembly set up after the declaration of independence on 15 November 1983 and approved by the Turkish Cypriot electorate on 5 May 1985 with a majority of 70.16 per cent. The TRNC Constitution is similar to the 1975 Constitution of the Turkish Federated State of Cyprus but it has a number of new provisions regulating the needs of the new Republic. It has 164 articles and 13 provisional articles.



## 2. GENERAL OUTLOOK

Since 1974, the of the Turkish Republic of Northern Cyprus has experienced a rapid change and a reasonably high-growth trend, in spite of the political difficulties caused by lack of recognition.

The economic development policy of the TRNC aims to achieve the highest possible rate of growth for economic stability, more equitable distribution of national income; and to raise the standard of living by improving the financial and social structure.

In accordance with the free-market economic system adopted by the government since 1987 the promotion of the private sector with limited government intervention, rational use of natural resources, encouragement of investments in priority sectors, namely, tourism, industry, trade, transportation and higher education, retain their priority and importance.

In order to establish an economically self-sufficient TRNC, several Economic Co-operation Protocols were signed between the Governments of Turkey and the TRNC. The most recent protocol was signed on January 3, 1997. This protocol aims at improving the economic balances harmed by unfavourable conditions faced recently, realising the structural adjustment required for rapid development and raising the standard of living. In this context the Turkish Government agrees to provide support up to US \$ 250 million. The most important issues included in the Protocol are: the amendment of the banking, money foreign exchange and foreign investment regulations; the reformation of the tax system; speeding up the privatisation process; and the realisation of infrastructure projects, the major ones being energy, water and tourism; providing the same credit conditions for the Turkish and Turkish Cypriot investors in

tourism, industry, agriculture, education and artisans; co-operation between the two countries in trade, tourism and agriculture.



## **2.4. RECENT DEVELOPMENTS IN THE ECONOMY OF THE TRNC**

In 1996 GNP increased by 2.3 % in real terms and per capita GNP reached US \$ 4,222, with an increase rate of 26.7 % as compared to the year 1994. The rate of inflation fell to 72.2 %, which was much lower than the rate of inflation in 1994.

Like most developing countries, the TRNC faces difficulties in covering budget expenditures by local revenues and is in need of foreign aid and loans. Although local revenues have shown an ascending tendency over the years and reached 62 % of expenditures in 1995, they are still far from covering the budget deficit. Hence fiscal policies aim at reducing public expenditures and reforming the tax system.

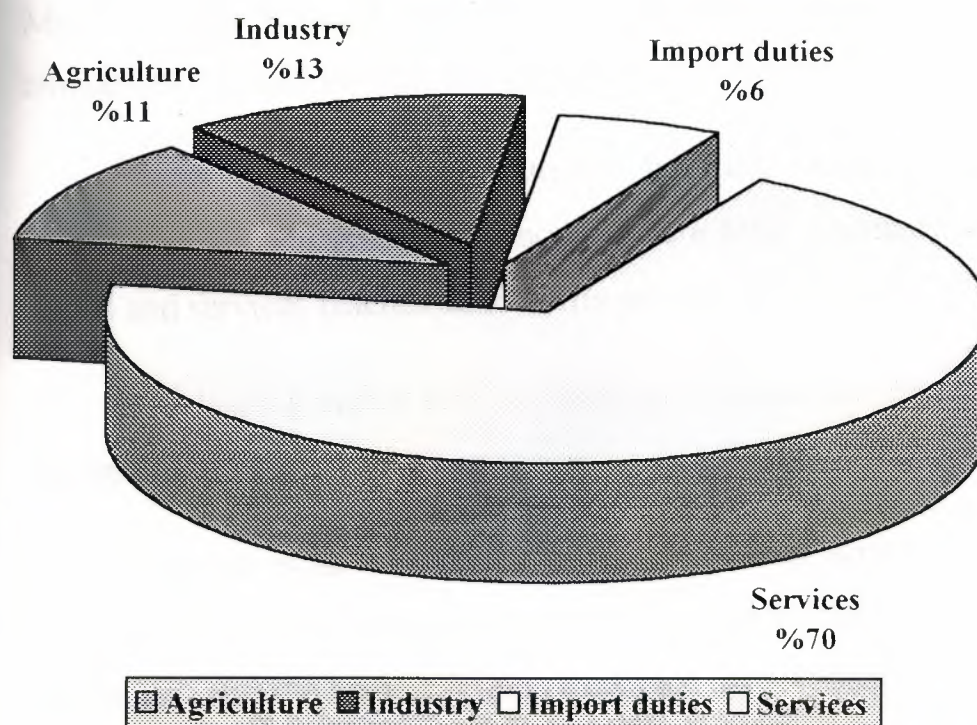
Having a small island economy, the TRNC is in need of a great amount of imports which is increasing proportionate to the growth of the economy. In 1995 exports showed an increase of 26 % and reached US \$ 673 million, while imports increased by 277 % and reached US \$ 366.1 million. Due to these developments, the trade deficit reached US \$298.8 million.

There is not an acute unemployment problem in the TRNC; the official registers show a constant decline over the years. In 1995 the number of unemployed was 752 and the unemployment rate was 0.98 %.

According to official estimates, the economy will shrink by 1.1 % in 1996. In order to overcome the economic stagnation prevailing recently in the TRNC, the 1997 program gives priority to increasing exports, speeding up investments, encouraging foreign investment and increasing economic relations with other countries.

### 2.4.1. COMPOSITION OF GDP 1996

*Graph 1:*



Source : Design by Author from obtained data from Ministry of Education.

### 3. THE ECONOMY OF THE TRNC

The Turkish Republic of Northern Cyprus is a small country situated in a very dynamic geographical location in the Eastern Mediterranean. It has a population of 198,000 inhabitants producing an annual GNP of nearly US \$ 800 million.

By virtue of its long historical traditions and its geographical location it has a very open economy where total international trade in goods and services reaches almost fifty percent of its GNP

The leading sector both in terms of international trade as well as domestic output is the services sector.

Tourism is in the vanguard of the services sector, attracting an annual inflow of tourists almost twice the size of the local population. Tourism is also the highest foreign exchange earning sector.

A runner-up in the services sector that is fast catching up with tourism is higher education. Presently the country has five institutions of higher learning, all offering instruction in English and with a total international student.

Directly and indirectly higher education generates about 14 per cent of the GNP. In five years, international students' enrollments is planned to reach 22,000 at which time it will provide nearly one third of the GNP.

North Cyprus is also the host for nearly 40 off-shore banks and a large number of off-shore companies. The favorable tax rates, a liberal foreign exchange regime, and the availability of qualified local personnel



contribute to the attraction of the country as an off-shore Center. Approximately 6 new off-shore banks are registered every year.

There is also a small but resilient industrial sector which produces both for exportation and for local consumption. The leading export industries are textiles and processed foods.

The main trading partner of North Cyprus is Turkey, accounting for over 50 per cent of the annual trade. The next largest trading partner is the European Union.

The official currency of North Cyprus is the Turkish lira. However, the liberal foreign exchange regulations permit the uninhibited in and out flow, and local circulation of Dollars, British Pounds sterling, German Marks and other currencies.

A particular and distinctive characteristic of North Cyprus is that almost as many Turkish.



#### 4. TRAVEL

Travel by air to and from the TRNC increased dramatically in recent years. While 10 flights could be realised weekly in 1975, this number rose 70 in 1996. Passenger capacity increased sharply from 1929 in 1975 to 13,414 (going and coming) per week in 1996.

**BY AIR:** Flights are provided by Turkish Air lines (THY), Cyprus Turkish Air lines (KTHY), and Istanbul Air lines (IHY). There are regular flights from Ankara, Istanbul, Izmir, Antalya and Adana. Flights can also be made from a number of cities in Europe via Turkey. Ercan and Geçitkale are two important airports. Ercan State airport is 24 km from the capital Lefkoşa

**BY SEA:** There are also fast ferry and sea bus lines between Mersin, Taşucu and Alanya in Turkey and Girne and Gazimağusa in the TRNC.

##### 4.1. CIVILIAN AVIATION STATISTICS

Table 2:

Years	Touch Down	Take Off	Transit	Arrivals	Departures	Coming Cargo (kg)	Going Cargo (kg)	In Coming Mail (kg)	Out Going Mail (kg)
1993	3.276	3.276	77.630	324.828	339.612	2.828.229	1.797.764	161.907	256.253
1994	3.154	3.154	84.570	319.197	304.992	1.706.988	1.489.953	86.951	71.530
1995	3.257	3.257	82.058	348.506	350.939	3.797.216	2.760.102	160.288	88.545
1996	3.336	3.333	90.600	312.730	347.908	4.687.456	2.319.855	166.247	58.864

## **5. AGRICULTURE**

### **5.1. Agricultural Structure and Policy**

To improve the agricultural sector, new measures have been implemented by the government in the areas of productivity, organisation, incentives and marketing.

Exportation to many parts of the world is the main objective of the agricultural sector. The TRNC is a very small country. Hence, so that its product range is not very large. The agricultural sector is the backbone of the economy in the TRNC. If the trading organisations in the world do not support this small amount of exports, they will be responsible in the future for the decreasing of the output in the TRNC. Although its share in the GDP is decreasing from year to year it is still of major importance especially as far as its contribution to GDP, employment, exports and supply of raw materials to the industry are concerned.

Of the total area of the country, 56.7 % is agricultural land. Practically all products that thrive in the temperate zone are grown in the country. Of the total cultivated area, around 9.04 % is being used for intensive irrigated crop production which includes citrus, potatoes, deciduous fruits, bananas, table grapes and a variety of vegetables. The remaining area is used for the traditional dry land crop production which includes cereals, animal fodder, olives, carobs, almonds and wine grapes.

Agricultural products for export are mostly derive from intensively irrigated crops. Animal husbandry is spread all over the country and cattle, sheep, goats and poultry are the main animals supplying animal products to the local market/live lambs, kids and diary products are the main products for exportation.

As seen from the above figures, citrus is the one of the most important agricultural product in the TRNC. Cereals are also important to meet the needs of animal and human consumption.

As seen from the figures below, the great share in the exports of the TRNC is held by undoubtedly "CITRUS", so that great importance is given to Citrus in the country.

Although the shortage of water in some regions causes problems, new irrigation techniques have been implemented successfully by agricultural experts to overcome these problems. By taking into account the demands of the market, new varieties of citrus trees are being planted in the country.

### 5.1.1. LAND DISTRIBUTION IN THE TRNC

**Table 3:**

Land Distribution	Acres	%
Agricultural Land	1.398.123	56.71
Forest Land	480.740	19.50
Meadows	122.157	4.95
Villages, roads, rivers etc.	263.471	10.69
Area not occupied	201.061	8.15
Total Land	2.465.552	100.00

**Source :** Design by Author from obtained data from Ministry of Education.



### 5.1.2. AGRICULTURAL PRODUCTION 1,000 TONS

Table 4:

CROPS	1993	1994	1995
Cereals	185.41	135.5	100.7
Pulses	6.6	17.2	20.0
Pulses for human consumption	3.0	2.3	2.3
Vegetable	32.9	24.7	24.7
Melons, Watermelons	8.5	8.9	5.3
Industrial Crops	0.3	0.3	0.2
Citrus Fruit	210.9	169.7	204.5
Fruits	14.0	7.0	7.2
Vineyards	3.0	2.8	2.5
Off-Season	4.8	7.3	6.7
TOTAL	479.7	376.0	374.7

Source : Design by Author from obtained data from Ministry of Education.

### 5.1.3. ANIMAL POPULATION

Table 5:

Animals/number	1993	1994	1995
Cattle	15.676	17.158	19.976
Sheep	203.428	187.137	207.596
Goats	55.329	53.007	57.305
Poultry	3.113.547	3.239.933	3.569.983
a. Layer hen	87.544	131.528	136.122
b. Broiler	2.974.075	3.050.893	3.383.550
c. Parent Stock	51.928	57.512	50.311

Source : Design by Author from obtained data from Ministry of Education.

### 5.1.4. ANIMAL PRODUCTION

Table 6:

Animals	1993	1994	1995
Cattle	1.051	1.073	1.268
Sheep	2.929	3.333	3.111
Goat	821	866	822
Poultry	4.566	4.664	5.208
Fish	400	400	450
Cow-milk	23.010	22.852	28.511
Sheep and goat milk	9.865	10.970	10.446
Eggs (dozens)	1.823.830	2.740.165	2.835.869

Source : Design by Author from obtained data from Ministry of Education.



### 5.1.5. EXPORTS OF AGRICULTURAL PRODUCTS

Value: US \$ million  
%: The share Total Export

Table 7:

	1993		1994		1995	
	V	%	V	%	V	%
1. Agricultural Products (total)	25.7	48.1	26.9	40.0	31.0	44.0
Citrus	15.8	29.6	22.1	32.8	22.6	32.1
Potatoes	0.7	1.3	1.4	2.1	0.9	1.3
Livestock	0.3	0.6	0.4	0.6	1.0	1.4
Other	8.9	16.7	3.0	4.5	6.5	9.2
2. Processed Food	7.1	13.3	11.9	17.7	13.2	18.7

Source : Design by Author from obtained data from Ministry of Education.

### 5.1.6. NEW EXPORT ORIENTED AGRICULTURAL PROJECTS IMPLEMENTED BY THE MINISTRY OF AGRICULTURE AND FORESTRY

1. *Export Oriented Cut Flower Project*
2. *Modernization Of Irrigation System Of Citrus Fruits And Substitution On Of More Suitable Types In Place Of Greyfruit Plants*
3. *Export Oriented Honey Production*
4. *Increasing The Efficiency Of The Animal Production*
5. *Improving The Production Of Carobs In The TRNC*

## 6. INDUSTRY

Improvements in foreign trade and tourism created a better environment for local manufacturers. Mainly small scale firms undertook activities in the manufacturing sector which soon became a fast growing sector.

The North Cyprus clothing industry is one of the most important manufacturing sectors in the North Cyprus economy and exports. In 1995, its share was 35 % in the country's total exports.

The other important export product of the TRNC is citrus. In 1995 the exportation of citrus fruit constituted 33 % of the total exports of the TRNC.

Pharmaceuticals, dairy products and citrus concentrates are among the major export products in the North Cyprus industry. In 1995 the exports of pharmaceuticals constituted about 2 % of the total exports of North Cyprus.

Although industrial production is largely aimed at the domestic market, the duty-free entry permission granted by Turkey to a considerable range of Turkish Cypriot manufactured goods has provided new opportunities and incentives for the local manufacturers.

## **6.1. INVESTMENT INCENTIVES INDUSTRY**

The law for encouragement of industrial investments, enacted in 1984, contains the following incentives :

- Long-term lease of government owned land and buildings at low rates, up to 99 years;
- Duty-free import of all machinery and equipment;
- % additional investments allowances on initial fixed investment expenditures;
- Government loans or interest rebates on loans secured from financial institutions in the TRNC;
- Transfer of foreign currency without any restriction;
- Permission to employ foreign personnel;

## **6.2. INVESTMENT PROCEDURES**

Foreign investors proposing to establish a business in the TRNC should:

1- Apply to the relevant TRNC Ministry to obtain permission according to the nature of the proposed investment;

2- Be prepared to invest an amount not less than US \$ 30,000 which will have to be transferred into a TRNC bank as convertible foreign exchange before the registration of a company In exceptional

cases, the foreign capital share may be in kind (fixed assets of industrial property rights) for both of which special permission has to be obtained from the Ministry of Economy. For investors from Turkey this amount may be paid in TL.

3- Obtain a business permit from the Department of Immigration if they wish to take part in the administration of a corporate body.

#### **6.2.1. Trade-Marks**

Trade-marks are registered initially for seven years and are renewable for periods of 14 years. Trade-marks already registered abroad are favourably considered.

#### **6.2.2. Property Ownership**

Foreigners wishing to purchase immovable property in the TRNC have to apply for permission to the Interior Ministry. The purchase price is required to be paid in foreign currency.



### **6.3. IMPORT AND EXPORT PROCEDURES**

#### **6.3.1. Import Procedure**

- a) Firms wishing to engage in import business must register with the Chamber of Commerce or with the Chamber of Industry.
- b) The necessary import permission may be obtained on application from the Department of Trade.
- c) Highly developed local banking services are available to meet the needs of both importers and exporters.
- d) Necessary measures have been taken to further simplify import procedures and to minimize any bureaucratic impediments.

#### **6.3.2. Export Procedure**

- a) Any registered company may obtain a general export license from the Department of Trade.
- b) Generally no restrictions exist on exports.

#### **6.4. Possible Investment Areas In the TRNC**

- Cement production
- Limestone and lime production
- Gypsum and plaster production
- Mosaic tiles production
- Sanitary ware products
- Pottery industry
- Mineral pigments
- Fertiliser packing and production
- Textile and apparel industry
- Weaving plant (wool yarn)
- Buttons production (polyester, etc.)
- Leather, hides and tannery industry
- Footwear pattern and mould production
- Moulds production for plastic industry
- Furniture industry and wood carving
- Match factory
- Plastic, cloth and wooden toys production
- Ball-point pens and pencil production

- Citrus peel drying and animal food production
- Carob and carob seed processing industry
- Veterinary medicine production
- Agricultural medicine production
- Pharmaceuticals production
- Desalinization and production of salt from sea water
- Mineral water bottling and exporting
- Confectionery industry
- Jam and marmalade production
- Fruit and vegetable canning.



## **7. NATURAL RESOURCES**

Although Cyprus' name derived from the mineral "COPPER" on the whole, the island is in an unlucky position with respect to metal ore reserves. All of the Trodos Magnetic complex in which the metallic ore is found in Southern Cyprus. A small part of the deposit has been discovered in the Lefke-Yeşilırmak region.

Different sizes of aggregates can be obtained from the recrystallized and dolomite lime-stone of the Kyrenia Mountains. lime, high grade of clay reserves, and widespread gypsum precipitation are the main industrial raw materials of Northern Cyprus.

### **7.1. Possibilities For The Existence Of Metallic One In The TRNC;**

#### **7.1.1. Copper-Pyrite, Pyrite**

a- Copper-pyrite was mined near Lefke until 1974. Detailed survey is needed to evaluate the copper deposits which were explored between Lefke and Yeşilyurt exist.

b- Same indications have also been observed in the Karpas-Peninsula region.

## 7.1.2 INDUSTRIAL MINERALS AND ROCKS

7.1.2.1. **Limestone:** The limestone with a high grade of lime has been excavated around the regions of Beşparmak and Lefke-Yeşilirmak. Limestone is also useful in the production of tiles, broken stone and sand in the construction industry.

7.1.2.2. **Marble:** Crystallised limestone and dolomite crystallised limestone in Beşparmak Mountains have good finishing properties. So it can be easily used as marble. In some gaps and overlapping zones of limestone, coloured onyx marble formations have also been discovered.

7.1.2.3. **Gypsum:** It is the most important industrial mineral excavated in the TRNC. High quality gypsum excavated from the quarries can be used as additives in the cement industry and as decoration material in the construction industry. These quarries have not been exploited effectively until now Gypsum producers are willing to open their quarries to foreign investors.

7.1.2.4. **Bentonite:** Bentonite deposits are found in the buffer zone of Yiğitler village. These deposits have high binding and absorbing properties.

**7.1.2.5. Umber:** It is found in the Yiğitler region together with bentonite.

**7.1.2.6. Clay:** The alluvial soils in different parts of the TRNC can be used to manufacture high quality bricks and tiles.

**7.1.2.7. Building stone:** Building stone which is widely used in the construction sector is abundant in the TRNC.

**7.1.2.8. Sand-stone:** Sand and stone are the essential materials of the construction sector in the TRNC.

**7.1.2.9. Ancient Mining Slag :** Economically feasible beds are found in the region of Lefke. It is very rich in iron oxide and siliceous oxide.

## **7.2. Potential Natural Resources of the TRNC**

**7.2.1. Raw materials of cement:** Investigations and explorations have been carried out under “The project of the Investigations of the Natural Resources of the TRNC.”

**7.2.2. Manganese:** There are some traces of manganese in the Karpas Peninsula but investigation is needed to ascertain the reserves and



their grade conditions. Economic feasibility also needs to be investigated before deciding to operate the ore deposit.

**7.2.3. Petroleum:** In view of the geographical location of Cyprus, petroleum might be discovered.

## 8. TOURISM

Cyprus is an ancient land of relics of Great Mediterranean cultures and civilisations. The territory of the Turkish Republic of Northern Cyprus extends from one end of the Island to the other along the whole of the northern shore. Most of the holiday complexes are situated near the picturesque ancient port of Girne on the north coast, or Gazimağusa on the east. It is the one of finest holiday places in the Mediterranean, offering brilliant sunshine, excellent climatic conditions, beaches of golden sand, pine trees, valleys filled with carob trees, olive, lemon and orange groves and lovely gardens.

The unique climate of Cyprus offers year-round opportunities for a perfect holiday. Rainfall is concentrated in December and January and the average sea temperature is above 20 degrees centigrade for more than half of the year. Cyprus is renowned for its wild flowers which cover the island in spring (there are more than 38 species of orchids alone) and the scents of orange, lemon and grapefruit blossom fills the air. Inland, behind the rocky Girne range and the imposing Five Finger Mountains, stretches the huge fertile Mesaoria plain, Ercan airport and the island's capital, Lefkoşa. Along the coast lies the ancient city of Gazimağusa and the nearby ruins of Salamis.

The exotic cuisine of Cyprus reflects its history and maritime ties. The Turkish Cypriot cuisine is a fascinating blend of the East and the West. Breakfast consists of luscious fruits, especially locally grown melons, various local breads with cheese or jams and a selection of eggs and local sausages. Traditionally home-made yoghurt is served with delicious local honey. "Kahve" means Turkish coffee; the wonderfully powerful brew that is a specialty of the Near East. Raki, aniseed spirit

diluted with water, is the traditional accompaniment, but wines and beer of excellent quality are readily available with excellent value and quality. The Turkish Cypriot people are renowned for their generous hospitality. During shopping or enjoying a meal, you are made to feel particularly welcome.

As is seen from the figures above, the total number of establishments has more than doubled since 1975. The total bed capacity has also been increased around % 163 in 20 years.

The rate of occupancy is not at the desired level. When the world recognises the TRNC and removes all of the embargoes imposed on the TRNC, North Cyprus will take the place it deserves in economic development and in the tourism sector.

We demand international organisations concerned to help us remove all of the trade obstacles imposed on us. We import from all the world, especially from European countries. But we are not able to export our products easily. Trade relations should not be confused with political ones.

