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TOURISM IN THE TRNC
AND
IN TURKEY AND IN THE WORLD

by
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1. INTRODUCTION

Scientific study and development of a field depend on (1) Uniform definitions (2) description (3) analysis (4) prediction and (5) control. But as regards tourism it has been difficult to have universally accepted uniform definitions because of its multidimensional aspect and its interactions with other activities. It is only recently that tourism is taught as a discipline and attracts the attention of scholars and experts from many fields. The majority of studies in connection with tourism have been conducted for special purposes and have used narrow operational definitions to suit particular needs of researchers or government officials. These studies did not include a systems approach to the subject. Thus many definitions of "tourism" and "tourist" are based on "distance traveled, the length of time spent, and the purpose of the trip." This makes it difficult to collect statistical information that scholars can use to develop a database, to describe the tourism phenomenon and do analyses.

This problem has been tackled by a number of competent bodies over the years, including League of Nations, the United Nations, the World Tourism Organization (WTO), The Organization for Economic Cooperation and Development (DECD), The National Tourism Resources Commission and the US Senate's National Tourism Policy study. Currently, a special commission set up by the European Economic Union (EEU) has taken up this subject and is vigorously pursuing the developments in the field of tourism within the European countries.

Although tourism is often thought of as a leisure travel, it also includes business and convention travel, meetings, seminars, recreation and student travel. (if less than a year) and accommodations and transportation services. In other

words, tourism is a composite of activities, services and industries that delivers a travel experience; transportation, accommodation, eating and drinking establishments, shops, entertainment activity, facilities and other hospitality services available for individuals or groups that are travelling away from home. Tourism includes all the providers of services to the visitors.

The International Conference on Travel and Tourism Statistics convened by the World Tourism Organization (WTO) in Ottawa in 1991 made some fundamental recommendations on definitions of tourism, travelers and tourists.

The United Nations Statistical Commission adopted World Tourism Organization's recommendations on tourism statistics on March 4, 1993.

According to the World Tourism Organization (WTO) the officially accepted definition of tourism is: "Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes." In this context, the term "usual environment" is used to exclude travel within the area of usual residence and frequent and regular trips between home and workplace and other community trips of routine character.

So, when we talk of tourism we understand the entire world industry of travel hotels, transportation, and all other components, including promotion, that serve the needs and wants of travelers. Tourism today has been given a new meaning and is primarily a term of economics referring to an industry.

Within a nation (political subdivision) or transportation centred economic area of neighbour nations) the sum total of tourist expenditures within their

borders is referred to as the nation's tourism or tourist industry and is thus ranked with other national industries. More important than just the total monetary product value of tourism is its role in the balance of trade. Here tourism earnings from foreign visitors represents an export industry and tourism is an "invisible export".

A tourist is a person who travels from place to place for non-work reasons. By U.N. definition, a tourist is someone who stays for more than one night and less than a year in a place away from home. Business and convention travel is included, Military personnel, diplomats, immigrants and resident students are not tourists.

Tourism commonly is approached through a variety of methods. However, there is little or no agreement on how the study of tourism should be undertaken. The following are several methods that have been used:

- 1- The Institutional approach
- 2- Product approach
- 3- Historical approach
- 4- Managerial approach
- 5- Economic approach
- 6- Sociological approach
- 7- Interdisciplinary approach
- 8- Systems approach etc.

Tourism, as it can be clearly seen, embraces almost all aspects of society. We even have cultural tourism which calls for an anthropological approach. What is

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really needed to study is a systems approach. The system's approach can take a macroviewpoint and examine the entire tourism system of a country state or area and also how it operates within a given area and also how it relates to other systems, such as legal, political, economic and social systems. However the present study does not include a systems approach. It is beyond the scope of this study to elaborate and criticize each of the different methods of approach to the theme of Tourism. In this study I have endeavoured to examine tourism more closely from the economic point of view which focuses on supply, demand, balance of payments, foreign exchange, employment expenditures, development and other economic factors. This approach, in my opinion, provides a framework for analyzing tourism and its contributions to a country's economy and economic development. But as it has been clearly stated in the foregoing paragraphs tourism apart from being an important economic phenomenon, it has non-economic impacts as well. Therefore to plan and develop tourism wisely, it is imperative that all the factors influencing this newly emerging phenomenon of universal importance should be examined in a comprehensive way.