Although tourism revenues were about US \$ 30 million in 1977 they rose to US \$ 220 million in 1995. Another important aspect of these statistics is that the number of foreign tourists other than Turkish citizens has increased 16 times more compared with the initial years. This is also an indicator of the fact that the world is ready to recognise the TRNC.



## 8.1. DISTRIBUTION OF TOURIST ACCOMMODATION ESTABLISHMENTS AND BED CAPACITIES

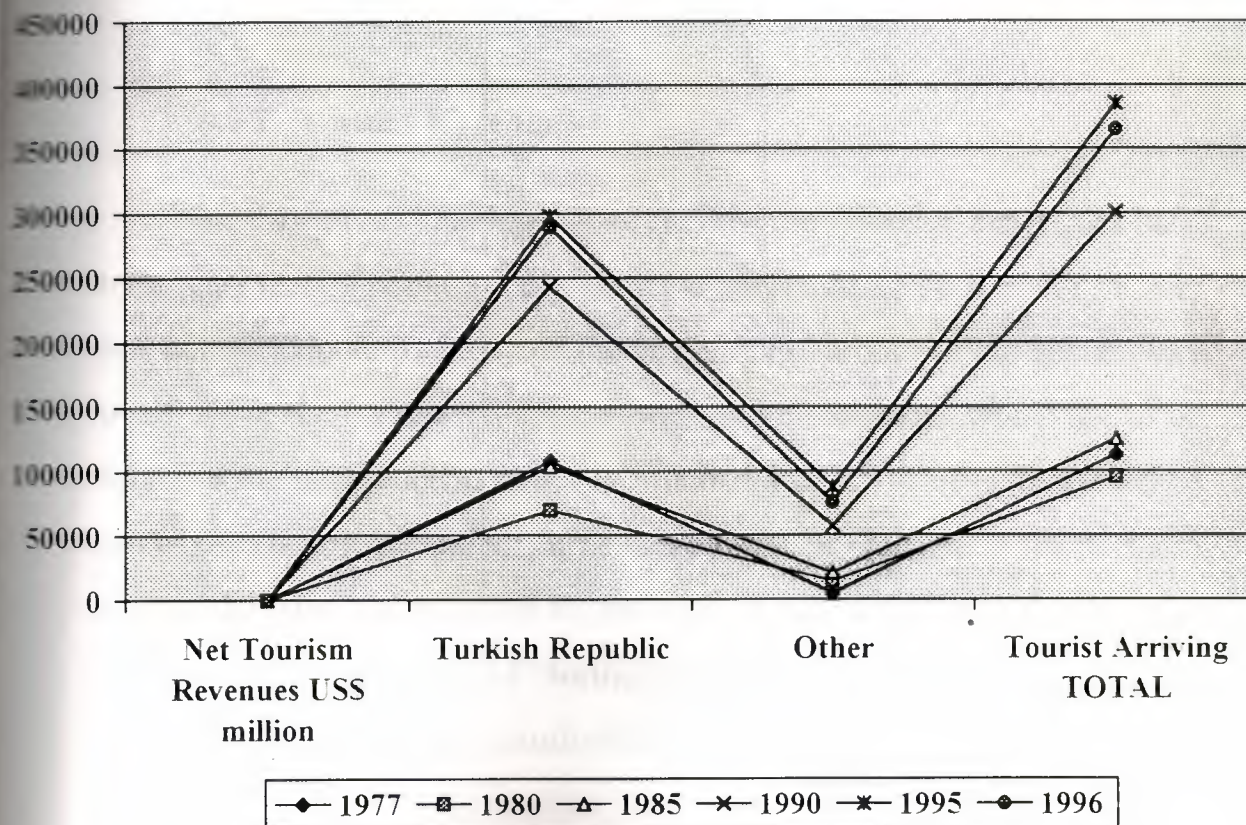
Table 8:

Years	Hotels		Guest Houses		Hotel Apart		Rate of Occupancy %	TOTAL	
	Est.	Bed	Est.	Bed	Est.	Bed		Est.	Bed.
1975	16	2068	16	331	8	553	18.20	40	2952
1980	24	2639	17	412	8	437	27.70	49	3488
1985	24	2665	17	433	13	1022	23.07	54	4120
1990	29	3088	34	711	26	2326	35.27	89	6125
1991	31	3542	21	621	28	2470	22.70	80	6633
1992	33	3814	18	457	35	2816	31.20	86	7087
1993	40	4139	19	445	34	2878	36.30	93	7462
1994	41	4291	15	345	37	3178	37.30	93	7814
1995	40	4299	15	321	38	3154	37.30	93	7774
1996	41	4463	18	446	40	3358	31.80	99	8267

Source : Design by Author from obtained data from Ministry of Education.

## 8.2. TOURISM REVENUES AND NUMBER OF TOURISTS THAT VISIT T.R.N.C.

Graph 2:



Source : Design by Author from obtained data from Ministry of Education.

### 8.2.1. LEFKOŞA (NICOSIA)

The capital city Lefkoşa was known as “Ledra” in ancient times. It is at an altitude of over five hundred feet above sea level. The city is now divided by the “green line” separating the Turkish Cypriot and Cypriot Greek sections. Cyprus was under Turkish rule for over three hundred years and Lefkoşa, like the other cities, displays many characteristics of Turkish cities.

**Places of Interest:** The Barbarian Museum, the National Dispute Museum, the Ethnography Museum, the Venetian Column, the Arab Ahmet Pasha Mosque, the Sultan Mahmut II. Library, the lapidary Museum, the stonework Museum, the Selimiye Mosque, the Bedesten, the Great Inn, the Covered Bazaar, the Gamblers Inn, the Dervish Pasha Mansion, the Historical Turkish Bath (Hamam).

### 8.2.2. Girne ( Kyrenia )

Historians are unable to agree on how old Girne is, but it goes back to at least the 10<sup>th</sup> Century BC. Its great attraction as a center for visitors lies not only in the fortress and the enchanting harbour of the ancient city itself but in the ancient villages, castles and monasteries which are to be found in the neighbourhood, set as it is in a scenery of beauty unmatched anywhere else on the island. Girne is a coastal city located in the northern part of the island surrounded by beauties of nature and it is a show case for the Turkish Republic of Northern Cyprus. The luxury hotels, motels and picnic places are very comfortable.



**Places of Interest:** The Kyrenia fortress, the Shipwreck Museum, the Folklore Museum, the Peace and Freedom Monument and Museum, the Cafer Pasha Mosque, St.Ömer Dervish lodge, the Bellapais Abbey, the St.Hilarion Fortress, Sea Martyrs' Monument.

### 8.2.3. GAZİMAGUSA (FAMAGUSTA)

Among the massively fortified places on the shores of the Mediterranean, Gazimağusa takes a prominent place. Originally a small fishing village, Gazimağusa grew in size and importance under the Lusignans in the 13<sup>th</sup> century, developing into an important trading Center between East and West.

Gazimağusa is a city whose natural beauties are still not used extensively. The golden sandy beaches of Gazimağusa are well known throughout the world, and it is the most important Center of tourism on the island.

**Places of Interest:** The Lala Mustafa Pasha Mosque, the Othello Fortress, the Namık Kemal Prison, the Sinan Pasha Mosque, the Canbulat Museum and Tombs, the Salamis Ruins, the Salamis King's Tombs, the Canter Fortress, the City Walls, the St.Barbara Museum.

#### 8.2.4. GÜZELYURT

The name of Morphou, “Güzelyurt”, means “beautiful country”, obviously referring to its lush green surroundings and the agricultural abundance of the town's vicinity.

This area is covered with large citrus orchards. The first human settlement in the area goes back to the Neolithic period. During the Bronze Age, the nearby copper mines were exploited and the processed copper was exported.

**Places of Interest:** The St. Mamas Monastery, the Archaeological and Natural Museum, the Toumba Tou Skourou, Soli Ruins, the Palace of Vouni, the Temple of Pigadhes.

#### 8.2.5. LEFKE

Lefke is situated in the north-west of the island, 46 miles from Lefkoşa. Some of the finest examples of Ottoman architecture are found in Lefke. In fact the town as a whole has the peaceful and authentic atmosphere of a lost way of life. It is also one of the greenest areas in the TRNC.

**Places of Interest:** The Piri Osman Pasha Mosque, the Tomb of Vezir Osman Pasha.



## **9. BANKING AND THE STOCK EXCHANGE**

### **9.1. Procedures for the Establishment of a Bank**

The establishment of a bank or the opening of a branch by a foreign bank for the purpose of carrying on business within the TRNC is subject to authorisation by the Council of Ministries.

In order to establish a bank or open a branch application is made to the Ministry of Finance in charge of financial matters and the view of the Central Bank is obtained by this Ministry.

Information and documents required from the applicant, the minimum number of founders and their qualifications, matters to be specified in the memorandum and articles of associations are specified in the notification of the Ministry of Finance. Where a bank does not commence business within one year beginning from the date of authorisation is deemed to be cancelled.

Banks are obliged to obtain authorisation from the Ministry of Finance for every branch they open and must notify this Ministry of these branches within fifteen days beginning from the date opening.

Foreign banks which have one or more branches operating in the TRNC are obliged to authorise one of these branches to represent the Head Office.

Minimum paid-up or allotted capital of banks is 50 billion Turkish liras on establishment.

Foreign banks shall fulfill their obligations regarding capital by bringing in convertible foreign exchange.

In accordance with the definition in the Money and Foreign Exchange law, "Authorised Bank" means banks operating in the TRNC authorised by the Minister responsible for financial affairs to engage in import and export transactions, to buy foreign currency receipt vouchers for tourists and/or receipts forming the basis for the sale of foreign currency. Besides the Central Bank of the Turkish Republic of Northern Cyprus, authorised banks are the following:

### 9.2.1. BANKS OPERATING IN THE TRNC

*Table 9:*

Cyprus Vakıflar Bank Ltd.	1983
Cyprus Turkish Co-operative Central Bank Ltd.	1959
Cyprus Credit Bank Ltd.	1978
Turkish Bank Ltd.	1901
Cyprus Commercial Bank Ltd.	1982
Industrial Bank of Cyprus Ltd.	1982
Asbank Ltd.	1986
Akdeniz Garanti Bankası	1991
Cyprus Economy Bank Ltd.	1990
Kıbrıs Yatırım Bankası Ltd.	1992
Kıbrıs Hür Bank Ltd.	1992
Rumeli Bank Ltd.	1992
Everest Bank Ltd.	1993
Cyprus Eurobank Ltd.	1992
Finba Financial Bank Ltd.	1992
Limasol Turkish Co-operative Bank Ltd.	1993
T.C. Ziraat Bankası	1974
Türkiye İş Bankası A.Ş.	1955
Türkiye Halk Bankası A.Ş.	1978
Faisal İslamic Bank Ltd.	1982
Home and Overseas Bank Ltd.	1955
Denizbank Ltd.	1993
Kıbrıs Altınbaş Bank Ltd.	1993
Tunca Bank Ltd.	1994
Yakın Doğu Bank Ltd.	1996
Med Bank Ltd.	1996
Yasa Bank Ltd.	1996
Kıbrıs Finans Bank Ltd.	1997
Erbank Ltd.	1997

## **9.2. Procedures for the Establishment of an Off-Shore Bank**

The establishment of an off-shore bank, the opening of a branch of a representative office by a foreign bank is subject to authorisation by the Council of Ministries.

Foreign Banks, branches or subsidiaries of foreign banks, foreign real persons and corporate bodies may apply to the Central Bank for the purpose of carrying on off-shore banking operations.

The Central Bank evaluates applications within one month and submits them to the Ministry of Finance together with its views. The Ministry of Finance examines an application and, if it is approved, a provisional license within 15 days.

Documents to be submitted on application and establishment and the contents there of are specified in regulations to be issued by the Council of Ministers.

Charges payable on an application are determined by the decision of the Council of Ministries. But they shall not exceed US \$ 1,000. Minimum cash paid-up capital required of an off-shore bank is US \$ 500,000.

Upon payment of the cash capital into a blocked account at the Central Bank, the provisional license is rendered absolute and the Ministry of Finance issues the business license to the applicant.

Units which have been issued a business license have to register in the register of companies after completion of the requirements regulated by the Companies law.



Where the unit is a branch or establishment of a foreign bank, it is a prerequisite that such a bank should have a good name for itself at the international level or national level and that it has been registered in a country where there is adequate banking experience. In such a case the prospective unit shall present a letter of comfort from its parent bank.

An off-shore banking unit must, within three months after receipt of the business license, commence services specified in its Memorandum of Association. Otherwise the license shall be deemed invalid.

Off-shore banking units perform all banking operations envisaged in the Banking law entirely in an outward-oriented manner.

The following banks licensed and duly registered under the Offshore Banking Service law (48/1990), and are in operation at the present time.



### 9.2.1. Off-Shore Banks Operating in the TRNC

Table 10:

Banks	Year Started
East Mediterranean Trust and Banking Corporation Ltd.	8.11.1991
The European Business Bank Ltd.	12.3.1992
The European Commerce Bank	12.3.1992
The Euro Textile Bank (ETB) Ltd.	23.9.1992
Cyprus United Trade and Inv. Bank Ltd.	12.10.1992
Imar Bak Off-Shore Ltd.	10.12.1992
Pacific Bank Off-Shore Ltd.	14.1.1993
Atlasbank Off-Shore Ltd.	30.12.1992
Özbank Off-Shore Ltd.	22.1.1993
Alliance Investment bank Off-Shore Ltd.	10.3.1993
Oki Bank Off-Shore Ltd.	9.4.1993
Mediterranean Union Bank Off-Shore Ltd.	8.7.1993
World Vakıf Off-Shore Banking Ltd.	2.7.1993
Optima Bank Off-Shore Ltd.	14.7.1993
Northern Island Off-Shore Bank Ltd.	5.8.1993
Cyprus Islamic Off-Shore Bank Ltd.	13.10.1993
Facto Bank Off-Shore Ltd.	27.10.1993
First Merchant Bank Off-Shore Ltd.	13.12.1993
Overseas Bank Off-Shore Ltd.	15.2.1994
Şeker Bank Off-Shore Ltd.	23.3.1994
Toprak Bank Off-Shore Ltd.	21.4.1994
Adabank Off-Shore Ltd.	27.9.1994
Cleveland Off-Shore Bank Ltd.	25.5.1994
Bank Turquoise Off-Shore Ltd.	8.11.1994
Golden Union Off-Shore Bank Ltd.	15.9.1994
Trade Deposit Off-Shore Bank Ltd.	3.1.1995
Sovereign Gold Depository Bank Off-Shore Ltd.	7.11.1995
Unibank Off-Shore Ltd.	28.11.1995
Cyprus Trade Development Bank Off-Shore Ltd.	27.12.1995
Metropolitan Investment Bank Off-Shore Ltd.	15.2.1995
Maritime Off-Shore Bank Ltd.	12.1.1996
Foreign Trade Bank Off-Shore Ltd.	23.1.1996
EGSBANK Off-Shore Ltd.	13.2.1996
Technical Export Import Bank Off-Shore Ltd.	24.5.1996
Southstar Off-Shore Bank Ltd.	8.5.1997

**Source :** Design by Author from obtained data from Ministry of Education.

## 10. THE STOCK EXCHANGE

The Stock Exchange of North Cyprus was established in fall 1996. It is expected to start operating in the late of 1997.

The founding members of the stock Exchange are sixteen of the banks active in North Cyprus. It is operated by an executive committee elected by the members and a president appointed by the government. Although the stock Exchange is not yet fully in operation, thirty-two more institutions have applied for membership.

While the stock Exchange is being incorporated, changes are in progress in certain economic laws in order to facilitate its smooth functioning and to enhance its attractiveness.

First, changes are being made in the tax laws to allow listed companies exemptions from the corporation income tax. Capital gains and dividend income will also be tax free according to pending amendments in the tax laws. Finally, rules regarding the in and out flow of capital are being relaxed in order to facilitate the movement of capital.

The Stock Exchange is expected to help the government in its new economic development initiative. The first thrust of this new initiative concerns the privatization of about six state economic enterprises. The government plans to offer these enterprises for ownership beginning with the summer of 1997.

Privatisation will free the government from the burdens of running economic enterprises and allow it to concentrate on innovative economic policy-making.

A second important aim of the new economic policy initiative is to provide incentives for privately-held companies to become open to the public and to encourage the establishment of new public joint-stock companies. The services of the Stock Exchange, as well as the contemplated changes in the relevant tax laws, will facilitate this development.

A large part of the savings of Turkish Cypriots is currently abroad either in banks or in foreign securities. The government will make a strong effort to attract these funds back home for investment both in private and public securities. Negotiations are also underway to allow joint listings with the Istanbul Stock Exchange.

Courses are already being offered on the Stock Exchange in the universities of the Stock Exchange becomes TRNC. When the active, a new field will be opened for the interaction of the universities and other domestic institutions encouraging the fruitful interplay of academics and business.



## 11. EDUCATION

The TRNC's educational system aims to develop fully the abilities of all individuals, young and old, both for their personal benefit as well as that of the society as whole. Broadly speaking, the pre-university educational system in the TRNC can be divided into three parts

**Pre-school Education:** It is provided by kindergartens for children 5 or 6 years old.

**Primary Education:** It is provided by elementary schools and is designed for the 7-11 age-group. It is free, lasts for 5 years, and is compulsory.

**Secondary School Education:** Secondary school education is provided in two stages. The first stage (Secondary-Junior) lasts for three years. Children in the 12-14 age group follow this program.

The second stage is designed for the 15-17 age group and has a 3-year programme of instruction.

### 11.1. HIGHER EDUCATION

Higher education is offered mainly at universities and is organised flexibly so as to provide the widest range of opportunities for further academic training. The universities are fully committed to modern



international teaching techniques and provide high quality education and research opportunities for national and international students.

There is a steady increase in the number of students from abroad attending the universities in the TRNC.

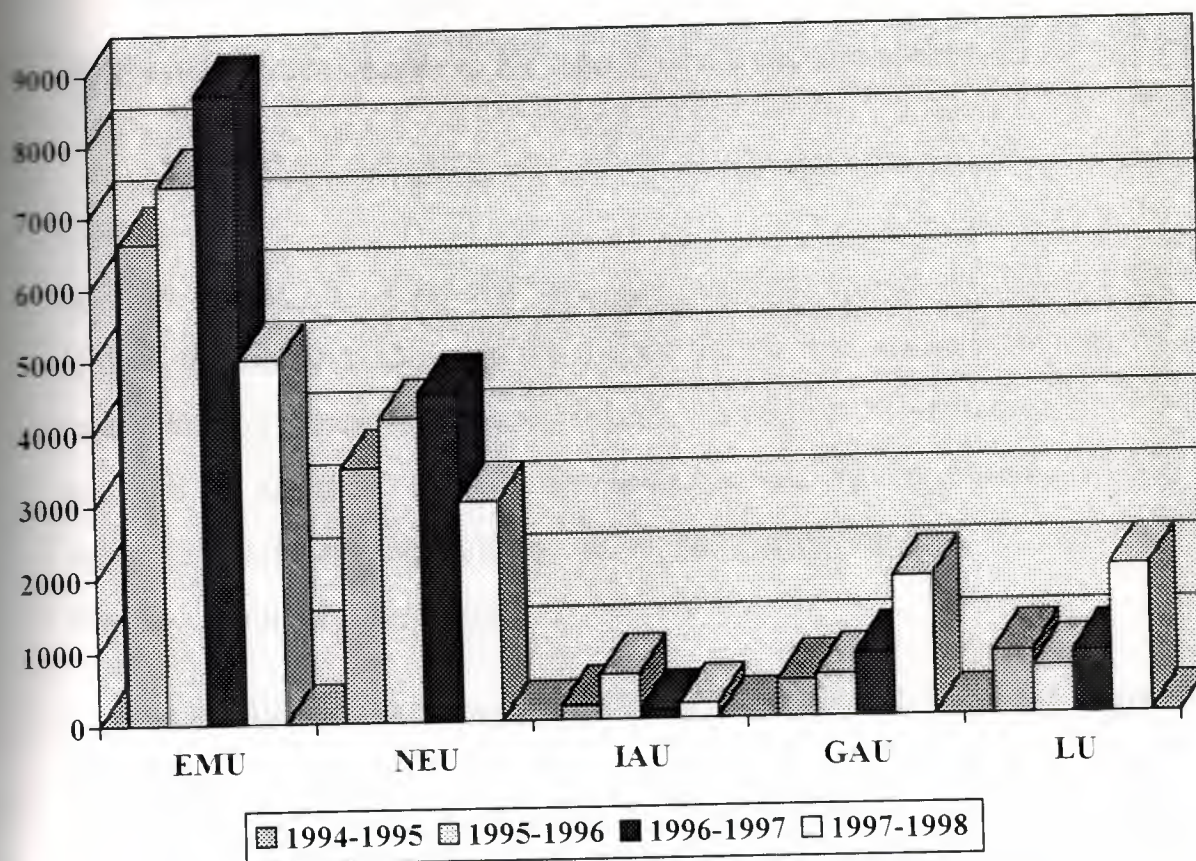
The number of students pursuing higher education increased to 13429 during the 1995-1996 academic year. Some Turkish Cypriots prefer to pursue their education abroad especially in Turkey.

In 1994, 34 % of the Turkish Cypriot high school graduates applied to institutions higher education in the TRNC. Students from 33 countries attend the universities in TRNC. Overseas students come mostly from Turkey (7854), and other Middle Eastern countries (698).

Most of the universities offer graduate studies leading to Master's and Doctoral degrees. Apart from the Teachers' Training College in Lefkoşa and the non-residential open university, the TRNC boasts of five fully developed universities.

### 11.3. STUDENT IN HIGHER EDUCATION INSTITUTIONS

Graph 3:



Source : Design by Author from obtained data from Ministry of Education.

Table 11:

	E. M. U.	G. A. U.	N. E. U.
1979-1980	105		
1980-1981	215		
1981-1982	287		
1982-1983	207		
1983-1984	304		
1984-1985	458		
1985-1986	563	135	
1986-1987	1.008	208	
1987-1988	1.724	162	
1988-1989	2.279	176	43
1989-1990	3.031	226	137
1990-1991	3.585	206	802
1991-1992	3.965	292	1.653
1992-1993	4.276	230	1.990
1993-1994	5.270	245	2.397
1994-1995	6.629	501	3.476
1995-1996	7.431	576	4.153
1996-1997	8.715	861	4.500

Source : Design by Author from obtained data from Ministry of Education.



### **11.2.1. Admission Requirements for Undergraduate Study:**

All applicants must have a Secondary School or equivalent diploma, and must be able to present official transcripts of record.

All Turkish nationals are admitted through the ÖSYM system (Nation-wide University Entrance Exam in Turkey). Overseas students are not bound by this entrance examination except at Near East University. Students are required to pay tuition fees at the beginning of each semester. Some universities expect a document of guarantee from a bank for the payment of school fees and expenses. Admitted students who lack the necessary proficiency in English are required to enter an intensive English programme.

The 1995-96 academic year was a successful year for higher education.

There was only one university in 1984, this reached to 5 in 1995. The number of students also grew rapidly in recent years. Universities will be a booming sector in the TRNC in the near future. While the number of students increases, the quality of education also is improving steadily.

### **11.3. UNIVERSITIES IN THE TRNC**

1. *THE EASTERN MEDITERRANEAN UNIVERSITY, IN GAZİMAĞUSA*
2. *NEAR EAST UNIVERSITY, İN LEFKOŞA*
3. *THE EUROPEAN UNIVERSITY OF LEFKE, İN LEFKE*
4. *GİRNE AMERICAN UNIVERSITY, İN GİRNE*
5. *INTERNATIONAL AMERICAN UNIVERSITY, İN GİRNE*
6. *CYPRUS INTERNATIONAL UNIVERSITY, İN LEFKOŞA*

## 12. FOREIGN TRADE POLICY

The economy of the TRNC has the peculiarities of an island economy with limited resources and long periods of drought cause continuous dependency of production on climatic conditions. Because of this, foreign trade emerge As the major sector of the TRNC's economy, and it grew dramatically after 1974.

In the 1970's the TRNC had limited trade relations with other countries. However, since then, the TRNC established trade relations with more than 70 countries. Also, there were only 54 importers in the 1970's, but now there are about 7,000 of them.

Foreign trade retains its importance in the gross national product, in creating employment, and in its relations with the other sectors.

The imports of the TRNC increased from US \$ 69 million in 1975 to US \$ 396.7 million in 1990. Due to the political and economical crisis in the world after 1990, fluctuated during the 1990-1996 period.

The figures in the table below show this trend during the 1994-1996 period.

From 1995 to 1996, imports decreased 13 % and reached US \$ 318 million in 1996. On the other hand, exports increased 5 % and reached US \$ 70.5 million in 1996. From 1995 to 1996, the volume of foreign trade decreased 10%, and reached US \$ 388 million in 1996. The total exports constituted 22 % of the total imports in 1996.



## 12.1. FOREIGN TRADE of the TRNC

Value: US \$

Table 12:

	1994	change in (%)	1995	change in (%)	1996	change in (%)
Imports	286.335.490	-21.3	366.017.914	27.8	318.316.872	-13.0
Exports	52.879.	-2.0	66.929.405	26.6	70.500.666	5.0
Deficit	-233.456.381	-24.6	-299.088.509	28.1	-247.996.206	-17.0
Export/Imports %	19		18		22	
Total Trade Volume	339.214.599	-18.8	432.947.319	27.6	338.637.538	-10.2

Source : Design by Author from obtained data from Ministry of Education.

## 12.2. EXPORTS

The TRNC has only a small number of export products because of her limited natural resources and the economic embargo imposed on her in foreign markets. International trade has a chronic deficit, in spite of the considerable increase in exports after 1974.

The TRNC's exportation to European community decreased after 1995 because of the unfair European Court Decision against the export products of the TRNC. Contrary to this, The Border Trade Agreement between the TRNC and the Republic of Turkey increased the trade between them and created a potential market to the TRNC's export products. The TRNC's total exports reached 66.9 US \$ in 1995.

As can be seen in the table below, the total export were US \$ 52.8 million in 1994 and reached US \$ 70.5 million in 1996, which represents an increase of 33%. The export shares of the leading groups in total

exports are as follows: ready-made clothing: 35.4%; citrus limit: 32-9 %; citrus concentrates: 7.1 % and diary products: about 5 %.

Cirrus had the leading place in total exports until 1992. After then, due to droughts, the underground water becoming salted and due to marketing problems, they fell to the second place.

Citrus fruits, potatoes, carob and other agricultural products are the main agricultural export products of the TRNC. Clothing, processed agricultural products, beverages and other industrial products are the main industrial export products.

Ready-made clothing became the number one commodity in total exports after 1993, because of increasing foreign demand and subsidising by the Government.

Analysis of TRNC' s exports on a sectional basis is given in the table below. While the share of industrial products was 54 %, the share of agricultural products was 44 % in the total exports of the TRNC in 1996.

Until 1990, the share of TRNC's agricultural products in her total exports was between 60- 70 %. After 1990, the share of agricultural products decreased and, accordingly that of industrial products increased in total exports.

Exports distribution by countries are given above. As is seen in the table, 65 % of the total exports was oriented to the EC Countries until 1994. The United Kingdom comes first among the EC Countries.

Germany and Holland come after the United Kingdom. In the TRNC's total exports, the Republic of Turkey has a share of about 48 % and the Middle East Countries have a share of 3 to 5 %.

After the unfair "European Court Decision" against the TRNC export products, her exports to EC Countries declined until 1996.

After this decision, the border trade agreement between Turkey and the TRNC was signed, and there was a considerable increase in the TRNC's exports to Turkey. As is seen in the table above, after 1995 the TRNC's exports to EC Countries decreased and exports to Turkey increased.

After 1995 exports to the newly-established Turkish Republics in Asia increased and reached 14.7% of her total exports.



### 12.2.1. THE MAJOR EXPORT PRODUCTS OF THE TRNC

VALU: US \$ 1000

Table 13:

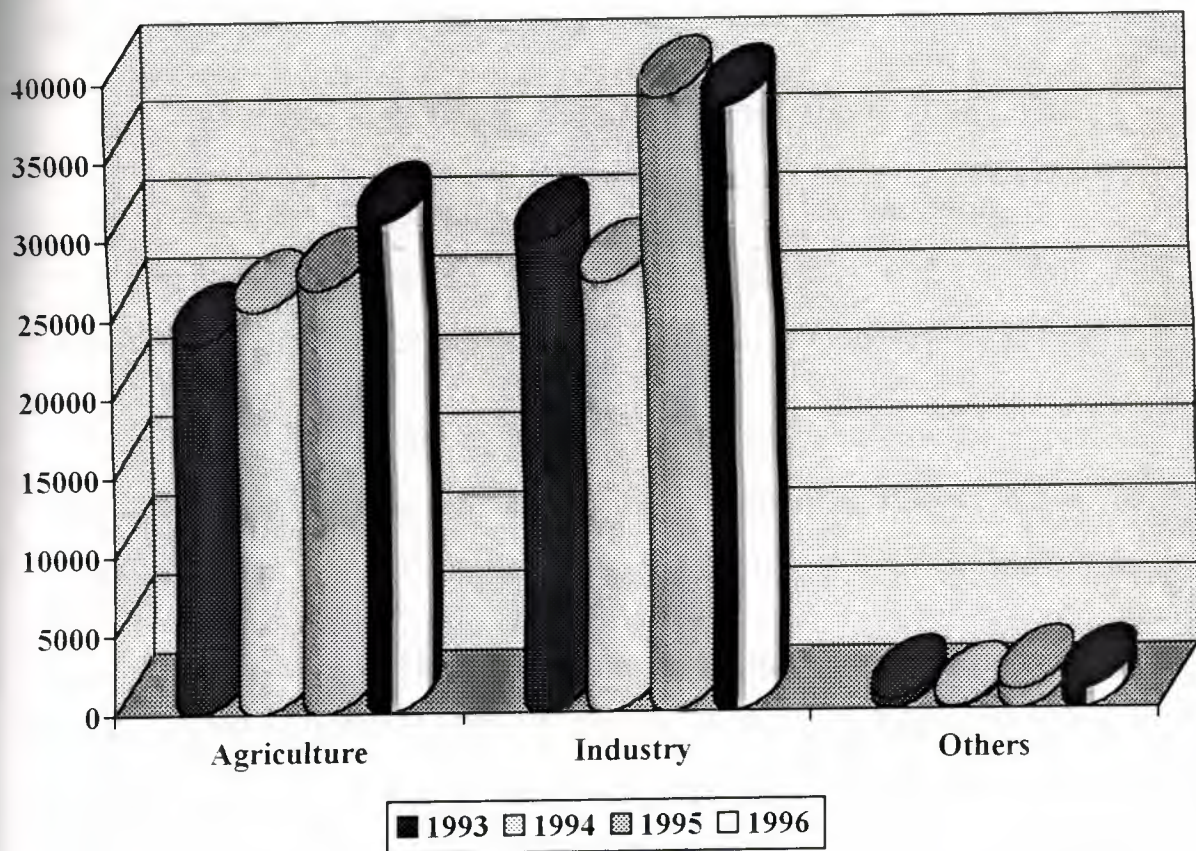
PRODUCTS	1994	1995	1996
Clothing	18153	23707	21605
Citrus	15813	22043	22584
Citrus Concentrates	5254	4764	1693
Dairy Products	1094	3383	4599
Potatoes	1241	1381	870
Beverages	921	2747	5689
Pharmaceutical	318	1222	521
Leather	611	800	942
Tobacco	384	91	205
Carob Seed	213	1539	25
Kibbled Carob	387	331	-
Others	7477	4913	11518
<b>TOTAL EXPORTS</b>	<b>53965</b>	<b>66929</b>	<b>942</b>

Source : Design by Author from obtained data from Ministry of Education.

## 12.2.2. EXPORT BY MAIN SECTORS

VALUE: US \$1000

Graph 4:



Source : Design by Author from obtained data from Ministry of Education.



### 12.3. IMPORT

As is seen from the figures given in the table below, Turkey has the largest share in the imports of the TRNC. Imports from Turkey increased from 41.5 % in 1993 to 55.3 % in 1996

EC Countries hold the second place in the imports of the TRNC.

The United Kingdom, Germany, Italy, France and Holland are of major importance among EC Countries in imports. The share of the EC Countries in imports decreased from 38.1 % in 1993 to 25.4 % in 1996.

The Far East countries have a considerable share in the imports of the TRNC. Hong Kong, China, Taiwan, Singapore and Sri Lanka are the most important import countries in the Far East.

The share of the Far East Countries in the imports decreased from 14% in 1993 to 9.8% in 1996. As is seen in the table below, the share of Turkey in the imports has been increasing steadily.

As is seen in table below, consumer goods have the largest share in the imports. Consumer goods are classified as non-durable, semi-durable and durable. The share of consumer goods in the total imports is 43.4% in 1996. The share of investment goods and raw materials is 23.1 % and 33.5 % respectively.

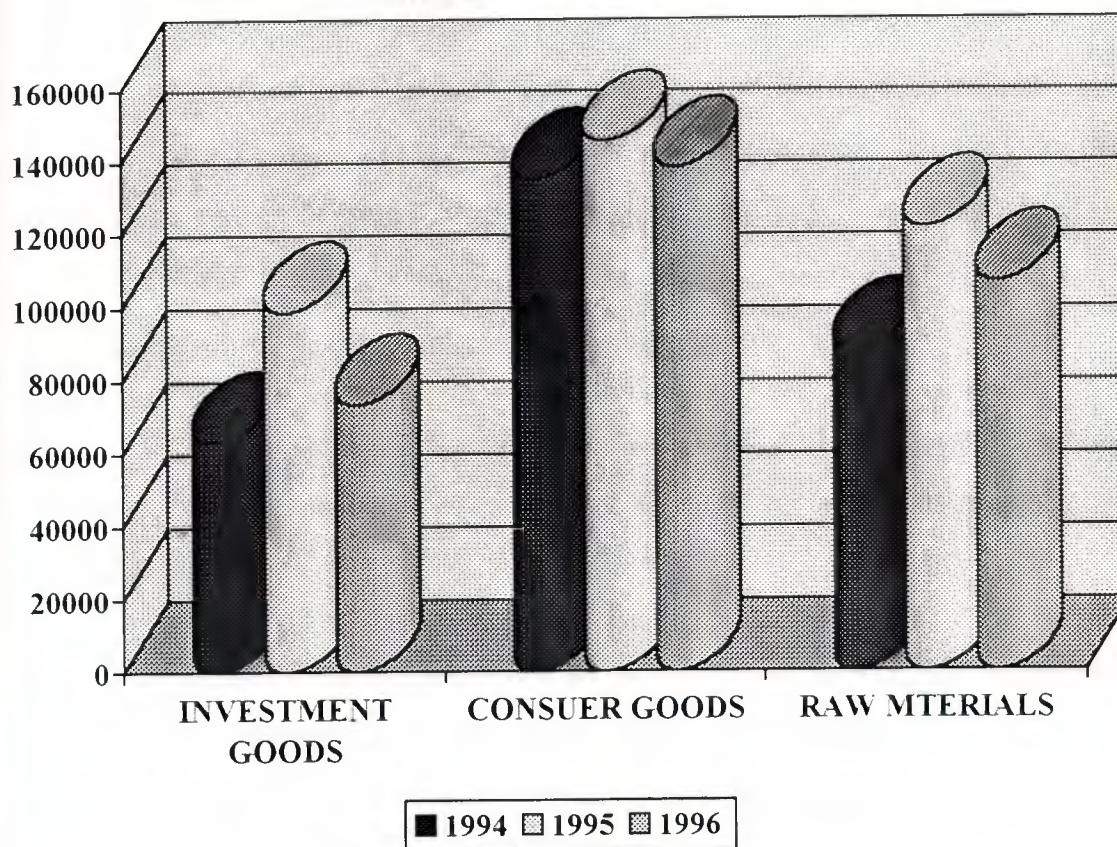
These 35 items constitute 50% of the total imports. As is seen above in this, vehicles, fuels, construction materials and electrical household utensils have the largest share in total imports.



### 12.3.1. IMPORT BY COMMODITY TYPES

VALUE: US \$1000

Graph 5:



Source : Design by Author from obtained data from Ministry of Education.

### 13. FREE PORTS AND ZONES

#### **Famagusta (Gazimağusa) Free Port and Zone**

Famagusta Free Port and zone is located at the cross-roads of east-west and north-south navigation routes and is the ideal gateway to the three continents. Because of this advantageous location, it is an ideal place for foreign businessmen. The Famagusta Free Port and Zone is in Famagusta which is the country's principal port.

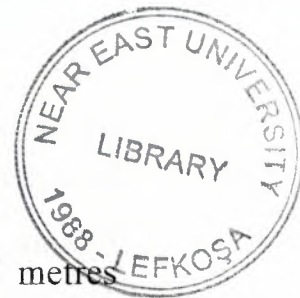
The TRNC comprises an area of 3,355 km<sup>2</sup> and the Famagusta Free Port and Zone is spread over an area of 487,000 m<sup>2</sup> and land is available for expansion.

The economic policies of the government encourage free enterprise and foreign investment. The Free Port and Zone Directorate is responsible for the implementation of the rules and regulations related to the Famagusta Free Port and Zone.

Famagusta Free Port and Zone was established in 1977 and commenced functioning in mid-1978.

The Free Port and Zone law states that only "Approved Enterprises" are entitled to operate and erect concerns in the Free Port and Zone area. An "Approved Enterprise" is defined as one which has received approval from the Free Port and Zone Council to function in the Free Port and Zone. Applications for "Approved Enterprise" status have to be submitted to the Free Port and Zone Directorate using the forms supplied by this body.





## **Free Port of Famagusta**

The deep water quay can accommodate vessels with 9.15 metres draught. The port is specially equipped with a tower crane, with capacity of 40 tones for container handling. Port services are rendered by the Ports Department which is well equipped with tugboats, pilot boats, service boats, mobile and floating cranes, forklifts, etc., with different capacities.

### **13.1. Facilities And Incentives Provided For Investors:**

- **Activities and Operation**

Famagusta Free Port and Zone offer excellent opportunities to foreign investors who intend to engage in all kinds of manufacturing, as well as commercial activities, such as ship-repairs, banking and insurance services, transshipment or re-export activities.

- **Capital Participation**

The local authorities are keen to encourage foreign capital investment, either in the form of joint ventures or independently. There is no limitation to the proportion of foreign capital participation.

- **Corporate TAX and Income TAX**

All income derived from activities and operations undertaken by investors in the Free Port and Zone are totally exempt from Corporate Tax and Income Tax. This exemption does not apply to the exportation of goods and services not manufactured and undertaken in the Free Port and Zone that are directed to the TRNC.

- **Exemption From Customs Duties and Indirect Taxes**



Famagusta Free Port and Zone is outside the customs boundary of the TRNC. All production inputs can be transported from foreign locations to Famagusta Free Port and Zone area without being subject to any taxes or duties.

- **Transfer of Profit and Capital**

There is no limitation on repatriation of profit and capital earned in the Famagusta Free Port and Zone.

- **Fees, Charges, Tariffs:**

The fees are reasonable for the facilities and services provided. Some of the fees are listed below.

Annual rents for factory building sites vary from US \$ 2.00-2.50 per m<sup>2</sup>. Areas of available sites vary from 800 to 8,000 m<sup>2</sup>. The leasing agreements initially are made for 21 years and may be renewed for two additional terms, 21 years each. Business offices can also be leased for seven years and may be renewed for two additional terms.

- Storage charges (per ton or part thereof per day or part thereof), for cargoes in open store and/or in warehouse: general cargo: US \$ 0.20.
- For cargoes in open stacking area; general cargo: US \$ 0.10; bulk cargo: US \$ 0.05.
- Containers (container per day or part thereof) empty: US \$ 0.25; Full: US \$ 0.75.

- Areas rented for short periods ( $\text{m}^2$  per day or part thereof). US \$ 0.05.

In addition to the above incentives, there is ample supply of skilled and unskilled labour with reasonable wages.

The first seven days are exempted from storage charges. First 30 days for the empty container and first 15 days for the full container are exempted from storage charges. The port and cargo handling charges are much lower in comparison with charges of neighbouring ports.

The port offers sufficient covered storage area, experienced stevedoring and security services. Minimum formalities provide investors and dealers a favourable working climate. We are convinced that the Zone has an accommodating climate for production, export and transit trade facilities.

Should you have any queries or require further information, we are always at your service to assist you at the address below

## **13.2. THE PORTS OF THE TRNC**

### **13.2.1. Port of Famagusta**

Famagusta is the main port for imports and exports of the TRNC and services all types of cargo other than petroleum products which are handled by a specialised terminal run by K.T Petrolleri at the Port of Kalecik. The Port of Famagusta is located at a position giving a latitude 35 degrees 07'N and longitude 33 degrees 57'E (see Admiralty Chart Number 846).

The Famagusta port, where water depth is max. 10 m. with a quay length of 1200 m. can accommodate vessels up to 220 m. in L.O.A (length over all). The Famagusta inner port is naturally protected, whereas the outer port is sheltered by a modern breakwater Anchorage is at roasted east of flashing buoy, which marks the entrance to the channel. Being exposed to NE, E and SE winds, in case of very bad weather, vessels can obtain safe anchorage further north, near the Boğaz area.

### **13.2.2. Cargo Handling Facilities:**

Warehouses with 13,431 m<sup>2</sup> floor space, open sheds of 5,230 m<sup>2</sup> and open storage areas totaling 47 990 m<sup>2</sup>. Available mechanical equipment includes forklifts up to 40 tons capacity, trucks; 26 tons, mobile cranes of 10-50 tons and one floating crane with a lifting capacity 60 tons, 18 Mt. outreach. There is one tower crane of 36 tons for container handling.



Grain silos with a capacity of 10,000m. tones (connected by a conveyer-belt) and two pneumatic suction conveyors with a capacity of 60 t/h each are also available.

Famagusta handles 550,000m. tones of cargo which is very much below its maximum capacity. The Famagusta Port is in a very good geographical position. Aware of this, Famagusta Port Authority aims to increase transit cargo, both conventional and in containers.

### **13.2.3. Repair Facilities:**

Repairs can be carried out by a repair yard managed by GEM-YAT ltd. Coasters of 75 meter length (Max) and 650 tons displacement can be slipped for bottom cleaning and maintenance and all kinds of repairs.

### **13.2.4. Other Facilities:**

Fresh water is supplied from quay hydrants at a rate of 15 tons/hour. Bunkers are delivered on board by lorry-tankers.

### **13.2.5. Provisions:**

Fresh and dry provisions are in abundance; duty free shops have a good supply of high quality duty goods. Ship to shore-shore to ship communication is established through North Cyprus Radio. Pilotage units are compulsory for ships above 300 GRT.

#### **13.2.6. Documentation on Arrival:**

- Deratization and Health Certificate
- Crew Declaration & Stores List - Customs
- Crew and Passenger List- Immigration and other officials of the Boarding Party
- Arrival Declaration - Ports

It is worthwhile putting on record that formalities on arrival and departure are carried out very quickly, thus helping the ship's quick turn around.

Irrespective of holidays, ships are berthed/unberthed provided that relevant application is lodged by their agents.

#### **13.2.7. Registration of Ships:**

The current legislation concerning merchant shipping in the TRNC is the Merchant shipping (Registration of Ships, Sales and Mortgages) law of 1963 as amended. It is based on the British Merchant Shipping Act of 1894.

Under this law, a ship can register under the TRNC flag: an application has to be submitted to the Registrar of Ships (i.e., the Director of the Department of Ports): The Registrars of Ships is responsible for the enforcement of the Merchant Shipping laws and Regulations in TRNC.

The application for provisional registration should contain the following information:

- Present name of the vessel
- The Name under which the vessels to be registered
- The Year and place of construction
- The Name of the builders, the place and year of build
- Tonnage (gross and net)
- Type of vessel
- Deletion Certificate from the previous registry
- The vessel has to be employed at the time of application
- The names and addresses of directors and share holders

In December 1996, the register comprised 40 vessels flying the TRNC flag at East Mediterranean and the Black Sea.

### **13.3. Shipping lines to Famagusta and Kyrenia Tourism Harbour:**

#### **13.3.1. Mersin-Famagusta:**

Regular ferry-lines three times a week. Cargo Ships approximately 25 per month.



**13.3.2. Istanbul- Izmir – Famagusta:**

Approximately 5 cargo ships per month

**13.3.3. Europe Line:** Imports and exports are mainly handled by this line. Approximately 3 ships for imports and 13 ships for exports per month (between October and April for citrus exportation).

**13.3.4. West Mediterranean Line:** 3 ships per month.

**13.3.5. East Mediterranean Line:** 4 Ships per month.

**13.3.6. Far East Line:** Over 2500 containers are transhipped through Mersin annually.

**13.3.7. Kyrenia Tourism Harbour:** Taşucu (Turkey)-Regular Ferry-Boats almost every-day. 3500 passengers pass through daily.