Improperly planned and developed tourism will eventually create problems. The demands of tourism many come into conflict with the needs and wishes of the local residents. Therefore, as tourism, on a world-wide scale expands and continues to make a massive impact on society, it will be, also studied more closely from the social point of view. And as it is to the interests of all the countries to achieve a healthy growth in tourism, it should be the responsibility of each country to review the social and enviromental factors intelligently in order to preserve and enhance those qualities that give any destination its special appeal and character. Some of these qualities are the culture of the country, its historical heritage, natural resources, the hospitality of the people and the spirit of the place. The

governments should therefore through constructive policies and well conceived sustainable development plans strive to satisfy the prescribed conditions for the healthy development and expansion of their national tourism industry. Forecast by the authorities suggest that tourism will continue to expand faster than the economy as a whole and faster than comparable industries. Many countries look increasingly at tourism as a tool for economic development. But as stated above economic approach does not usually pay adequate attention to the environmental, ecological, cultural sociological and anthropological approaches. In this study we approach the subject of tourism in the world at large, and in Turkey and T.R.N.C more from the economic viewpoint parallel to many countries that base their policies relating to tourism on four key elements, demand, the destination the industry and government organizations and marketing.

2. TOURISM SECTOR

2.1 The Current Situation of the World Tourism Sector.

Tourism today is one of the world's largest industries according to the authoritative World Travel and Tourism Council (WTTC). In 1994 this global industry's gross output of goods and services reached 3.4 trillion (US \$) taking the first position amongst the world's industries surpassing autos steel, electronics and agriculture. During the same year it was calculated that the amount of 655 billion US \$ were paid in corporate, personal and other forms of taxes. Also WTTC, estimated that tourism created employment for over 200 million men and women-one in nine workers world wide. During 1991 the tourism industry invested over 613 billion US dollars in new capital. This represented 11.2 percent of world wide investment. "Tourism Compendium" which is an annual publication of World Tourism Organization (WTO) 1993 edition gave international tourists arrivals for the year 1950, 1960, 1970, 1980 and 1990 respectively as follows. (in millions) 25.3; 69.3; 165.8; 287.8; 455.6.

The figures given above show clearly that tourism has expanded to become an activity of world - wide importance. In some countries tourism is the largest commodity in the international trade. In many others it ranks amongst the top three industries. According to WTO forecasts, the number of international arrivals is expected to reach 661 million by the year 2000.

The WTTC Report examines travel and tourism in 24 countries belonging to the OECD (Organization for Economic Cooperation and Development.) In 1994 about 75 percent of the world's tourism industry gross output (2.550 trillion US \$) came

from the OECD of these countries the United States with 820.1 billion US \$, almost 25 percent of the world total was on top of the list followed by Japan and Germany as second and third, grossing \$ 435.4 billion (12.79 percent) and \$ 263.9 billion (7.75 percent) respectively. In the United States tourism is the third largest retail industry after food and auto sales. In employment it is second to health services.

As said above tourism today is one of the world's fastest growing industries. It is made up of many segments, the principal ones being transportation, accommodations, food services, shopping, travel arrangement and activities for tourists, such as history, culture, adventure, sports, recreation, entertainment and other similar activities. The businesses that provide these resources need to have well trained, experienced, knowledgeable and devoted business managers. People with such qualifications find many career opportunities in a number of tourism related fields. Even during times of economic hardships the tourism sector performs well.

2.2 Tourism in Turkey - Current Situation

The number of beds certified by the Ministry of Tourism in the year 1989 was 146 thousand and reached 314,000 by the end of the year 1995. In 1989 four and a half million tourists visited Turkey and spent 2.6 billion U.S. dollars. The number of tourists rose to 6.7 million in 1994 and the income from tourism that year was realized as 4.3 billion dollars.

The primary objectives of the Tourism sector in Turkey can be defined as follows:

- a) The development of a highly competitive nature and productive tourism economy.

b) To respond to the needs and expectations of local people and foreign tourists from tourism.

c) To enrich the natural and cultural values and partake an equitable share from world tourism.

d) To study tourism with a system's approach which can take a macro-viewpoint and examine the entire tourism system of the whole country, how it operates within given regions and how it relates to other systems, such as legal, political, economic and social systems.

e) To preserve its historical heritage

f) To create a global sustainable development strategy which envisages the reshaping fundamentally, all the institutions of society.