**13.4. KYRENIA (GİRNE) YACHT HARBOUR:**

Kyrenia Marina formed by breakwater has a channel entrance of 5.5 meters, decreasing to 3.3 meters from lighthouse towards the basin. Depth alongside quay is approximately 3.0 m. It is a historical shelter for



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ACKNOWLEDGEMENTS

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**NEAR EAST UNIVERSITY  
GRADUATE STUDIES**

**TURKISH REPUBLIC OF NORTHERN CYPRUS  
ECONOMY**

by

**ALPER ÇAVUŞ**

**A MASTER THESIS**

**PRESENTED TO THE INSTITUTE OF SOCIAL SCIENCES  
PARTIAL FULLFILMENT OF REQUIREMENTS FOR THE  
MASTER DEGREE.**

**UNDER THE SUPERVISION OF ASSOC. Prof. Dr. Fikret KUTSAL**

**FEBRUARY-1999  
T.R.N.C.**



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## **ACKNOWLEDGMENT**

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*Finally, my very special thanks go to my family for their never-ending love, support patience and encouragement.*

## **1. INTRODUCTION**

### **1.1. CYPRUS IN HISTORY**

Little is known concerning the first inhabitants of Cyprus. The abundance of copper on the island, its thick forests and temperate climate and its location on the trade routes between Syria Egypt and the Eastern Mediterranean, often attracted the attention of the powerful states in the area.

The name "CYPRUS" is derived from "Zabar", meaning "copper", pronounced "Cypr" in Akkadian. The Akkadian word for copper passed into English as "copper" and into German as "kupper".

Cyprus was ruled by more than two dozen nations until now



### 1.1.1. HISTORICAL EVENTS IN CYPRUS PERIOD

*Table 1:*

<b>The STONE AGE</b> Settlers from Anatolia and Syria. Foundation of the first cities	7000-3900 BC
<b>The COPPER AGE</b> First appearance of copper tools	3900-2600 BC
<b>The EARLY BRONZE AGE</b> New immigrants from Anatolia	2300-1850 BC
<b>The MIDDLE BRONZE AGE</b> Cyprus becomes important as an exporter of copper. The building of fortresses against Hyksos invasions	1900-1600 BC
<b>LATE BROZE AGE</b> Expansion of Cyprus' trade and archaic colonisation	1650-1050 BC
<b>The DARK AGE</b> Beginning of Phoenician colonisation	1050-750 BC
<b>The ARCHAIC AGE</b> Cyprus belonged to the Assyrian Empire for 40 years and was later integrated into the Persian Empire	750-475 BC
<b>The CLASSICAL PERIOD</b> The rebellion against Persians. The destruction of the Persian Empire by Alexander the Great	475-325 BC
<b>The HELLENISTIC PERIOD</b> Cyprus was involved in the struggle amongst Alexander's Generals for the division of this empire.	325-58 BC
<b>The ROMAN PERIOD</b> Cyprus became a part of the Roman Empire	58 BC-330 AD
<b>The BYZANTIN PERIOD</b> The rise of Islam and the Arab invasions.	330 AD-1191
<b>The LUSIGNANS PERIOD</b> Richard the lion Heart conquered Cyprus On his way to Jerusalem during the third crusade. handed it over to his vassal. Guy de Lusignans. who established his kingdom.	1191-1489
<b>The VENETIAN PERIOD</b> Venice took over Cyprus. but there was always fear of the Ottomans Empire	1489-1571
<b>The OTTOMAN PERIOD</b> The Ottomans conquered Cyprus and it became a part of the Ottoman Empire. Settlers from various parts of the Ottoman Empire came to Cyprus	1571-1878
<b>The BRITISH PERIOD</b> The Ottomans rented Cyprus to Britain	1878-1918
Cyprus became a part of British Colonies with the <b>Lausanne Treaty (1923)</b>	1914-1960
The foundation of the Republic of Cyprus with its own constitution. While The President was a Greek Cypriot. the Vice president was Turkish.	1960
The island was in practice split into two parts as a result of Archbishop Makarios's attempts to change the state in favour of the Greek-speaking community. Cruel criminal were taken against Cypriot Turks and civil war broke out between Cypriot Greeks and Turks. The most tragic and dramatic events occurred in the 1958-1974 period	1963
After consultations with England. on <b>20 July 1974</b> . Turkey decided to exercise her power as guarantor under the Zurich and London agreements. and intervened militarily to protect the Cypriot Community. The intervention of Turkey in Cyprus as one of the guarantor powers within the framework of the Zurich and London agreements is legal. Turkey is among the guarantors of the Republic of Cyprus.	1974
In the recent period. the island enjoys a great internal tranquillity even tough the economic development of the Turkish Republic of Northern Cyprus is slow. hampered as it is by the embargo imposed by Greece and the Greek Cypriots on this part of the island.	1974-1996

## **1.2. THE COUNTRY, THE PEOPLE AND THE CULTURE**

According to the most recent general census conducted in 1995, the population of the Turkish Republic of Northern Cyprus is around 198,000. Cyprus is the third largest island in the Mediterranean after Sicily and Sardinia. It covers an area of 9,282 square km. The Turkish Republic of Northern Cyprus covers an area of 3,355 square km.

There is a number of neighboring countries at various distances. The nearest country is Turkey, which lies at a distance of only 65 km from Cyprus. Cyprus is at a distance of 100 km from Syria, 420 km from Egypt, and 965 km from Greece.

The official language of the TRNC is Turkish, but English is spoken widely as a second language. The official religion is Islam, with Muslims making up 98 % of the population, the rest is Orthodox, Maronite and Anglican.

There are fifty deputies in the country's parliament. The constitution of the TRNC was prepared by the Constituent Assembly set up after the declaration of independence on 15 November 1983 and approved by the Turkish Cypriot electorate on 5 May 1985 with a majority of 70.16 per cent. The TRNC Constitution is similar to the 1975 Constitution of the Turkish Federated State of Cyprus but it has a number of new provisions regulating the needs of the new Republic. It has 164 articles and 13 provisional articles.



## 2. GENERAL OUTLOOK

Since 1974, the of the Turkish Republic of Northern Cyprus has experienced a rapid change and a reasonably high-growth trend, in spite of the political difficulties caused by lack of recognition.

The economic development policy of the TRNC aims to achieve the highest possible rate of growth for economic stability, more equitable distribution of national income; and to raise the standard of living by improving the financial and social structure.

In accordance with the free-market economic system adopted by the government since 1987 the promotion of the private sector with limited government intervention, rational use of natural resources, encouragement of investments in priority sectors, namely, tourism, industry, trade, transportation and higher education, retain their priority and importance.

In order to establish an economically self-sufficient TRNC, several Economic Co-operation Protocols were signed between the Governments of Turkey and the TRNC. The most recent protocol was signed on January 3, 1997. This protocol aims at improving the economic balances harmed by unfavourable conditions faced recently, realising the structural adjustment required for rapid development and raising the standard of living. In this context the Turkish Government agrees to provide support up to US \$ 250 million. The most important issues included in the Protocol are: the amendment of the banking, money foreign exchange and foreign investment regulations; the reformation of the tax system; speeding up the privatisation process; and the realisation of infrastructure projects, the major ones being energy, water and tourism; providing the same credit conditions for the Turkish and Turkish Cypriot investors in



tourism, industry, agriculture, education and artisans; co-operation between the two countries in trade, tourism and agriculture.

## **2.4. RECENT DEVELOPMENTS IN THE ECONOMY OF THE TRNC**

In 1996 GNP increased by 2.3 % in real terms and per capita GNP reached US \$ 4,222, with an increase rate of 26.7 % as compared to the year 1994. The rate of inflation fell to 72.2 %, which was much lower than the rate of inflation in 1994.

Like most developing countries, the TRNC faces difficulties in covering budget expenditures by local revenues and is in need of foreign aid and loans. Although local revenues have shown an ascending tendency over the years and reached 62 % of expenditures in 1995, they are still far from covering the budget deficit. Hence fiscal policies aim at reducing public expenditures and reforming the tax system.

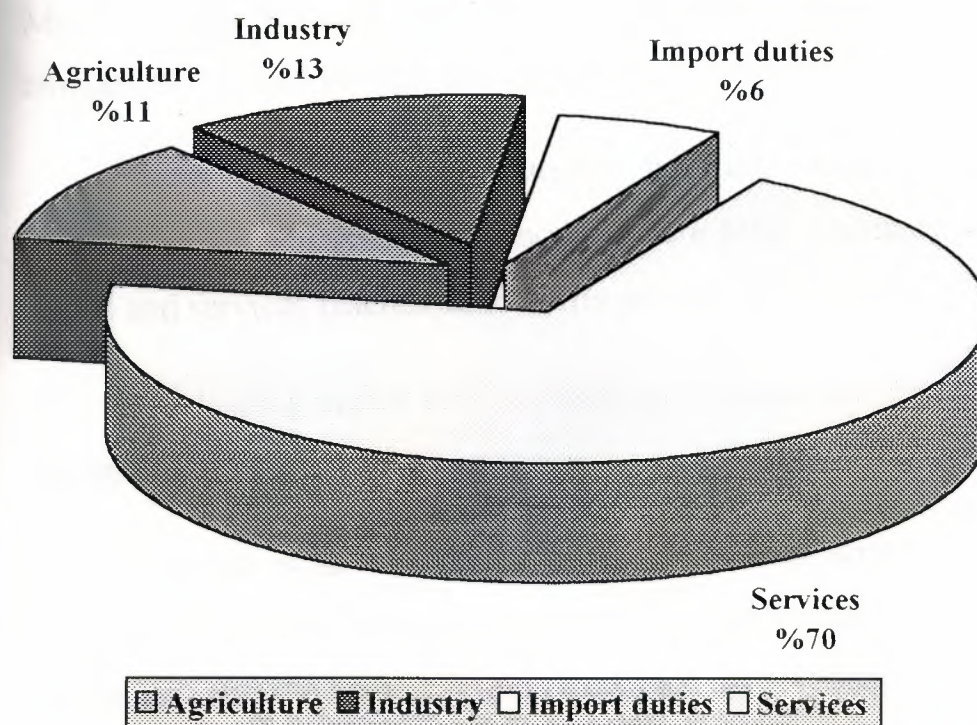
Having a small island economy, the TRNC is in need of a great amount of imports which is increasing proportionate to the growth of the economy. In 1995 exports showed an increase of 26 % and reached US \$ 673 million, while imports increased by 277 % and reached US \$ 366.1 million. Due to these developments, the trade deficit reached US \$298.8 million.

There is not an acute unemployment problem in the TRNC; the official registers show a constant decline over the years. In 1995 the number of unemployed was 752 and the unemployment rate was 0.98 %.

According to official estimates, the economy will shrink by 1.1 % in 1996. In order to overcome the economic stagnation prevailing recently in the TRNC, the 1997 program gives priority to increasing exports, speeding up investments, encouraging foreign investment and increasing economic relations with other countries.

### 2.4.1. COMPOSITION OF GDP 1996

*Graph 1:*



Source : Design by Author from obtained data from Ministry of Education.



### 3. THE ECONOMY OF THE TRNC

The Turkish Republic of Northern Cyprus is a small country situated in a very dynamic geographical location in the Eastern Mediterranean. It has a population of 198,000 inhabitants producing an annual GNP of nearly US \$ 800 million.

By virtue of its long historical traditions and its geographical location it has a very open economy where total international trade in goods and services reaches almost fifty percent of its GNP

The leading sector both in terms of international trade as well as domestic output is the services sector.

Tourism is in the vanguard of the services sector, attracting an annual inflow of tourists almost twice the size of the local population. Tourism is also the highest foreign exchange earning sector.

A runner-up in the services sector that is fast catching up with tourism is higher education. Presently the country has five institutions of higher learning, all offering instruction in English and with a total international student.

Directly and indirectly higher education generates about 14 per cent of the GNP. In five years, international students' enrollments is planned to reach 22,000 at which time it will provide nearly one third of the GNP.

North Cyprus is also the host for nearly 40 off-shore banks and a large number of off-shore companies. The favorable tax rates, a liberal foreign exchange regime, and the availability of qualified local personnel

contribute to the attraction of the country as an off-shore Center. Approximately 6 new off-shore banks are registered every year.

There is also a small but resilient industrial sector which produces both for exportation and for local consumption. The leading export industries are textiles and processed foods.

The main trading partner of North Cyprus is Turkey, accounting for over 50 per cent of the annual trade. The next largest trading partner is the European Union.

The official currency of North Cyprus is the Turkish lira. However, the liberal foreign exchange regulations permit the uninhibited in and out flow, and local circulation of Dollars, British Pounds sterling, German Marks and other currencies.

A particular and distinctive characteristic of North Cyprus is that almost as many Turkish.

#### 4. TRAVEL

Travel by air to and from the TRNC increased dramatically in recent years. While 10 flights could be realised weekly in 1975, this number rose 70 in 1996. Passenger capacity increased sharply from 1929 in 1975 to 13,414 (going and coming) per week in 1996.

**BY AIR:** Flights are provided by Turkish Air lines (THY), Cyprus Turkish Air lines (KTHY), and Istanbul Air lines (IHY). There are regular flights from Ankara, Istanbul, Izmir, Antalya and Adana. Flights can also be made from a number of cities in Europe via Turkey. Ercan and Geçitkale are two important airports. Ercan State airport is 24 km from the capital Lefkoşa

**BY SEA:** There are also fast ferry and sea bus lines between Mersin, Taşucu and Alanya in Turkey and Girne and Gazimağusa in the TRNC.

##### 4.1. CIVILIAN AVIATION STATISTICS

Table 2:

Years	Touch Down	Take Off	Transit	Arrivals	Departures	Coming Cargo (kg)	Going Cargo (kg)	In Coming Mail (kg)	Out Going Mail (kg)
1993	3.276	3.276	77.630	324.828	339.612	2.828.229	1.797.764	161.907	256.253
1994	3.154	3.154	84.570	319.197	304.992	1.706.988	1.489.953	86.951	71.530
1995	3.257	3.257	82.058	348.506	350.939	3.797.216	2.760.102	160.288	88.545
1996	3.336	3.333	90.600	312.730	347.908	4.687.456	2.319.855	166.247	58.864



## **5. AGRICULTURE**

### **5.1. Agricultural Structure and Policy**

To improve the agricultural sector, new measures have been implemented by the government in the areas of productivity, organisation, incentives and marketing.

Exportation to many parts of the world is the main objective of the agricultural sector. The TRNC is a very small country. Hence, so that its product range is not very large. The agricultural sector is the backbone of the economy in the TRNC. If the trading organisations in the world do not support this small amount of exports, they will be responsible in the future for the decreasing of the output in the TRNC. Although its share in the GDP is decreasing from year to year it is still of major importance especially as far as its contribution to GDP, employment, exports and supply of raw materials to the industry are concerned.

Of the total area of the country, 56.7 % is agricultural land. Practically all products that thrive in the temperate zone are grown in the country. Of the total cultivated area, around 9.04 % is being used for intensive irrigated crop production which includes citrus, potatoes, deciduous fruits, bananas, table grapes and a variety of vegetables. The remaining area is used for the traditional dry land crop production which includes cereals, animal fodder, olives, carobs, almonds and wine grapes.

Agricultural products for export are mostly derive from intensively irrigated crops. Animal husbandry is spread all over the country and cattle, sheep, goats and poultry are the main animals supplying animal products to the local market/live lambs, kids and diary products are the main products for exportation.

As seen from the above figures, citrus is the one of the most important agricultural product in the TRNC. Cereals are also important to meet the needs of animal and human consumption.

As seen from the figures below, the great share in the exports of the TRNC is held by undoubtedly "CITRUS", so that great importance is given to Citrus in the country.

Although the shortage of water in some regions causes problems, new irrigation techniques have been implemented successfully by agricultural experts to overcome these problems. By taking into account the demands of the market, new varieties of citrus trees are being planted in the country.

### 5.1.1. LAND DISTRIBUTION IN THE TRNC

**Table 3:**

Land Distribution	Acres	%
Agricultural Land	1.398.123	56.71
Forest Land	480.740	19.50
Meadows	122.157	4.95
Villages, roads, rivers etc.	263.471	10.69
Area not occupied	201.061	8.15
Total Land	2.465.552	100.00

**Source :** Design by Author from obtained data from Ministry of Education.

### 5.1.2. AGRICULTURAL PRODUCTION 1,000 TONS

Table 4:

CROPS	1993	1994	1995
Cereals	185.41	135.5	100.7
Pulses	6.6	17.2	20.0
Pulses for human consumption	3.0	2.3	2.3
Vegetable	32.9	24.7	24.7
Melons, Watermelons	8.5	8.9	5.3
Industrial Crops	0.3	0.3	0.2
Citrus Fruit	210.9	169.7	204.5
Fruits	14.0	7.0	7.2
Vineyards	3.0	2.8	2.5
Off-Season	4.8	7.3	6.7
TOTAL	479.7	376.0	374.7

Source : Design by Author from obtained data from Ministry of Education.

### 5.1.3. ANIMAL POPULATION

Table 5:

Animals/number	1993	1994	1995
Cattle	15.676	17.158	19.976
Sheep	203.428	187.137	207.596
Goats	55.329	53.007	57.305
Poultry	3.113.547	3.239.933	3.569.983
a. Layer hen	87.544	131.528	136.122
b. Broiler	2.974.075	3.050.893	3.383.550
c. Parent Stock	51.928	57.512	50.311

Source : Design by Author from obtained data from Ministry of Education.

### 5.1.4. ANIMAL PRODUCTION

Table 6:

Animals	1993	1994	1995
Cattle	1.051	1.073	1.268
Sheep	2.929	3.333	3.111
Goat	821	866	822
Poultry	4.566	4.664	5.208
Fish	400	400	450
Cow-milk	23.010	22.852	28.511
Sheep and goat milk	9.865	10.970	10.446
Eggs (dozens)	1.823.830	2.740.165	2.835.869

Source : Design by Author from obtained data from Ministry of Education.



### 5.1.5. EXPORTS OF AGRICULTURAL PRODUCTS

Value: US \$ million  
%: The share Total Export

Table 7:

	1993		1994		1995	
	V	%	V	%	V	%
1. Agricultural Products (total)	25.7	48.1	26.9	40.0	31.0	44.0
Citrus	15.8	29.6	22.1	32.8	22.6	32.1
Potatoes	0.7	1.3	1.4	2.1	0.9	1.3
Livestock	0.3	0.6	0.4	0.6	1.0	1.4
Other	8.9	16.7	3.0	4.5	6.5	9.2
2. Processed Food	7.1	13.3	11.9	17.7	13.2	18.7

Source : Design by Author from obtained data from Ministry of Education.

### 5.1.6. NEW EXPORT ORIENTED AGRICULTURAL PROJECTS IMPLEMENTED BY THE MINISTRY OF AGRICULTURE AND FORESTRY

1. *Export Oriented Cut Flower Project*
2. *Modernization Of Irrigation System Of Citrus Fruits And Substitution On Of More Suitable Types In Place Of Greyfruit Plants*
3. *Export Oriented Honey Production*
4. *Increasing The Efficiency Of The Animal Production*
5. *Improving The Production Of Carobs In The TRNC*

## 6. INDUSTRY

Improvements in foreign trade and tourism created a better environment for local manufacturers. Mainly small scale firms undertook activities in the manufacturing sector which soon became a fast growing sector.

The North Cyprus clothing industry is one of the most important manufacturing sectors in the North Cyprus economy and exports. In 1995, its share was 35 % in the country's total exports.

The other important export product of the TRNC is citrus. In 1995 the exportation of citrus fruit constituted 33 % of the total exports of the TRNC.

Pharmaceuticals, dairy products and citrus concentrates are among the major export products in the North Cyprus industry. In 1995 the exports of pharmaceuticals constituted about 2 % of the total exports of North Cyprus.

Although industrial production is largely aimed at the domestic market, the duty-free entry permission granted by Turkey to a considerable range of Turkish Cypriot manufactured goods has provided new opportunities and incentives for the local manufacturers.

## **6.1. INVESTMENT INCENTIVES INDUSTRY**

The law for encouragement of industrial investments, enacted in 1984, contains the following incentives :

- Long-term lease of government owned land and buildings at low rates, up to 99 years;
- Duty-free import of all machinery and equipment;
- % additional investments allowances on initial fixed investment expenditures;
- Government loans or interest rebates on loans secured from financial institutions in the TRNC;
- Transfer of foreign currency without any restriction;
- Permission to employ foreign personnel;

## **6.2. INVESTMENT PROCEDURES**

Foreign investors proposing to establish a business in the TRNC should:

1- Apply to the relevant TRNC Ministry to obtain permission according to the nature of the proposed investment;

2- Be prepared to invest an amount not less than US \$ 30,000 which will have to be transferred into a TRNC bank as convertible foreign exchange before the registration of a company In exceptional



cases, the foreign capital share may be in kind (fixed assets of industrial property rights) for both of which special permission has to be obtained from the Ministry of Economy. For investors from Turkey this amount may be paid in TL.

3- Obtain a business permit from the Department of Immigration if they wish to take part in the administration of a corporate body.

#### **6.2.1. Trade-Marks**

Trade-marks are registered initially for seven years and are renewable for periods of 14 years. Trade-marks already registered abroad are favourably considered.

#### **6.2.2. Property Ownership**

Foreigners wishing to purchase immovable property in the TRNC have to apply for permission to the Interior Ministry. The purchase price is required to be paid in foreign currency.

### **6.3. IMPORT AND EXPORT PROCEDURES**

#### **6.3.1. Import Procedure**

a) Firms wishing to engage in import business must register with the Chamber of Commerce or with the Chamber of Industry.

b) The necessary import permission may be obtained on application from the Department of Trade.

c) Highly developed local banking services are available to meet the needs of both importers and exporters.

d) Necessary measures have been taken to further simplify import procedures and to minimize any bureaucratic impediments.

#### **6.3.2. Export Procedure**

a) Any registered company may obtain a general export license from the Department of Trade.

b) Generally no restrictions exist on exports.

#### **6.4. Possible Investment Areas In the TRNC**

- Cement production
- Limestone and lime production
- Gypsum and plaster production
- Mosaic tiles production
- Sanitary ware products
- Pottery industry
- Mineral pigments
- Fertiliser packing and production
- Textile and apparel industry
- Weaving plant (wool yarn)
- Buttons production (polyester, etc.)
- Leather, hides and tannery industry
- Footwear pattern and mould production
- Moulds production for plastic industry
- Furniture industry and wood carving
- Match factory
- Plastic, cloth and wooden toys production
- Ball-point pens and pencil production



- Citrus peel drying and animal food production
- Carob and carob seed processing industry
- Veterinary medicine production
- Agricultural medicine production
- Pharmaceuticals production
- Desalinization and production of salt from sea water
- Mineral water bottling and exporting
- Confectionery industry
- Jam and marmalade production
- Fruit and vegetable canning.

## **7. NATURAL RESOURCES**

Although Cyprus' name derived from the mineral "COPPER" on the whole, the island is in an unlucky position with respect to metal ore reserves. All of the Trodos Magnetic complex in which the metallic ore is found in Southern Cyprus. A small part of the deposit has been discovered in the Lefke-Yeşilırmak region.

Different sizes of aggregates can be obtained from the recrystallized and dolomite lime-stone of the Kyrenia Mountains. lime, high grade of clay reserves, and widespread gypsum precipitation are the main industrial raw materials of Northern Cyprus.

### **7.1. Possibilities For The Existence Of Metallic One In The TRNC;**

#### **7.1.1. Copper-Pyrite, Pyrite**

a- Copper-pyrite was mined near Lefke until 1974. Detailed survey is needed to evaluate the copper deposits which were explored between Lefke and Yeşilyurt exist.

b- Same indications have also been observed in the Karpas-Peninsula region.

## 7.1.2 INDUSTRIAL MINERALS AND ROCKS

7.1.2.1. **Limestone:** The limestone with a high grade of lime has been excavated around the regions of Beşparmak and Lefke-Yeşilirmak. Limestone is also useful in the production of tiles, broken stone and sand in the construction industry.

7.1.2.2. **Marble:** Crystallised limestone and dolomite crystallised limestone in Beşparmak Mountains have good finishing properties. So it can be easily used as marble. In some gaps and overlapping zones of limestone, coloured onyx marble formations have also been discovered.

7.1.2.3. **Gypsum:** It is the most important industrial mineral excavated in the TRNC. High quality gypsum excavated from the quarries can be used as additives in the cement industry and as decoration material in the construction industry. These quarries have not been exploited effectively until now Gypsum producers are willing to open their quarries to foreign investors.

7.1.2.4. **Bentonite:** Bentonite deposits are found in the buffer zone of Yiğitler village. These deposits have high binding and absorbing properties.



**7.1.2.5. Umber:** It is found in the Yiğitler region together with bentonite.

**7.1.2.6. Clay:** The alluvial soils in different parts of the TRNC can be used to manufacture high quality bricks and tiles.

**7.1.2.7. Building stone:** Building stone which is widely used in the construction sector is abundant in the TRNC.

**7.1.2.8. Sand-stone:** Sand and stone are the essential materials of the construction sector in the TRNC.

**7.1.2.9. Ancient Mining Slag :** Economically feasible beds are found in the region of Lefke. It is very rich in iron oxide and siliceous oxide.

## **7.2. Potential Natural Resources of the TRNC**

**7.2.1. Raw materials of cement:** Investigations and explorations have been carried out under “The project of the Investigations of the Natural Resources of the TRNC.”

**7.2.2. Manganese:** There are some traces of manganese in the Karpas Peninsula but investigation is needed to ascertain the reserves and

their grade conditions. Economic feasibility also needs to be investigated before deciding to operate the ore deposit.

**7.2.3. Petroleum:** In view of the geographical location of Cyprus, petroleum might be discovered.

## 8. TOURISM

Cyprus is an ancient land of relics of Great Mediterranean cultures and civilisations. The territory of the Turkish Republic of Northern Cyprus extends from one end of the Island to the other along the whole of the northern shore. Most of the holiday complexes are situated near the picturesque ancient port of Girne on the north coast, or Gazimağusa on the east. It is the one of finest holiday places in the Mediterranean, offering brilliant sunshine, excellent climatic conditions, beaches of golden sand, pine trees, valleys filled with carob trees, olive, lemon and orange groves and lovely gardens.

The unique climate of Cyprus offers year-round opportunities for a perfect holiday. Rainfall is concentrated in December and January and the average sea temperature is above 20 degrees centigrade for more than half of the year. Cyprus is renowned for its wild flowers which cover the island in spring (there are more than 38 species of orchids alone) and the scents of orange, lemon and grapefruit blossom fills the air. Inland, behind the rocky Girne range and the imposing Five Finger Mountains, stretches the huge fertile Mesaoria plain, Ercan airport and the island's capital, Lefkoşa. Along the coast lies the ancient city of Gazimağusa and the nearby ruins of Salamis.

The exotic cuisine of Cyprus reflects its history and maritime ties. The Turkish Cypriot cuisine is a fascinating blend of the East and the West. Breakfast consists of luscious fruits, especially locally grown melons, various local breads with cheese or jams and a selection of eggs and local sausages. Traditionally home-made yoghurt is served with delicious local honey. "Kahve" means Turkish coffee; the wonderfully powerful brew that is a specialty of the Near East. Raki, aniseed spirit



diluted with water, is the traditional accompaniment, but wines and beer of excellent quality are readily available with excellent value and quality. The Turkish Cypriot people are renowned for their generous hospitality. During shopping or enjoying a meal, you are made to feel particularly welcome.

As is seen from the figures above, the total number of establishments has more than doubled since 1975. The total bed capacity has also been increased around % 163 in 20 years.

The rate of occupancy is not at the desired level. When the world recognises the TRNC and removes all of the embargoes imposed on the TRNC, North Cyprus will take the place it deserves in economic development and in the tourism sector.

We demand international organisations concerned to help us remove all of the trade obstacles imposed on us. We import from all the world, especially from European countries. But we are not able to export our products easily. Trade relations should not be confused with political ones.

Although tourism revenues were about US \$ 30 million in 1977 they rose to US \$ 220 million in 1995. Another important aspect of these statistics is that the number of foreign tourists other than Turkish citizens has increased 16 times more compared with the initial years. This is also an indicator of the fact that the world is ready to recognise the TRNC.

## 8.1. DISTRIBUTION OF TOURIST ACCOMMODATION ESTABLISHMENTS AND BED CAPACITIES

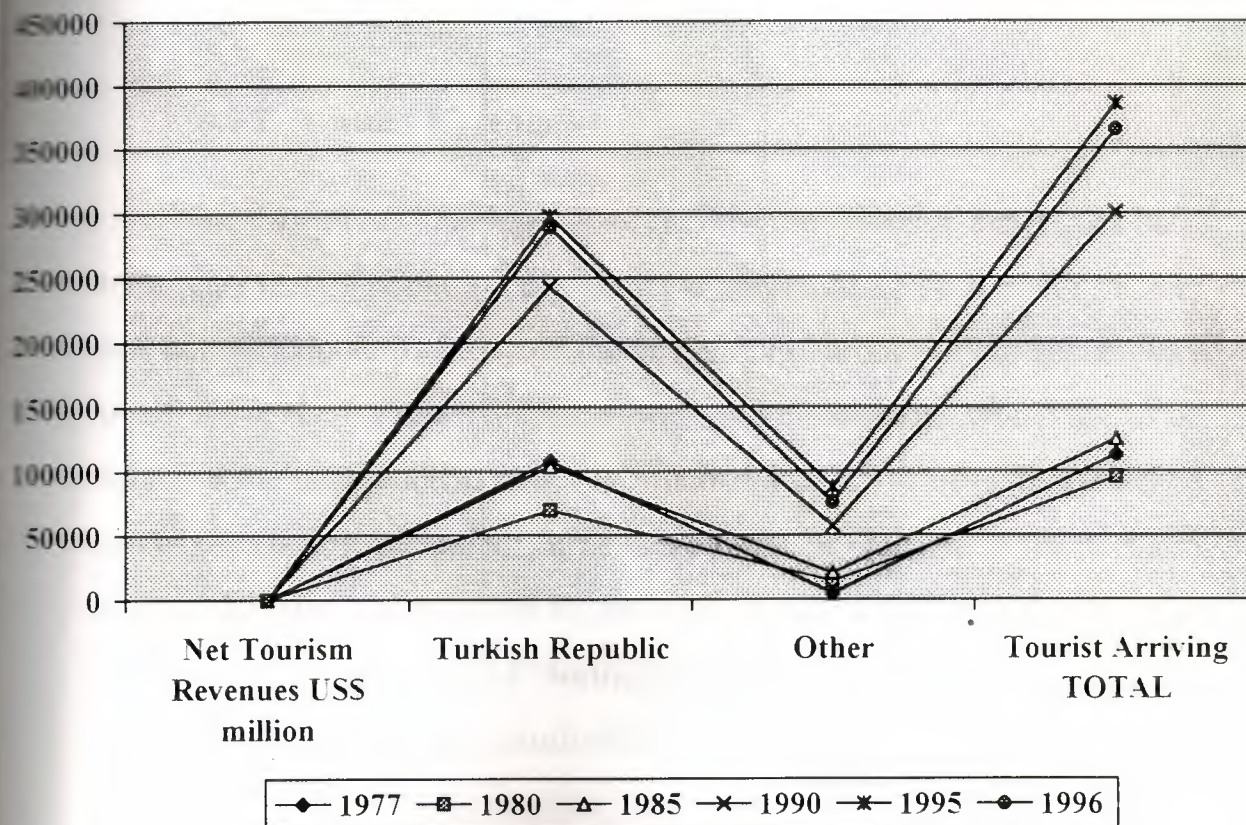
Table 8:

Years	Hotels		Guest Houses		Hotel Apart		Rate of Occupancy %	TOTAL	
	Est.	Bed	Est.	Bed	Est.	Bed		Est.	Bed.
1975	16	2068	16	331	8	553	18.20	40	2952
1980	24	2639	17	412	8	437	27.70	49	3488
1985	24	2665	17	433	13	1022	23.07	54	4120
1990	29	3088	34	711	26	2326	35.27	89	6125
1991	31	3542	21	621	28	2470	22.70	80	6633
1992	33	3814	18	457	35	2816	31.20	86	7087
1993	40	4139	19	445	34	2878	36.30	93	7462
1994	41	4291	15	345	37	3178	37.30	93	7814
1995	40	4299	15	321	38	3154	37.30	93	7774
1996	41	4463	18	446	40	3358	31.80	99	8267

Source : Design by Author from obtained data from Ministry of Education.

## 8.2. TOURISM REVENUES AND NUMBER OF TOURISTS THAT VISIT T.R.N.C.

Graph 2:



Source : Design by Author from obtained data from Ministry of Education.



### 8.2.1. LEFKOŞA (NICOSIA)

The capital city Lefkoşa was known as “Ledra” in ancient times. It is at an altitude of over five hundred feet above sea level. The city is now divided by the “green line” separating the Turkish Cypriot and Cypriot Greek sections. Cyprus was under Turkish rule for over three hundred years and Lefkoşa, like the other cities, displays many characteristics of Turkish cities.

**Places of Interest:** The Barbarian Museum, the National Dispute Museum, the Ethnography Museum, the Venetian Column, the Arab Ahmet Pasha Mosque, the Sultan Mahmut II. Library, the lapidary Museum, the stonework Museum, the Selimiye Mosque, the Bedesten, the Great Inn, the Covered Bazaar, the Gamblers Inn, the Dervish Pasha Mansion, the Historical Turkish Bath (Hamam).

### 8.2.2. Girne ( Kyrenia )

Historians are unable to agree on how old Girne is, but it goes back to at least the 10<sup>th</sup> Century BC. Its great attraction as a center for visitors lies not only in the fortress and the enchanting harbour of the ancient city itself but in the ancient villages, castles and monasteries which are to be found in the neighbourhood, set as it is in a scenery of beauty unmatched anywhere else on the island. Girne is a coastal city located in the northern part of the island surrounded by beauties of nature and it is a show case for the Turkish Republic of Northern Cyprus. The luxury hotels, motels and picnic places are very comfortable.



**Places of Interest:** The Kyrenia fortress, the Shipwreck Museum, the Folklore Museum, the Peace and Freedom Monument and Museum, the Cafer Pasha Mosque, St.Ömer Dervish lodge, the Bellapais Abbey, the St.Hilarion Fortress, Sea Martyrs' Monument.

### 8.2.3. GAZİMAGUSA (FAMAGUSTA)

Among the massively fortified places on the shores of the Mediterranean, Gazimağusa takes a prominent place. Originally a small fishing village, Gazimağusa grew in size and importance under the Lusignans in the 13<sup>th</sup> century, developing into an important trading Center between East and West.

Gazimağusa is a city whose natural beauties are still not used extensively. The golden sandy beaches of Gazimağusa are well known throughout the world, and it is the most important Center of tourism on the island.

**Places of Interest:** The Lala Mustafa Pasha Mosque, the Othello Fortress, the Namık Kemal Prison, the Sinan Pasha Mosque, the Canbulat Museum and Tombs, the Salamis Ruins, the Salamis King's Tombs, the Canter Fortress, the City Walls, the St.Barbara Museum.

#### 8.2.4. GÜZELYURT

The name of Morphou, “Güzelyurt”, means “beautiful country”, obviously referring to its lush green surroundings and the agricultural abundance of the town's vicinity.

This area is covered with large citrus orchards. The first human settlement in the area goes back to the Neolithic period. During the Bronze Age, the nearby copper mines were exploited and the processed copper was exported.

**Places of Interest:** The St. Mamas Monastery, the Archaeological and Natural Museum, the Toumba Tou Skourou, Soli Ruins, the Palace of Vouni, the Temple of Pigadhes.

#### 8.2.5. LEFKE

Lefke is situated in the north-west of the island, 46 miles from Lefkoşa. Some of the finest examples of Ottoman architecture are found in Lefke. In fact the town as a whole has the peaceful and authentic atmosphere of a lost way of life. It is also one of the greenest areas in the TRNC.

**Places of Interest:** The Piri Osman Pasha Mosque, the Tomb of Vezir Osman Pasha.

## **9. BANKING AND THE STOCK EXCHANGE**

### **9.1. Procedures for the Establishment of a Bank**

The establishment of a bank or the opening of a branch by a foreign bank for the purpose of carrying on business within the TRNC is subject to authorisation by the Council of Ministries.

In order to establish a bank or open a branch application is made to the Ministry of Finance in charge of financial matters and the view of the Central Bank is obtained by this Ministry.

Information and documents required from the applicant, the minimum number of founders and their qualifications, matters to be specified in the memorandum and articles of associations are specified in the notification of the Ministry of Finance. Where a bank does not commence business within one year beginning from the date of authorisation is deemed to be cancelled.

Banks are obliged to obtain authorisation from the Ministry of Finance for every branch they open and must notify this Ministry of these branches within fifteen days beginning from the date opening.

Foreign banks which have one or more branches operating in the TRNC are obliged to authorise one of these branches to represent the Head Office.

Minimum paid-up or allotted capital of banks is 50 billion Turkish liras on establishment.

Foreign banks shall fulfill their obligations regarding capital by bringing in convertible foreign exchange.



In accordance with the definition in the Money and Foreign Exchange law, "Authorised Bank" means banks operating in the TRNC authorised by the Minister responsible for financial affairs to engage in import and export transactions, to buy foreign currency receipt vouchers for tourists and/or receipts forming the basis for the sale of foreign currency. Besides the Central Bank of the Turkish Republic of Northern Cyprus, authorised banks are the following:

### 9.2.1. BANKS OPERATING IN THE TRNC

*Table 9:*

Cyprus Vakıflar Bank Ltd.	1983
Cyprus Turkish Co-operative Central Bank Ltd.	1959
Cyprus Credit Bank Ltd.	1978
Turkish Bank Ltd.	1901
Cyprus Commercial Bank Ltd.	1982
Industrial Bank of Cyprus Ltd.	1982
Asbank Ltd.	1986
Akdeniz Garanti Bankası	1991
Cyprus Economy Bank Ltd.	1990
Kıbrıs Yatırım Bankası Ltd.	1992
Kıbrıs Hür Bank Ltd.	1992
Rumeli Bank Ltd.	1992
Everest Bank Ltd.	1993
Cyprus Eurobank Ltd.	1992
Finba Financial Bank Ltd.	1992
Limasol Turkish Co-operative Bank Ltd.	1993
T.C. Ziraat Bankası	1974
Türkiye İş Bankası A.Ş.	1955
Türkiye Halk Bankası A.Ş.	1978
Faisal Islamic Bank Ltd.	1982
Home and Overseas Bank Ltd.	1955
Denizbank Ltd.	1993
Kıbrıs Altınbaş Bank Ltd.	1993
Tunca Bank Ltd.	1994
Yakın Doğu Bank Ltd.	1996
Med Bank Ltd.	1996
Yasa Bank Ltd.	1996
Kıbrıs Finans Bank Ltd.	1997
Erbank Ltd.	1997

## **9.2. Procedures for the Establishment of an Off-Shore Bank**

The establishment of an off-shore bank, the opening of a branch of a representative office by a foreign bank is subject to authorisation by the Council of Ministries.

Foreign Banks, branches or subsidiaries of foreign banks, foreign real persons and corporate bodies may apply to the Central Bank for the purpose of carrying on off-shore banking operations.

The Central Bank evaluates applications within one month and submits them to the Ministry of Finance together with its views. The Ministry of Finance examines an application and, if it is approved, a provisional license within 15 days.

Documents to be submitted on application and establishment and the contents there of are specified in regulations to be issued by the Council of Ministers.

Charges payable on an application are determined by the decision of the Council of Ministries. But they shall not exceed US \$ 1,000. Minimum cash paid-up capital required of an off-shore bank is US \$ 500,000.

Upon payment of the cash capital into a blocked account at the Central Bank, the provisional license is rendered absolute and the Ministry of Finance issues the business license to the applicant.

Units which have been issued a business license have to register in the register of companies after completion of the requirements regulated by the Companies law.

Where the unit is a branch or establishment of a foreign bank, it is a prerequisite that such a bank should have a good name for itself at the international level or national level and that it has been registered in a country where there is adequate banking experience. In such a case the prospective unit shall present a letter of comfort from its parent bank.

An off-shore banking unit must, within three months after receipt of the business license, commence services specified in its Memorandum of Association. Otherwise the license shall be deemed invalid.

Off-shore banking units perform all banking operations envisaged in the Banking law entirely in an outward-oriented manner.

The following banks licensed and duly registered under the Offshore Banking Service law (48/1990), and are in operation at the present time.



### 9.2.1. Off-Shore Banks Operating in the TRNC

Table 10:

Banks	Year Started
East Mediterranean Trust and Banking Corporation Ltd.	8.11.1991
The European Business Bank Ltd.	12.3.1992
The European Commerce Bank	12.3.1992
The Euro Textile Bank (ETB) Ltd.	23.9.1992
Cyprus United Trade and Inv. Bank Ltd.	12.10.1992
Imar Bak Off-Shore Ltd.	10.12.1992
Pacific Bank Off-Shore Ltd.	14.1.1993
Atlasbank Off-Shore Ltd.	30.12.1992
Özbank Off-Shore Ltd.	22.1.1993
Alliance Investment bank Off-Shore Ltd.	10.3.1993
Oki Bank Off-Shore Ltd.	9.4.1993
Mediterranean Union Bank Off-Shore Ltd.	8.7.1993
World Vakıf Off-Shore Banking Ltd.	2.7.1993
Optima Bank Off-Shore Ltd.	14.7.1993
Northern Island Off-Shore Bank Ltd.	5.8.1993
Cyprus Islamic Off-Shore Bank Ltd.	13.10.1993
Facto Bank Off-Shore Ltd.	27.10.1993
First Merchant Bank Off-Shore Ltd.	13.12.1993
Overseas Bank Off-Shore Ltd.	15.2.1994
Şeker Bank Off-Shore Ltd.	23.3.1994
Toprak Bank Off-Shore Ltd.	21.4.1994
Adabank Off-Shore Ltd.	27.9.1994
Cleveland Off-Shore Bank Ltd.	25.5.1994
Bank Turquoise Off-Shore Ltd.	8.11.1994
Golden Union Off-Shore Bank Ltd.	15.9.1994
Trade Deposit Off-Shore Bank Ltd.	3.1.1995
Sovereign Gold Depository Bank Off-Shore Ltd.	7.11.1995
Unibank Off-Shore Ltd.	28.11.1995
Cyprus Trade Development Bank Off-Shore Ltd.	27.12.1995
Metropolitan Investment Bank Off-Shore Ltd.	15.2.1995
Maritime Off-Shore Bank Ltd.	12.1.1996
Foreign Trade Bank Off-Shore Ltd.	23.1.1996
EGSBANK Off-Shore Ltd.	13.2.1996
Technical Export Import Bank Off-Shore Ltd.	24.5.1996
Southstar Off-Shore Bank Ltd.	8.5.1997

**Source :** Design by Author from obtained data from Ministry of Education.

## 10. THE STOCK EXCHANGE

The Stock Exchange of North Cyprus was established in fall 1996. It is expected to start operating in the late of 1997.

The founding members of the stock Exchange are sixteen of the banks active in North Cyprus. It is operated by an executive committee elected by the members and a president appointed by the government. Although the stock Exchange is not yet fully in operation, thirty-two more institutions have applied for membership.

While the stock Exchange is being incorporated, changes are in progress in certain economic laws in order to facilitate its smooth functioning and to enhance its attractiveness.

First, changes are being made in the tax laws to allow listed companies exemptions from the corporation income tax. Capital gains and dividend income will also be tax free according to pending amendments in the tax laws. Finally, rules regarding the in and out flow of capital are being relaxed in order to facilitate the movement of capital.

The Stock Exchange is expected to help the government in its new economic development initiative. The first thrust of this new initiative concerns the privatization of about six state economic enterprises. The government plans to offer these enterprises for ownership beginning with the summer of 1997.

Privatisation will free the government from the burdens of running economic enterprises and allow it to concentrate on innovative economic policy-making.

A second important aim of the new economic policy initiative is to provide incentives for privately-held companies to become open to the public and to encourage the establishment of new public joint-stock companies. The services of the Stock Exchange, as well as the contemplated changes in the relevant tax laws, will facilitate this development.

A large part of the savings of Turkish Cypriots is currently abroad either in banks or in foreign securities. The government will make a strong effort to attract these funds back home for investment both in private and public securities. Negotiations are also underway to allow joint listings with the Istanbul Stock Exchange.

Courses are already being offered on the Stock Exchange in the universities of the Stock Exchange becomes TRNC. When the active, a new field will be opened for the interaction of the universities and other domestic institutions encouraging the fruitful interplay of academics and business.



## 11. EDUCATION

The TRNC's educational system aims to develop fully the abilities of all individuals, young and old, both for their personal benefit as well as that of the society as whole. Broadly speaking, the pre-university educational system in the TRNC can be divided into three parts

**Pre-school Education:** It is provided by kindergartens for children 5 or 6 years old.

**Primary Education:** It is provided by elementary schools and is designed for the 7-11 age-group. It is free, lasts for 5 years, and is compulsory.

**Secondary School Education:** Secondary school education is provided in two stages. The first stage (Secondary-Junior) lasts for three years. Children in the 12-14 age group follow this program.

The second stage is designed for the 15-17 age group and has a 3-year programme of instruction.

### 11.1. HIGHER EDUCATION

Higher education is offered mainly at universities and is organised flexibly so as to provide the widest range of opportunities for further academic training. The universities are fully committed to modern

international teaching techniques and provide high quality education and research opportunities for national and international students.

There is a steady increase in the number of students from abroad attending the universities in the TRNC.

The number of students pursuing higher education increased to 13429 during the 1995-1996 academic year. Some Turkish Cypriots prefer to pursue their education abroad especially in Turkey.

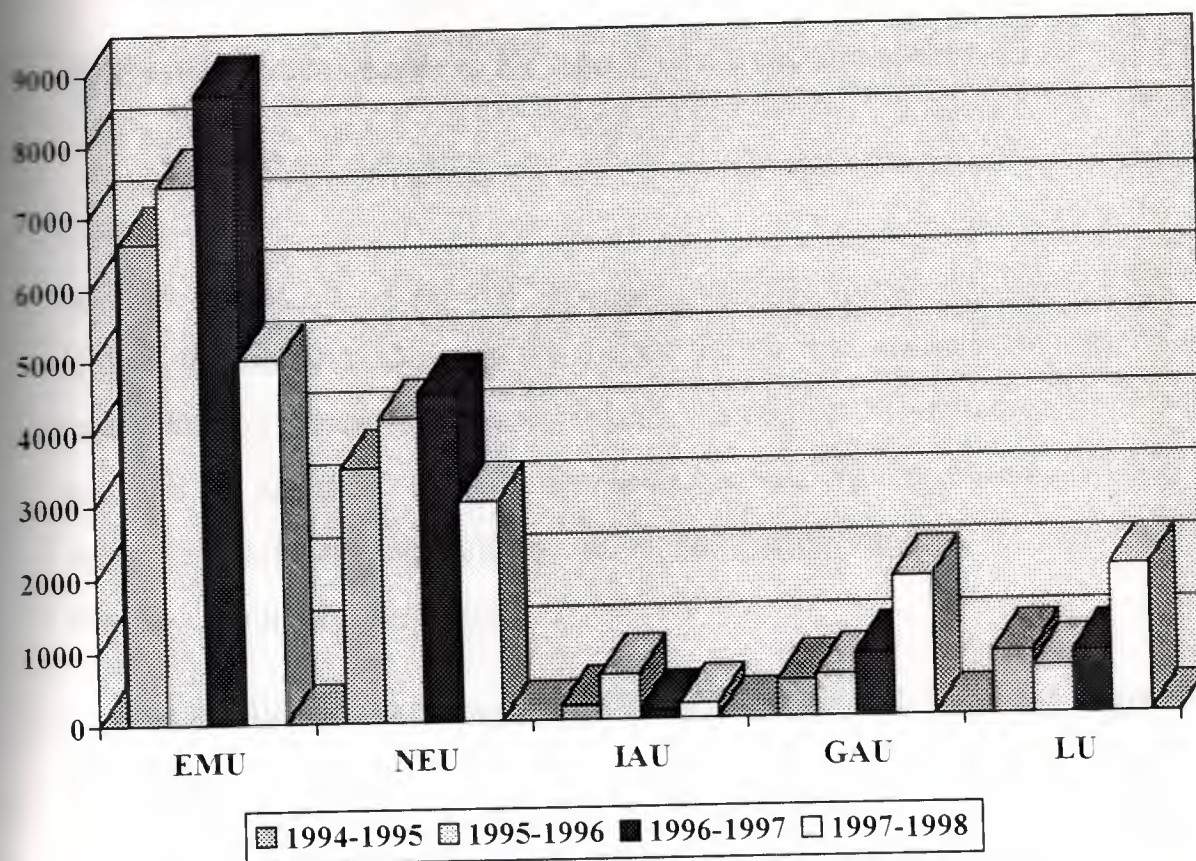
In 1994, 34 % of the Turkish Cypriot high school graduates applied to institutions higher education in the TRNC. Students from 33 countries attend the universities in TRNC. Overseas students come mostly from Turkey (7854), and other Middle Eastern countries (698).

Most of the universities offer graduate studies leading to Master's and Doctoral degrees. Apart from the Teachers' Training College in Lefkoşa and the non-residential open university, the TRNC boasts of five fully developed universities.



### 11.3. STUDENT IN HIGHER EDUCATION INSTITUTIONS

Graph 3:



Source : Design by Author from obtained data from Ministry of Education.

Table 11:

	E. M. U.	G. A. U.	N. E. U.
1979-1980	105		
1980-1981	215		
1981-1982	287		
1982-1983	207		
1983-1984	304		
1984-1985	458		
1985-1986	563	135	
1986-1987	1.008	208	
1987-1988	1.724	162	
1988-1989	2.279	176	43
1989-1990	3.031	226	137
1990-1991	3.585	206	802
1991-1992	3.965	292	1.653
1992-1993	4.276	230	1.990
1993-1994	5.270	245	2.397
1994-1995	6.629	501	3.476
1995-1996	7.431	576	4.153
1996-1997	8.715	861	4.500

Source : Design by Author from obtained data from Ministry of Education.



### **11.2.1. Admission Requirements for Undergraduate Study:**

All applicants must have a Secondary School or equivalent diploma, and must be able to present official transcripts of record.

All Turkish nationals are admitted through the ÖSYM system (Nation-wide University Entrance Exam in Turkey). Overseas students are not bound by this entrance examination except at Near East University. Students are required to pay tuition fees at the beginning of each semester. Some universities expect a document of guarantee from a bank for the payment of school fees and expenses. Admitted students who lack the necessary proficiency in English are required to enter an intensive English programme.

The 1995-96 academic year was a successful year for higher education.

There was only one university in 1984, this reached to 5 in 1995. The number of students also grew rapidly in recent years. Universities will be a booming sector in the TRNC in the near future. While the number of students increases, the quality of education also is improving steadily.

### **11.3. UNIVERSITIES IN THE TRNC**

1. *THE EASTERN MEDITERRANEAN UNIVERSITY, IN GAZİMAĞUSA*
2. *NEAR EAST UNIVERSITY, İN LEFKOŞA*
3. *THE EUROPEAN UNIVERSITY OF LEFKE, İN LEFKE*
4. *GİRNE AMERICAN UNIVERSITY, İN GİRNE*
5. *INTERNATIONAL AMERICAN UNIVERSITY, İN GİRNE*
6. *CYPRUS INTERNATIONAL UNIVERSITY, İN LEFKOŞA*

## 12. FOREIGN TRADE POLICY

The economy of the TRNC has the peculiarities of an island economy with limited resources and long periods of drought cause continuous dependency of production on climatic conditions. Because of this, foreign trade emerge As the major sector of the TRNC's economy, and it grew dramatically after 1974.

In the 1970's the TRNC had limited trade relations with other countries. However, since then, the TRNC established trade relations with more than 70 countries. Also, there were only 54 importers in the 1970's, but now there are about 7,000 of them.

Foreign trade retains its importance in the gross national product, in creating employment, and in its relations with the other sectors.

The imports of the TRNC increased from US \$ 69 million in 1975 to US \$ 396.7 million in 1990. Due to the political and economical crisis in the world after 1990, fluctuated during the 1990-1996 period.

The figures in the table below show this trend during the 1994-1996 period.

From 1995 to 1996, imports decreased 13 % and reached US \$ 318 million in 1996. On the other hand, exports increased 5 % and reached US \$ 70.5 million in 1996. From 1995 to 1996, the volume of foreign trade decreased 10%, and reached US \$ 388 million in 1996. The total exports constituted 22 % of the total imports in 1996.

## 12.1. FOREIGN TRADE of the TRNC

Value: US \$

Table 12:

	1994	change in (%)	1995	change in (%)	1996	change in (%)
Imports	286.335.490	-21.3	366.017.914	27.8	318.316.872	-13.0
Exports	52.879.	-2.0	66.929.405	26.6	70.500.666	5.0
Deficit	-233.456.381	-24.6	-299.088.509	28.1	-247.996.206	-17.0
Export/Imports %	19		18		22	
Total Trade Volume	339.214.599	-18.8	432.947.319	27.6	338.637.538	-10.2

Source : Design by Author from obtained data from Ministry of Education.

## 12.2. EXPORTS

The TRNC has only a small number of export products because of her limited natural resources and the economic embargo imposed on her in foreign markets. International trade has a chronic deficit, in spite of the considerable increase in exports after 1974.

The TRNC's exportation to European community decreased after 1995 because of the unfair European Court Decision against the export products of the TRNC. Contrary to this, The Border Trade Agreement between the TRNC and the Republic of Turkey increased the trade between them and created a potential market to the TRNC's export products. The TRNC's total exports reached 66.9 US \$ in 1995.

As can be seen in the table below, the total export were US \$ 52.8 million in 1994 and reached US \$ 70.5 million in 1996, which represents an increase of 33%. The export shares of the leading groups in total



exports are as follows: ready-made clothing: 35.4%; citrus limit: 32-9 %; citrus concentrates: 7.1 % and diary products: about 5 %.

Cirrus had the leading place in total exports until 1992. After then, due to droughts, the underground water becoming salted and due to marketing problems, they fell to the second place.

Citrus fruits, potatoes, carob and other agricultural products are the main agricultural export products of the TRNC. Clothing, processed agricultural products, beverages and other industrial products are the main industrial export products.

Ready-made clothing became the number one commodity in total exports after 1993, because of increasing foreign demand and subsidising by the Government.

Analysis of TRNC' s exports on a sectional basis is given in the table below. While the share of industrial products was 54 %, the share of agricultural products was 44 % in the total exports of the TRNC in 1996.

Until 199°, the share of TRNC's agricultural products in her total exports was between 60- 70 %. After 1990, the share of agricultural products decreased and, accordingly that of industrial products increased in total exports.

Exports distribution by countries are given above. As is seen in the table, 65 % of the total exports was oriented to the EC Countries until 1994. The United Kingdom comes first among the EC Countries.

Germany and Holland come after the United Kingdom. In the TRNC's total exports, the Republic of Turkey has a share of about 48 % and the Middle East Countries have a share of 3 to 5 %.

After the unfair "European Court Decision" against the TRNC export products, her exports to EC Countries declined until 1996.

After this decision, the border trade agreement between Turkey and the TRNC was signed, and there was a considerable increase in the TRNC's exports to Turkey. As is seen in the table above, after 1995 the TRNC's exports to EC Countries decreased and exports to Turkey increased.

After 1995 exports to the newly-established Turkish Republics in Asia increased and reached 14.7% of her total exports.

### 12.2.1. THE MAJOR EXPORT PRODUCTS OF THE TRNC

VALU: US \$ 1000

Table 13:

PRODUCTS	1994	1995	1996
Clothing	18153	23707	21605
Citrus	15813	22043	22584
Citrus Concentrates	5254	4764	1693
Dairy Products	1094	3383	4599
Potatoes	1241	1381	870
Beverages	921	2747	5689
Pharmaceutical	318	1222	521
Leather	611	800	942
Tobacco	384	91	205
Carob Seed	213	1539	25
Kibbled Carob	387	331	-
Others	7477	4913	11518
<b>TOTAL EXPORTS</b>	<b>53965</b>	<b>66929</b>	<b>942</b>

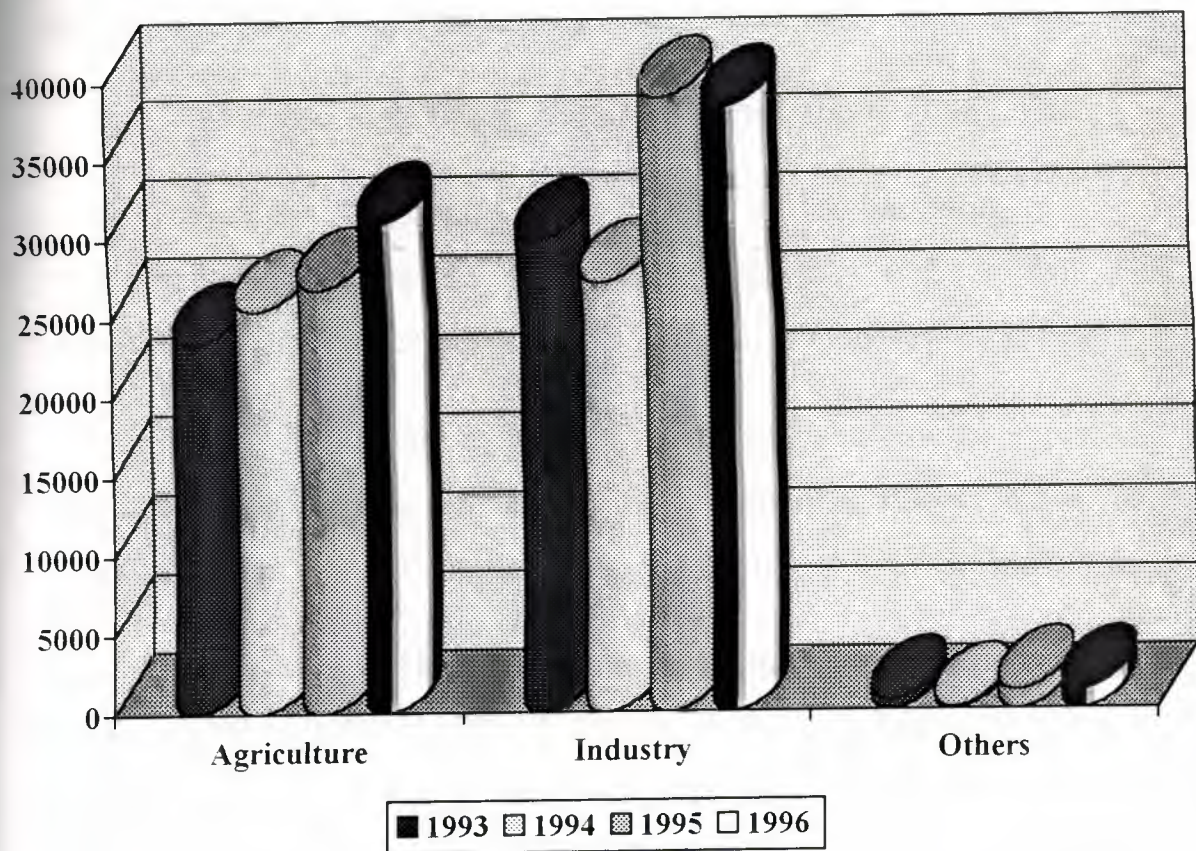
Source : Design by Author from obtained data from Ministry of Education.



## 12.2.2. EXPORT BY MAIN SECTORS

VALUE: US \$1000

Graph 4:



Source : Design by Author from obtained data from Ministry of Education.

### 12.3. IMPORT

As is seen from the figures given in the table below, Turkey has the largest share in the imports of the TRNC. Imports from Turkey increased from 41.5 % in 1993 to 55.3 % in 1996

EC Countries hold the second place in the imports of the TRNC.

The United Kingdom, Germany, Italy, France and Holland are of major importance among EC Countries in imports. The share of the EC Countries in imports decreased from 38.1 % in 1993 to 25.4 % in 1996.

The Far East countries have a considerable share in the imports of the TRNC. Hong Kong, China, Taiwan, Singapore and Sri Lanka are the most important import countries in the Far East.

The share of the Far East Countries in the imports decreased from 14% in 1993 to 9.8% in 1996. As is seen in the table below, the share of Turkey in the imports has been increasing steadily.

As is seen in table below, consumer goods have the largest share in the imports. Consumer goods are classified as non-durable, semi-durable and durable. The share of consumer goods in the total imports is 43.4% in 1996. The share of investment goods and raw materials is 23.1 % and 33.5 % respectively.

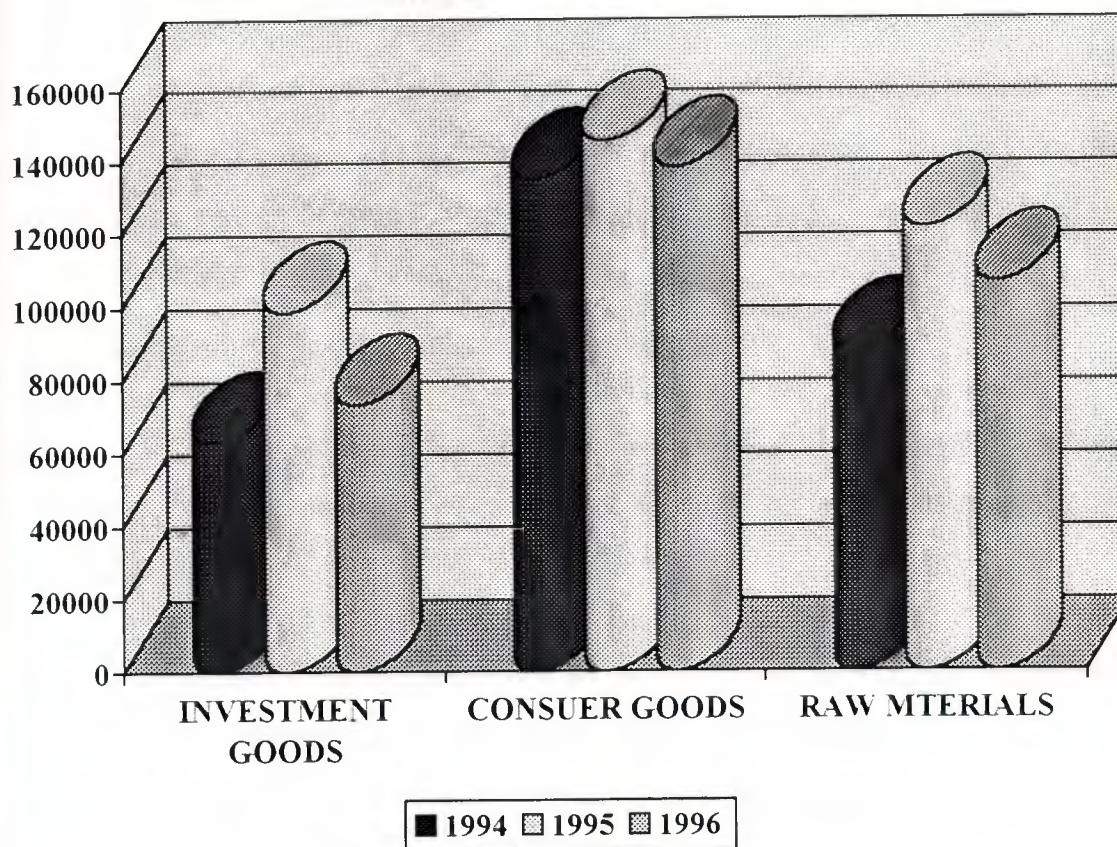
These 35 items constitute 50% of the total imports. As is seen above in this, vehicles, fuels, construction materials and electrical household utensils have the largest share in total imports.



### 12.3.1. IMPORT BY COMMODITY TYPES

VALUE: US \$1000

Graph 5:



Source : Design by Author from obtained data from Ministry of Education.



### 13. FREE PORTS AND ZONES

#### **Famagusta (Gazimağusa) Free Port and Zone**

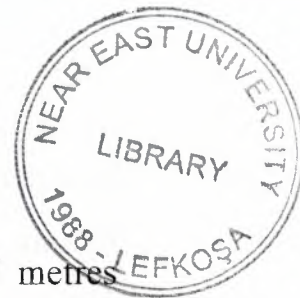
Famagusta Free Port and zone is located at the cross-roads of east-west and north-south navigation routes and is the ideal gateway to the three continents. Because of this advantageous location, it is an ideal place for foreign businessmen. The Famagusta Free Port and Zone is in Famagusta which is the country's principal port.

The TRNC comprises an area of 3,355 km<sup>2</sup> and the Famagusta Free Port and Zone is spread over an area of 487,000 m<sup>2</sup> and land is available for expansion.

The economic policies of the government encourage free enterprise and foreign investment. The Free Port and Zone Directorate is responsible for the implementation of the rules and regulations related to the Famagusta Free Port and Zone.

Famagusta Free Port and Zone was established in 1977 and commenced functioning in mid-1978.

The Free Port and Zone law states that only "Approved Enterprises" are entitled to operate and erect concerns in the Free Port and Zone area. An "Approved Enterprise" is defined as one which has received approval from the Free Port and Zone Council to function in the Free Port and Zone. Applications for "Approved Enterprise" status have to be submitted to the Free Port and Zone Directorate using the forms supplied by this body.



## **Free Port of Famagusta**

The deep water quay can accommodate vessels with 9.15 metres draught. The port is specially equipped with a tower crane, with capacity of 40 tones for container handling. Port services are rendered by the Ports Department which is well equipped with tugboats, pilot boats, service boats, mobile and floating cranes, forklifts, etc., with different capacities.

### **13.1. Facilities And Incentives Provided For Investors:**

- **Activities and Operation**

Famagusta Free Port and Zone offer excellent opportunities to foreign investors who intend to engage in all kinds of manufacturing, as well as commercial activities, such as ship-repairs, banking and insurance services, transshipment or re-export activities.

- **Capital Participation**

The local authorities are keen to encourage foreign capital investment, either in the form of joint ventures or independently. There is no limitation to the proportion of foreign capital participation.

- **Corporate TAX and Income TAX**

All income derived from activities and operations undertaken by investors in the Free Port and Zone are totally exempt from Corporate Tax and Income Tax. This exemption does not apply to the exportation of goods and services not manufactured and undertaken in the Free Port and Zone that are directed to the TRNC.

- **Exemption From Customs Duties and Indirect Taxes**

Famagusta Free Port and Zone is outside the customs boundary of the TRNC. All production inputs can be transported from foreign locations to Famagusta Free Port and Zone area without being subject to any taxes or duties.

- **Transfer of Profit and Capital**

There is no limitation on repatriation of profit and capital earned in the Famagusta Free Port and Zone.

- **Fees, Charges, Tariffs:**

The fees are reasonable for the facilities and services provided. Some of the fees are listed below.

Annual rents for factory building sites vary from US \$ 2.00-2.50 per m<sup>2</sup>. Areas of available sites vary from 800 to 8,000 m<sup>2</sup>. The leasing agreements initially are made for 21 years and may be renewed for two additional terms, 21 years each. Business offices can also be leased for seven years and may be renewed for two additional terms.

- Storage charges (per ton or part thereof per day or part thereof), for cargoes in open store and/or in warehouse: general cargo: US \$ 0.20.
- For cargoes in open stacking area; general cargo: US \$ 0.10; bulk cargo: US \$ 0.05.
- Containers (container per day or part thereof) empty: US \$ 0.25; Full: US \$ 0.75.



- Areas rented for short periods ( $\text{m}^2$  per day or part thereof). US \$ 0.05.

In addition to the above incentives, there is ample supply of skilled and unskilled labour with reasonable wages.

The first seven days are exempted from storage charges. First 30 days for the empty container and first 15 days for the full container are exempted from storage charges. The port and cargo handling charges are much lower in comparison with charges of neighbouring ports.

The port offers sufficient covered storage area, experienced stevedoring and security services. Minimum formalities provide investors and dealers a favourable working climate. We are convinced that the Zone has an accommodating climate for production, export and transit trade facilities.

Should you have any queries or require further information, we are always at your service to assist you at the address below

## **13.2. THE PORTS OF THE TRNC**

### **13.2.1. Port of Famagusta**

Famagusta is the main port for imports and exports of the TRNC and services all types of cargo other than petroleum products which are handled by a specialised terminal run by K.T Petrolleri at the Port of Kalecik. The Port of Famagusta is located at a position giving a latitude 35 degrees 07'N and longitude 33 degrees 57'E (see Admiralty Chart Number 846).

The Famagusta port, where water depth is max. 10 m. with a quay length of 1200 m. can accommodate vessels up to 220 m. in L.O.A (length over all). The Famagusta inner port is naturally protected, whereas the outer port is sheltered by a modern breakwater Anchorage is at roasted east of flashing buoy, which marks the entrance to the channel. Being exposed to NE, E and SE winds, in case of very bad weather, vessels can obtain safe anchorage further north, near the Boğaz area.

### **13.2.2. Cargo Handling Facilities:**

Warehouses with 13,431 m<sup>2</sup> floor space, open sheds of 5,230 m<sup>2</sup> and open storage areas totaling 47 990 m<sup>2</sup>. Available mechanical equipment includes forklifts up to 40 tons capacity, trucks; 26 tons, mobile cranes of 10-50 tons and one floating crane with a lifting capacity 60 tons, 18 Mt. outreach. There is one tower crane of 36 tons for container handling.

Grain silos with a capacity of 10,000m. tones (connected by a conveyer-belt) and two pneumatic suction conveyors with a capacity of 60 t/h each are also available.

Famagusta handles 550,000m. tones of cargo which is very much below its maximum capacity. The Famagusta Port is in a very good geographical position. Aware of this, Famagusta Port Authority aims to increase transit cargo, both conventional and in containers.

### **13.2.3. Repair Facilities:**

Repairs can be carried out by a repair yard managed by GEM-YAT ltd. Coasters of 75 meter length (Max) and 650 tons displacement can be slipped for bottom cleaning and maintenance and all kinds of repairs.

### **13.2.4. Other Facilities:**

Fresh water is supplied from quay hydrants at a rate of 15 tons/hour. Bunkers are delivered on board by lorry-tankers.

### **13.2.5. Provisions:**

Fresh and dry provisions are in abundance; duty free shops have a good supply of high quality duty goods. Ship to shore-shore to ship communication is established through North Cyprus Radio. Pilotage units are compulsory for ships above 300 GRT.



#### **13.2.6. Documentation on Arrival:**

- Deratization and Health Certificate
- Crew Declaration & Stores List - Customs
- Crew and Passenger List- Immigration and other officials of the Boarding Party
- Arrival Declaration - Ports

It is worthwhile putting on record that formalities on arrival and departure are carried out very quickly, thus helping the ship's quick turn around.

Irrespective of holidays, ships are berthed/unberthed provided that relevant application is lodged by their agents.

#### **13.2.7. Registration of Ships:**

The current legislation concerning merchant shipping in the TRNC is the Merchant shipping (Registration of Ships, Sales and Mortgages) law of 1963 as amended. It is based on the British Merchant Shipping Act of 1894.

Under this law, a ship can register under the TRNC flag: an application has to be submitted to the Registrar of Ships (i.e., the Director of the Department of Ports): The Registrars of Ships is responsible for the enforcement of the Merchant Shipping laws and Regulations in TRNC.

The application for provisional registration should contain the following information:

- Present name of the vessel
- The Name under which the vessels to be registered
- The Year and place of construction
- The Name of the builders, the place and year of build
- Tonnage (gross and net)
- Type of vessel
- Deletion Certificate from the previous registry
- The vessel has to be employed at the time of application
- The names and addresses of directors and share holders

In December 1996, the register comprised 40 vessels flying the TRNC flag at East Mediterranean and the Black Sea.

### **13.3. Shipping lines to Famagusta and Kyrenia Tourism Harbour:**

#### **13.3.1. Mersin-Famagusta:**

Regular ferry-lines three times a week. Cargo Ships approximately 25 per month.

**13.3.2. Istanbul- Izmir – Famagusta:**

Approximately 5 cargo ships per month

**13.3.3. Europe Line:** Imports and exports are mainly handled by this line. Approximately 3 ships for imports and 13 ships for exports per month (between October and April for citrus exportation).

**13.3.4. West Mediterranean Line:** 3 ships per month.

**13.3.5. East Mediterranean Line:** 4 Ships per month.

**13.3.6. Far East Line:** Over 2500 containers are transhipped through Mersin annually.

**13.3.7. Kyrenia Tourism Harbour:** Taşucu (Turkey)-Regular Ferry-Boats almost every-day. 3500 passengers pass through daily.

**13.4. KYRENIA (GİRNE) YACHT HARBOUR:**

Kyrenia Marina formed by breakwater has a channel entrance of 5.5 meters, decreasing to 3.3 meters from lighthouse towards the basin. Depth alongside quay is approximately 3.0 m. It is a historical shelter for



yachts, fishing boats and pleasure crafts, with a limitation of 30.0 meters L.O.A. and 2.6 meters maximum draught.

Kyrenia Marina with the capacity of 100 berths, is next to the Kyrenia Fortress built in the 7<sup>th</sup> century, where many sailors dropped their anchor ever since. The harbour has been converted into a leisure center with many small interesting restaurants, bars and open air cafes facing the Marina. Furthermore the harbour is ideally situated to offer a perfect starting point for exploring the historical heritage of North Cyprus, which includes some of the best Lusignan monuments in the area. Kyrenia Marina is operated by Cyprus Turkish Tourism Enterprises Ltd. and offers the services listed below.

- Fresh water supply
- Electricity supply
- Showers and toilets
- Laundry service
- Snack-bar
- Security around the clock

### **13.5. TEKNECİK OIL TERMINAL:**

Teknecik was built in 1978, 9 miles East of the town of Kyrenia on the north coast as an open moor oil terminal. The open moored basement has three buoys, and two submerged flexible pipelines (40 m each) for fuel and diesel oil.

The latest development was made by KIB-TEK (Cyprus Electricity Authority) in 1995 and limitations reached for 15000 D.W. tones and 11.5 meters max. draught around the receiving and securing buoys. Tankers are berthed heading to NE with two bower anchors laid on taut stern lines to the mooring buoys.

The basement has only receiving and storage facilities for fuel and diesel oil. Annual oil traffic is 140,000 tones of fuel-oil and 60,000 tones of diesel oil.

Pilotage is optional. Pilot and tugs are available from the Kyrenia Tourism Harbour Radio contact can be made by Northern Cyprus radio, VHF calls from channel 16 to the terminal. Emergency assistance and co-operation is also available from the Kyrenia Tourism Harbour by VHF and radio Contact.

### **13.6. KYRENIA TOURISM HARBOUR:**

The Kyrenia Tourism Harbour was built in 1987 and lies along the North Coast. The port is used exclusively for passenger and vehicle traffic and the tourist trade.

Outer anchorage is at open roadstead with no draft limitations, but we advise to the vessels 0.8 miles NW of entrance light which has a depth of 22 to 24 meters. Approach to the port is unobstructed with deep water, the port entrance is 8.5 meters deep and there is a distance of 180 meters between the ends of its breakwaters.

Pilotage is compulsory for vessels over 300 GRT. The port is protected by breakwaters, has a manoeuvre circle 250 meters in diameter and it is 9 meters deep in the basin. The tourism harbour can accommodate vessels along its six quay-walls with a total of 707 meters, the depth alongside is minimum 3 meters, limitation is 150 meters max. L.O.A. and 7.40 meters maximum draught.

Today nearly 3100 vessels (arriving and departure) call at Kyrenia Tourism Harbour annually for passenger, vehicle and the tourist trade (especially ferries, hydrofoils and catamarans). Passenger traffic is well over 320,000 per year (total, entering and exiting) and this is 80 % of the passenger traffic in the TRNC.



### 13.7. LIST OF THE NATIONALITY OF SHIPS THAT CALLED AT THE TRNC PORTS IN 1995:

Table 14:

Flag	Famagusta	Kyrenia Tourism Harbour	Kyrenia Yacht Harbour	Teknecik Electric Terminal	Karavost assi	Kalecik Oil Terminal	Kalecik Clinker and Gypsum Stone Terminal	TOTAL
TRNC	501	520	-	-	-	-	46	1.067
Turkey	547	474	16	31	-	61	59	1.188
Honduras	30	-	-	-	-	-	-	30
Syria	25	-	-	-	-	-	1	26
Bahamas	28	-	-	-	-	-	-	28
Panama	13	-	-	-	-	-	2	15
Lebanon	28	-	1	-	-	-	-	29
Malta	12	6	-	-	-	-	-	18
Denmark	8	-	4	-	-	-	-	12
Holland	12	-	1	-	-	-	-	13
Bermuda	1	-	-	-	-	-	-	1
Russia	51	410	2	-	-	-	-	463
Egypt	1	-	-	-	-	-	-	1
Sweden	1	-	4	-	-	-	-	5
Ukraine	4	1	-	-	-	-	-	5
Israel	9	-	10	-	-	-	-	19
Britain	15	82	25	-	-	-	-	122
Poland	1	-	-	-	-	-	-	1
USA	3	1	-	-	-	-	-	4
Germany	23	-	34	-	-	-	-	57
Finland	-	-	1	-	-	-	-	1
Austria	3	-	10	-	-	-	-	13
France	5	-	4	-	-	-	-	9
Belgium	1	-	2	-	-	-	-	3
Switzerland	5	-	1	-	-	-	-	6
Italy	2	-	5	-	-	-	-	7
St. Vincent	14	-	-	-	-	-	-	14
Belize	3	-	-	-	-	-	1	4
Slovenian	1	287	-	-	-	-	-	288
Philippines	5	-	-	-	-	-	-	5
Albania	1	-	-	-	-	-	-	1
<b>TOTAL</b>	<b>1,366</b>	<b>1,781</b>	<b>120</b>	<b>31</b>	<b>-</b>	<b>61</b>	<b>109</b>	<b>3,468</b>

Source : Design by Author from obtained data from Ministry of Education.

### 13.8. PORTS AND SHIPPING STATISTICS:

*Table 15:*

Ports	1994		1995		1996	
	Cargo	Passanger	Cargo	Passenger	Cargo	Passenger
Famağusta	568.257	67.976	571.924	56.283	533.638	50.638
Kyrenia Tourism Harbour	40.518	33.585	38.597	323.585	79.281	322.680
Kyrenia Yacht Harbour	-	-	-	-	-	-
Teknecik Electric Terminal	61.367	-	121.651	-	162.984	-
Karavostassi	-	-	-	-	-	-
Kalecik Oil Terminal	117.837	-	139.086	-	118.676	-
Kalecik Clinker and Gypsum	125.550	-	201.393	-	212.386	-

Source : Design by Author from obtained data from Ministry of Education.

## **CONCLUDING REMARKS SUGGESTION.**

### **RECOMMENDATION**

Until now I have explained the economic situation and indicates of the economy of TRNC. As we can understand from all these information the economy in TRNC is not at the desirable level. Although, we as a nation of this country have to find a way out. We have to create a much better economy and a future for Nation.

Mainly the service sector will form a better economic level for TRNC. We can see at the moment the service us taking a great vole in TRNC. economy. I suggest we should on this sector much more. There concentrated are tree main service sector in TRNC. Education, Tourism and finance.

Education sector have in TRNC. So many universities opened. Now we have to be very careful. The quality should be our first objective in Education. In higher education we should provide all needs Learning now invention in our universities. We all know the universities one the places where new are made. Accommodation should be perfect for the invention students. The accommodation will create a new sector for our economy.

Finance is the main subject in all one the world. TRNC is trying to take its part in this area. Mainly in banking sector. Is very risky. The world finance sector is very alert. They follow every money transactions. Therefore we should put our finance legislators probe. We shouldn't let any kind of illegal money transactions. In a short term we might gain but in long term we will lose. The law should work fast and fair in this sector.



We have made so many mistakes in Tourism. Our main mistake is we make master (long term) plans. Our island could be the main touristic place the east. It is time for us to target the past and make this sector work and grow in thus country. I believe we have got the knowledge, ability and experience to do much better. Tourism needs huge investments. If we can not effort these investment we should find partners in the world. We can see lately so many Turkish companies (from Turkey) are very interested TRNC's Tourism sector. This is not something we should look negative. The world started to work as one in economic wise. Adequate transportation desirable accommodation and keeping our country clean are our objectives at if we manage to do all these, the tourists all over world will come naturally.

As I explained above, the economy in the TRNC can be better. Quality and legislation's are key subjects. I believe in my nation. We can do it.

# **APPENDIX**

## **LIST OF TABLES**

## LIST OF TABLES



**Table 1:**

<b>The STONE AGE</b> Settlers from Anatolia and Syria. Foundation of the first cities	<b>7000-3900 BC</b>
<b>The COPPER AGE</b> First appearance of copper tools	<b>3900-2600 BC</b>
<b>The EARLY BRONZE AGE</b> New immigrants from Anatolia	<b>2300-1850 BC</b>
<b>The MIDDLE BRONZE AGE</b> Cyprus becomes important as an exporter of copper. The building of fortresses against Hyksos invasions	<b>1900-1600 BC</b>
<b>LATE BROZE AGE</b> Expansion of Cyprus' trade and archaic colonisation	<b>1650-1050 BC</b>
<b>The DARK AGE</b> Beginning of Phoenician colonisation	<b>1050-750 BC</b>
<b>The ARCHAIC AGE</b> Cyprus belonged to the Assyrian Empire for 40 years and was later integrated into the Persian Empire	<b>750-475 BC</b>
<b>The CLASSICAL PERIOD</b> The rebellion against Persians. The destruction of the Persian Empire by Alexander the Great	<b>475-325 BC</b>
<b>The HELLENISTIC PERIOD</b> Cyprus was involved in the struggle amongst Alexander's Generals for the division of this empire.	<b>325-58 BC</b>
<b>The ROMAN PERIOD</b> Cyprus became a part of the Roman Empire	<b>58 BC-330 AD</b>
<b>The BYZANTIN PERIOD</b> The rise of Islam and the Arab invasions.	<b>330 AD-1191</b>
<b>The LUSIGNANS PERIOD</b> Richard the lion Heart conquered Cyprus On his way to Jerusalem during the third crusade, handed it over to his vassal, Guy de Lusignans, who established his kingdom.	<b>1191-1489</b>
<b>The VENETIAN PERIOD</b> Venice took over Cyprus, but there was always fear of the Ottomans Empire	<b>1489-1571</b>
<b>The OTTOMAN PERIOD</b> The Ottomans conquered Cyprus and it became a part of the Ottoman Empire. Settlers from various parts of the Ottoman Empire came to Cyprus	<b>1571-1878</b>
<b>The BRITISH PERIOD</b> The Ottomans rented Cyprus to Britain	<b>1878-1918</b>
Cyprus became a part of British Colonies with the <b>Lausanne Treaty (1923)</b>	<b>1914-1960</b>
The foundation of the Republic of Cyprus with its own constitution. While The President was a Greek Cypriot, the Vice president was Turkish.	<b>1960</b>
The island was in practice split into two parts as a result of Archbishop Makarios's attempts to change the state in favour of the Greek-speaking community. Cruel criminal were taken against Cypriot Turks and civil war broke out between Cypriot Greeks and Turks. The most tragic and dramatic events occurred in the <b>1958-1974</b> period	<b>1963</b>
After consultations with England, on <b>20 July 1974</b> , Turkey decided to exercise her power as guarantor under the Zurich and London agreements, and intervened militarily to protect the Cypriot Community. The intervention of Turkey in Cyprus as one of the guarantor powers within the framework of the Zurich and London agreements is legal. Turkey is among the guarantors of the Republic of Cyprus.	<b>1974</b>
In the recent period, the island enjoys a great internal tranquillity even though the economic development of the Turkish Republic of Northern Cyprus is slow, hampered as it is by the embargo imposed by Greece and the Greek Cypriots on this part of the island.	<b>1974-1996</b>

**Source :** Design by Author from obtained data from Ministry of Tourism.

**Table 2:**

Years	Touch Down	Take Off	Transit	Arrivals	Departures	Coming Cargo (kg)	Going Cargo (kg)	In Coming Mail (kg)	Out Going Mail (kg)
1993	3,276	3,276	77,630	324,828	339,612	2,828,229	1,797,764	161,907	256,253
1994	3,154	3,154	84,570	319,197	304,992	1,706,988	1,489,953	86,951	71,530
1995	3,257	3,257	82,058	348,506	350,939	3,797,216	2,760,102	160,288	88,545
1996	3,336	3,333	90,600	312,730	347,908	4,687,456	2,319,855	166,247	58,864

**Source :** Design by Author from obtained data from Ministry of Economy.

**Table 3:**

Land Distribution	Acres	%
Agricultural Land	1,398,123	56.71
Forest Land	480,740	19.50
Meadows	122,157	4.95
Villages, roads, rivers etc.	263,471	10.69
Area not occupied	201,061	8.15
Total Land	2,465,552	100.00

**Source :** Design by Author from obtained data from Ministry of Economy.

**Table 4:**

CROPS	1993	1994	1995
Cereals	185.41	135.5	100.7
Pulses	6.6	17.2	20.0
Pulses for human consumption	3.0	2.3	2.3
Vegetable	32.9	24.7	24.7
Melons, Watermelons	8.5	8.9	5.3
Industrial Crops	0.3	0.3	0.2
Citrus Fruit	210.9	169.7	204.5
Fruits	14.0	7.0	7.2
Vineyards	3.0	2.8	2.5
Off-Season	4.8	7.3	6.7
TOTAL	479.7	376.0	374.7

**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization

**Table 5:**

Animals/number	1993	1994	1995
Cattle	15,676	17,158	19,976
Sheep	203,428	187,137	207,596
Goats	55,329	53,007	57,305
Poultry	3,113,547	3,239,933	3,569,983
a. Layer hen	87,544	131,528	136,122
b. Broiler	2,974,075	3,050,893	3,383,550
c. Parent Stock	51,928	57,512	50,311

**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization

**Table 6:**

Animals	1993	1994	1995
Cattle	1,051	1,073	1,268
Sheep	2,929	3,333	3,111
Goat	821	866	822
Poultry	4,566	4,664	5,208
Fish	400	400	450
Cow-milk	23,010	22,852	28,511
Sheep and goat milk	9,865	10,970	10,446
Eggs (dozens)	1,823,830	2,740,165	2,835,869

**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization

**Table 7:**

	1993		1994		1995	
	V	%	V	%	V	%
1. Agricultural Products (total)	25.7	48.1	26.9	40.0	31.0	44.0
Citrus	15.8	29.6	22.1	32.8	22.6	32.1
Potatoes	0.7	1.3	1.4	2.1	0.9	1.3
Livestock	0.3	0.6	0.4	0.6	1.0	1.4
Other	8.9	16.7	3.0	4.5	6.5	9.2
2. Processed Food	7.1	13.3	11.9	17.7	13.2	18.7

**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization.



**Table 8:**

Years	Hotels		Guest Houses		Hotel Apart		Rate of Occupancy	TOTAL	
	Est.	Bed	Est.	Bed	Est.	Bed	%	Est.	Bed.
1975	16	2068	16	331	8	553	18.20	40	2952
1980	24	2639	17	412	8	437	27.70	49	3488
1985	24	2665	17	433	13	1022	23.07	54	4120
1990	29	3088	34	711	26	2326	35.27	89	6125
1991	31	3542	21	621	28	2470	22.70	80	6633
1992	33	3814	18	457	35	2816	31.20	86	7087
1993	40	4139	19	445	34	2878	36.30	93	7462
1994	41	4291	15	345	37	3178	37.30	93	7814
1995	40	4299	15	321	38	3154	37.30	93	7774
1996	41	4463	18	446	40	3358	31.80	99	8267

**Source :** Design by Author from obtained data from Ministry of Tourism.

**Table 9:**

Cyprus Vakıflar Bank Ltd.	1983
Cyprus Turkish Co-operative Central Bank Ltd.	1959
Cyprus Credit Bank Ltd.	1978
Turkish Bank Ltd.	1901
Cyprus Commercial Bank Ltd.	1982
Industrial Bank of Cyprus Ltd.	1982
Asbank Ltd.	1986
Akdeniz Garanti Bankası	1991
Cyprus Economy Bank Ltd.	1990
Kıbrıs Yatırım Bankası Ltd.	1992
Kıbrıs Hür Bank Ltd.	1992
Rumeli Bank Ltd.	1992
Everest Bank Ltd.	1993
Cyprus Eurobank Ltd.	1992
Finba Financial Bank Ltd.	1992
Limasol Turkish Co-operative Bank Ltd.	1993
T.C. Ziraat Bankası	1974
Türkiye İş Bankası A.Ş.	1955
Türkiye Halk Bankası A.Ş.	1978
Faisal Islamic Bank Ltd.	1982
Home and Overseas Bank Ltd.	1955
Denizbank Ltd.	1993
Kıbrıs Altınbaş Bank Ltd.	1993
Tunca Bank Ltd.	1994
Yakın Doğu Bank Ltd.	1996
Med Bank Ltd.	1996
Yasa Bank Ltd.	1996
Kıbrıs Finans Bank Ltd.	1997
Erbank Ltd.	1997

**Source :** Design by Author from obtained data from Central Bank of the TRNC.

**Table 10:**

<b>Banks</b>	<b>Year Started</b>
East Mediterranean Trust and Banking Corporation Ltd.	8.11.1991
The European Business Bank Ltd.	12.3.1992
The European Commerce Bank	12.3.1992
The Euro Textile Bank (ETB) Ltd.	23.9.1992
Cyprus United Trade and Inv. Bank Ltd.	12.10.1992
Imar Bank Off-Shore Ltd.	10.12.1992
Pacific Bank Off-Shore Ltd.	14.1.1993
Atlasbank Off-Shore Ltd.	30.12.1992
Özbank Off-Shore Ltd.	22.1.1993
Alliance Investment bank Off-Shore Ltd.	10.3.1993
Oki Bank Off-Shore Ltd.	9.4.1993
Mediterranean Union Bank Off-Shore Ltd.	8.7.1993
World Vakıf Off-Shore Banking Ltd.	2.7.1993
Optima Bank Off-Shore Ltd.	14.7.1993
Northern Island Off-Shore Bank Ltd.	5.8.1993
Cyprus Islamic Off-Shore Bank Ltd.	13.10.1993
Facto Bank Off-Shore Ltd.	27.10.1993
First Merchant Bank Off-Shore Ltd.	13.12.1993
Overseas Bank Off-Shore Ltd.	15.2.1994
Şeker Bank Off-Shore Ltd.	23.3.1994
Toprak Bank Off-Shore Ltd.	21.4.1994
Adabank Off-Shore Ltd.	27.9.1994
Cleveland Off-Shore Bank Ltd.	25.5.1994
Bank Turquoise Off-Shore Ltd.	8.11.1994
Golden Union Off-Shore Bank Ltd.	15.9.1994
Trade Deposit Off-Shore Bank Ltd.	3.1.1995
Sovereign Gold Depository Bank Off-Shore Ltd.	7.11.1995
Unibank Off-Shore Ltd.	28.11.1995
Cyprus Trade Development Bank Off-Shore Ltd.	27.12.1995
Metropolitan Investment Bank Off-Shore Ltd.	15.2.1995
Maritime Off-Shore Bank Ltd.	12.1.1996
Foreign Trade Bank Off-Shore Ltd.	23.1.1996
EGSBANK Off-Shore Ltd.	13.2.1996
Technical Export Import Bank Off-Shore Ltd.	24.5.1996
Southstar Off-Shore Bank Ltd.	8.5.1997

**Source :** Design by Author from obtained data from Central Bank of the TRNC.

**Table 11:**

	E. M. U.	G. A. U.	N. E. U.	U. L.	I. A. U.
1979-1980	105				
1980-1981	215				
1981-1982	287				
1982-1983	207				
1983-1984	304				
1984-1985	458				
1985-1986	563	135			
1986-1987	1,008	208			
1987-1988	1,724	162			
1988-1989	2,279	176	43		
1989-1990	3,031	226	137		
1990-1991	3,585	206	802	219	
1991-1992	3,965	292	1,653	418	
1992-1993	4,276	230	1,990	477	
1993-1994	5,270	245	2,397	750	110
1994-1995	6,629	501	3,476	852	194
1995-1996	7,431	576	4,153	650	619
1996-1997	8,715	861	4,500	835	1,018

**Source :** Design by Author from obtained data from Ministry of Education.

**Table 12:**

	1994	change in (%)	1995	change in (%)	1996	change in (%)
<b>Imports</b>	286,335,490	-21.3	366,017,914	27.8	318,316,872	-13.0
<b>Exports</b>	52,879,	-2.0	66,929,405	26.6	70,500,666	5.0
<b>Deficit</b>	-233,456,381	-24.6	-299,088,509	28.1	-247,996,206	-17.0
<b>Export/Imports %</b>	19		18		22	
<b>Total Trade Volume</b>	339,214,599	-18.8	432,947,319	27.6	338,637,538	-10.2

**Source :** Design by Author from obtained data from Ministry of Economy.



*Table 13:*

<b>PRODUCTS</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
<b>Clothing</b>	18153	23707	21605
<b>Citrus</b>	15813	22043	22584
<b>Citrus Concentrates</b>	5254	4764	1693
<b>Dairy Products</b>	1094	3383	4599
<b>Potatoes</b>	1241	1381	870
<b>Beverages</b>	921	2747	5689
<b>Pharmaceutical</b>	318	1222	521
<b>Leather</b>	611	800	942
<b>Tobacco</b>	384	91	205
<b>Carob Seed</b>	213	1539	25
<b>Kibbled Carob</b>	387	331	-
<b>Others</b>	7477	4913	11518
<b>TOTAL EXPORTS</b>	<b>53965</b>	<b>66929</b>	<b>942</b>

**Source :** Design by Author from obtained data from Ministry of Foreign Affairs.

Table 14:

Flag	Famagusta	Kyrenia Tourism Harbour	Kyrenia Yacht Harbour	Teknecik Electric Terminal	Karavost assi	Kalecik Oil Terminal	Kalecik Clinker and Gypsum Stone Terminal	TOTAL
TRNC	501	520	-	-	-	-	46	1,067
Turkey	547	474	16	31	-	61	59	1,188
Honduras	30	-	-	-	-	-	-	30
Syria	25	-	-	-	-	-	1	26
Bahamas	28	-	-	-	-	-	-	28
Panama	13	-	-	-	-	-	2	15
Lebanon	28	-	1	-	-	-	-	29
Malta	12	6	-	-	-	-	-	18
Denmark	8	-	4	-	-	-	-	12
Holland	12	-	1	-	-	-	-	13
Bermuda	1	-	-	-	-	-	-	1
Russia	51	410	2	-	-	-	-	463
Egypt	1	-	-	-	-	-	-	1
Sweden	1	-	4	-	-	-	-	5
Ukraine	4	1	-	-	-	-	-	5
Israel	9	-	10	-	-	-	-	19
Britain	15	82	25	-	-	-	-	122
Poland	1	-	-	-	-	-	-	1
USA	3	1	-	-	-	-	-	4
Germany	23	-	34	-	-	-	-	57
Finland	-	-	1	-	-	-	-	1
Austria	3	-	10	-	-	-	-	13
France	5	-	4	-	-	-	-	9
Belgium	1	-	2	-	-	-	-	3
Switzerland	5	-	1	-	-	-	-	6
Italy	2	-	5	-	-	-	-	7
St. Vincent	14	-	-	-	-	-	-	14
Belize	3	-	-	-	-	-	1	4
Slovenian	1	287	-	-	-	-	-	288
Philippines	5	-	-	-	-	-	-	5
Albania	1	-	-	-	-	-	-	1
<b>TOTAL</b>	<b>1,366</b>	<b>1,781</b>	<b>120</b>	<b>31</b>	<b>-</b>	<b>61</b>	<b>109</b>	<b>3,468</b>

**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization.

**Table 15:**

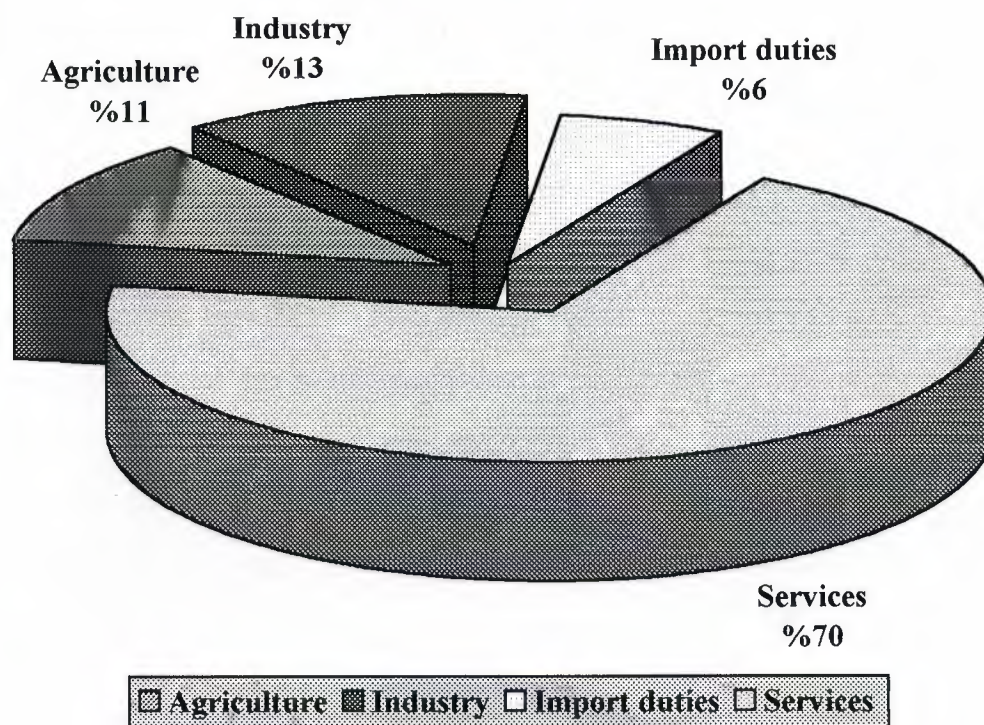
Ports	1994		1995		1996	
	Cargo	Passanger	Cargo	Passenger	Cargo	Passenger
<b>Famağusta</b>	568,257	67,976	571,924	56,283	533,638	50,638
<b>Kyrenia Tourism Harbour</b>	40,518	33,585	38,597	323,585	79,281	322,680
<b>Kyrenia Yacht Harbour</b>	-	-	-	-	-	-
<b>Teknecik Electric Terminal</b>	61,367	-	121,651	-	162,984	-
<b>Karavostassi</b>	-	-	-	-	-	-
<b>Kalecik Oil Terminal</b>	117,837	-	139,086	-	118,676	-
<b>Kalecik Clinker and Gypsum</b>	125,550	-	201,393	-	212,386	-

**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization.



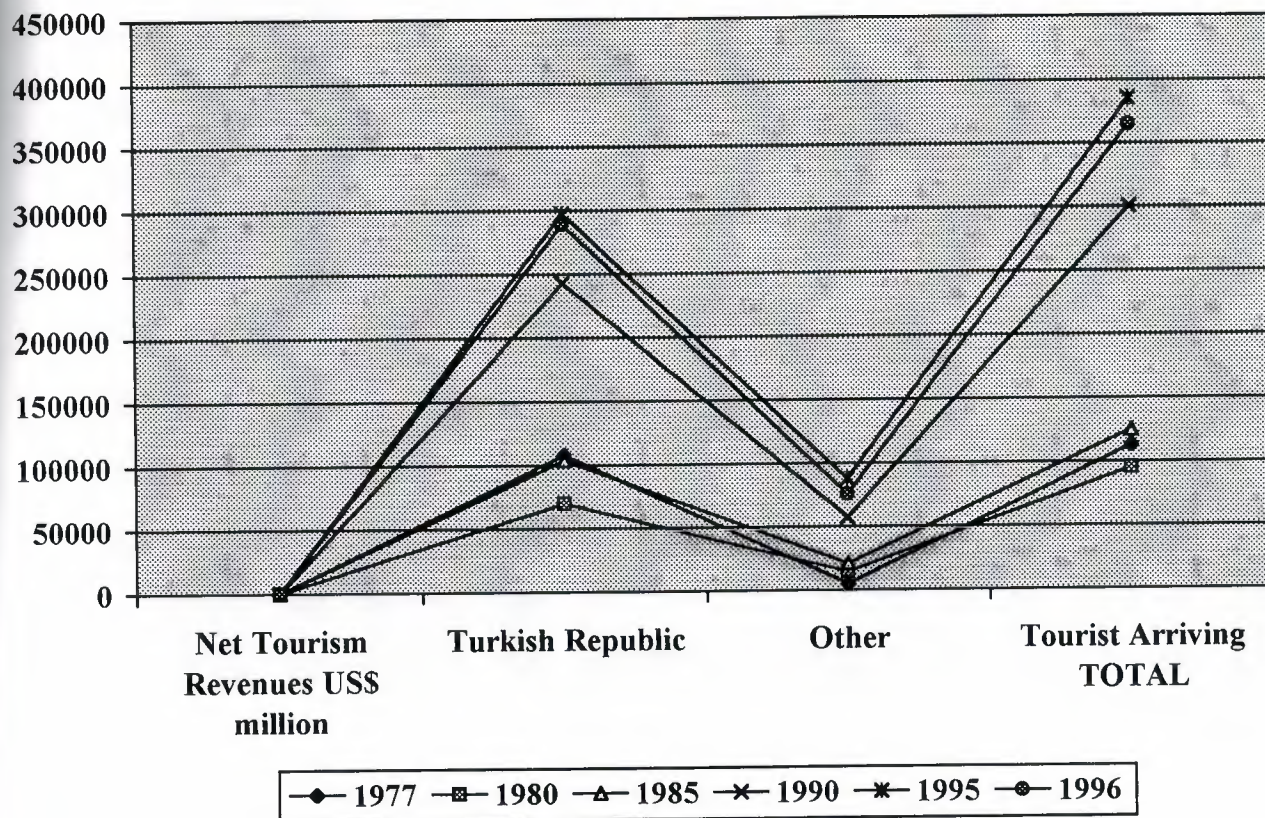
# LIST OF GRAPHICS

**Graph 1:**



**Source :** Design by Author from obtained data from Prime Ministry – State Planning Organization

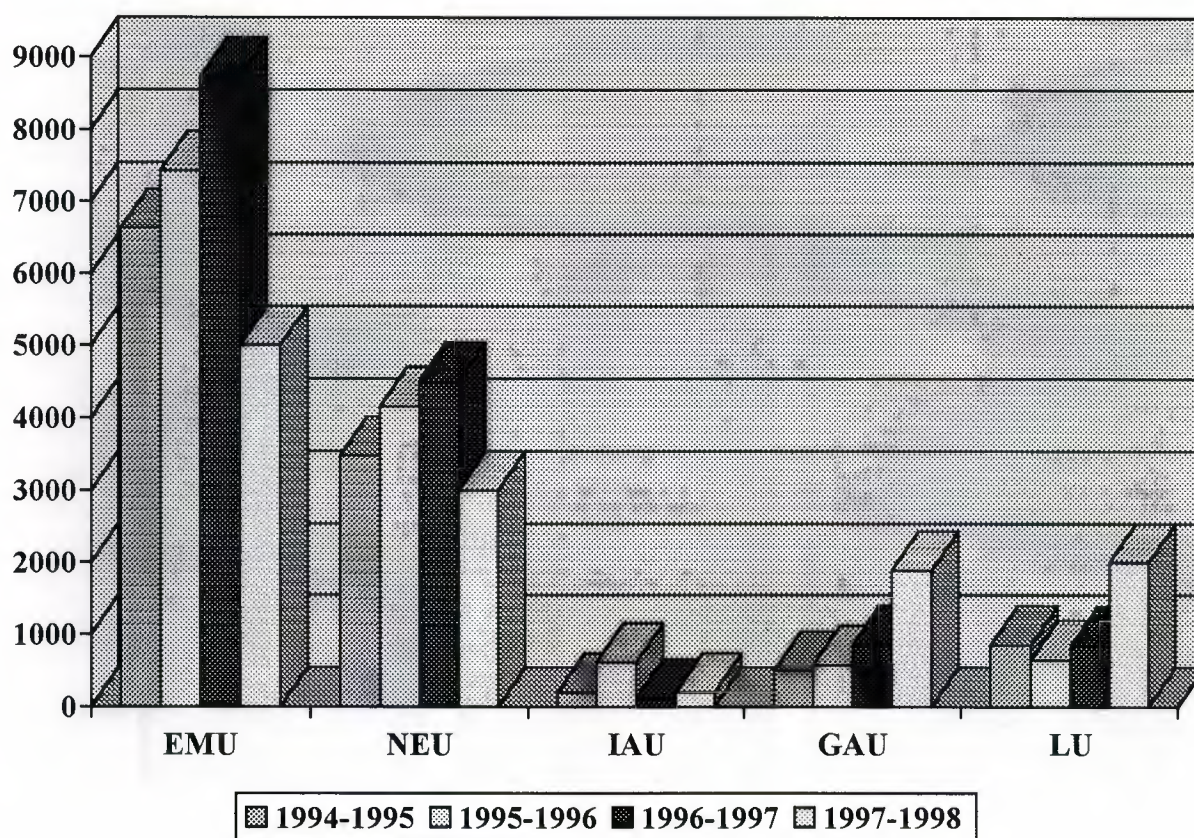
*Graph 2:*



Source : Design by Author from obtained data from Ministry of Tourism.



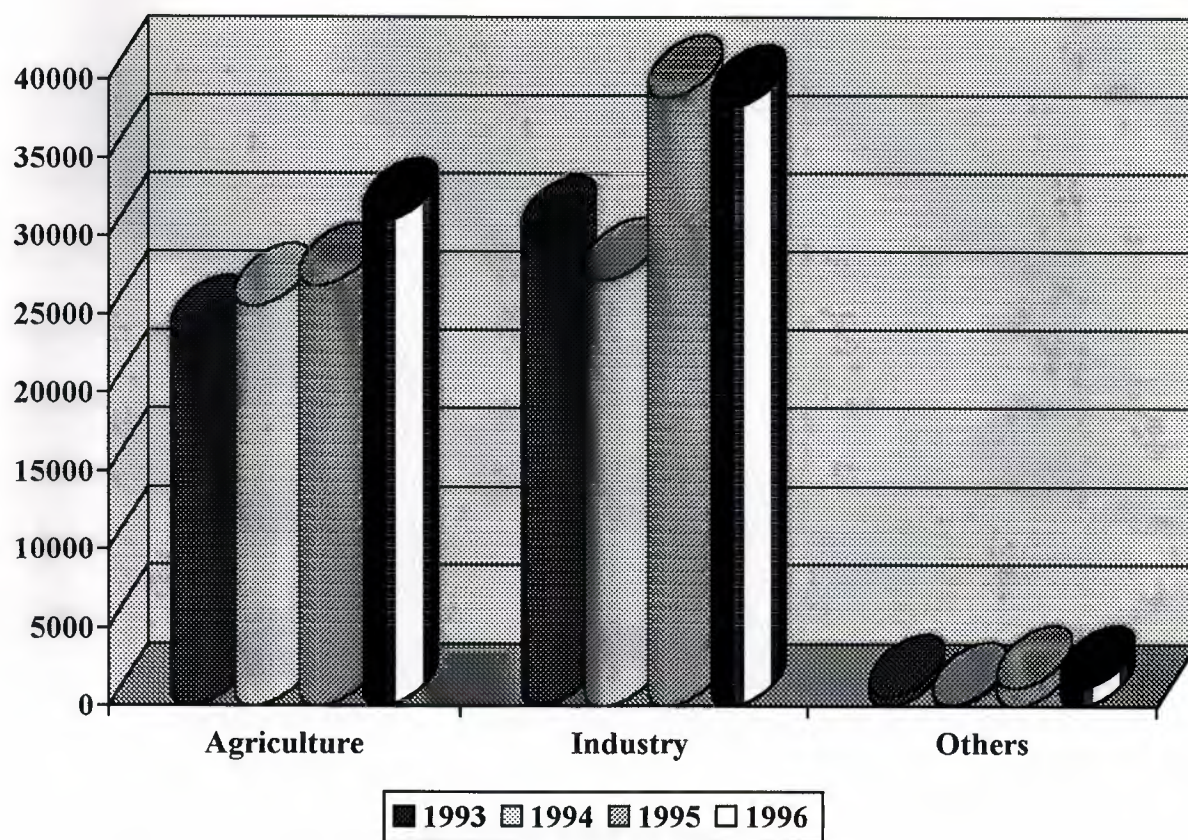
*Graph 3:*



**Source :** Design by Author from obtained data from Ministry of Education.



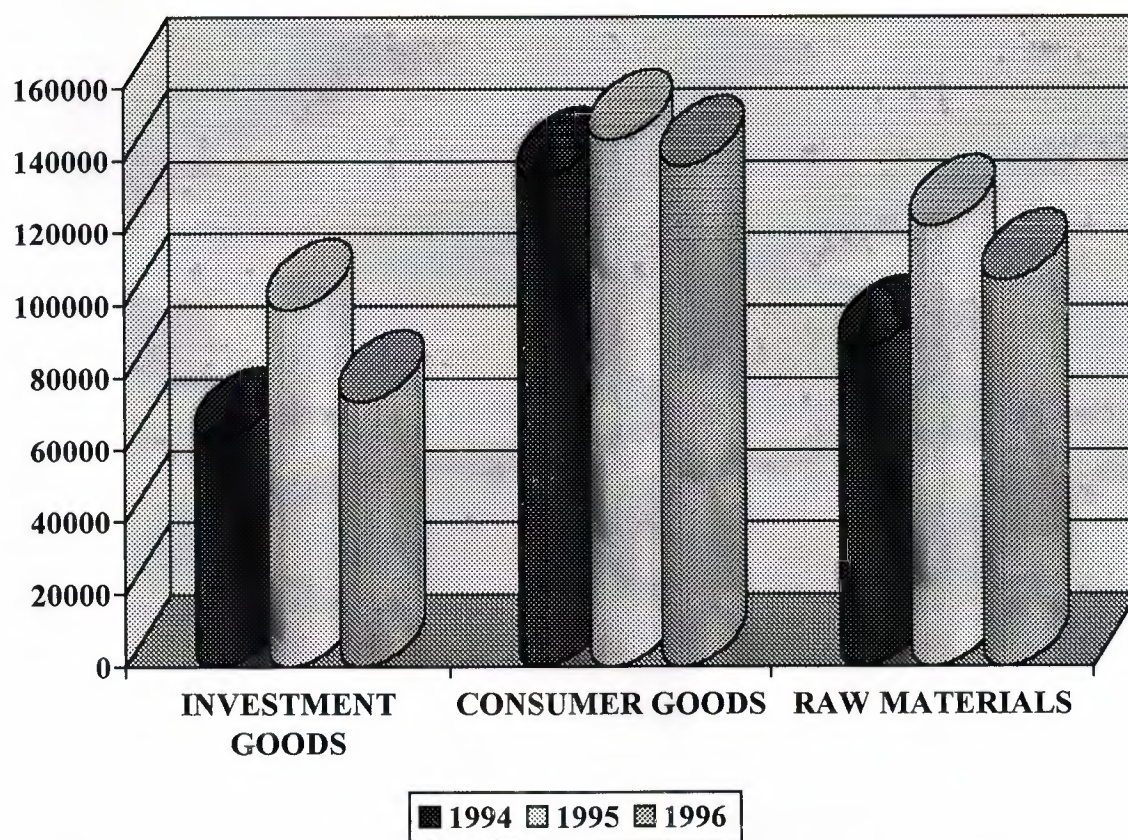
*Graph 4:*



**Source :** Design by Author from obtained data from Ministry of Foreign Affairs.



*Graph 5:*



**Source :** Design by Author from obtained data from Ministry of Foreign Affairs.



## **ABBREVIATIONS**

**GNP**      Gross National Product

**TRNC**      Turkish Republic of Northern Cyprus

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