In the 7th 5 Year - Plan period it is anticipated that income from tourism will increase from 10.3 to 13.8 billion US \$. It is also estimated that the number of tourists coming to Turkey during the 5. year plan (1996-2000) will increase from 13 to 17 million and the number of citizens going abroad will rise from 4.5 to 4.8 million.

The bed capacity of hotels certified by the Ministry of Tourism is estimated to reach 800 thousand by the end of 2000 with the completion of tourism establishments under construction and at project stage. When the tourist establishments certified by the municipalities are added to the above figure the total bed capacity will reach 1.3 million. During the plan period, utilizing the existing super structure more efficiently and to protect the environmental and natural capital will be one of the principal goals.

More efforts will be directed towards the development of tourism in the areas of golf, winter, mountain, health, thermal, yacht, caravan, cruising, congress and animation with the aim of improving the seasonal and geographical distribution of tourism and creating new potential fields by taking into account consumers' changing preferences in foreign markets. Priority will be given to the Development of small and medium size enterprises in accordance with the tendencies in the demand pattern.

The government will ensure that the principle "Users and polluters shall pay" is seriously implemented and the participation and contribution of users in financing technical infrastructure will be realized.

A dynamic and strategic Tourism Sector Master Plan (TUSAP) will come to force to provide sound and healthy development of the Tourism sector in the long term. Legislation will be introduced in order to create a certificate system to raise the standard of service in the sector. Other appropriate laws will be enacted regarding the Ministry of tourism, tourist guides, travel agencies etc. The table below shows the Developments in the Tourism Sector from 1989-2000. (see table 1)

2.3 TOURISM IN THE REPUBLIC OF NORTHERN CYPRUS

2.3.1. Geographical Structure of The TRNC

The principal geographic features of Cyprus are the two mountain ranges of the North and the South-West, separated by a broad fertile plain known as the Mesaoria.

topography, which gives it a wide range of climatic conditions, in which all sorts of plant and animal life will thrive.

The one major obstacle to the island developing into the "Paradise of most forms of life on earth" is the scarcity of water. There were periods in the long history of the island when it was clad with forests, when it exported timber for ship building. When it sustained more human population as well as many more plants and animals, and it is said, even when it was inhabited by a small species of elephant and of hippopotamus. Today, although the fauna and flora of the island are fairly rich in number of species and are interesting in type, the higher fauna is poor.

Cyprus is often called the green island. Had there been a longer rainy season Cyprus would certainly have claimed the title of the "Green Island in the Blue Mediterranean." And green it certainly is in areas where the atmospheric humidity is not too low. Two such areas are the northern slopes of the two mountain ranges which are both within the territory of the Turkish Republic of Northern Cyprus which covers an area of 3,355 square kilometres (1,295 sq miles). The soil of the TRNC mostly, contains fair amounts of calcium so that acid soils are rare.

The vegetation of the TRNC is mostly of the mediterranean type and includes such fine looking and sweet smelling species as the different types of citrus of eucalyptus and Cypress and all kinds of deciduous fruit trees as well as carob and olive trees. The principal crops in the plains are wheat and barley, legumes and potatoes. Wild flowers, for which Cyprus is famous make colourful display from February to May.

Climate:

T.R.N.C. enjoys one of the healthiest climates in the world. In a normal year there is a daily coverage of 74% of hours of sunshine and the mean annual temperature is about 68⁰F (20 C⁰) The hottest months are July and August when the thermometer usually soars above the 105 ⁰F (40 C⁰) In late summer the plains become extremely hot and the coastal regions are humid. Rainfalls mostly between October and April. T.R.N.C. has no large rivers most are little more than winter torrents that dry up in the summer. The island's shortage of water is a constant and pressing problem.

The population of the TRNC according to the latest census has reached 190.000 mostly Turkish moslem with small minorities of christian maronites and British residents and small numbers of ethnic groups living in Girne district.

2.3.2. History of TRNC

As long ago as 1907 Winston Churchill (then Under-secretary of state for the colonies) said: "I think it only natural that the Cypriot people of greek descent should regard their incorporation with their mother country as an ideal to be cherished; but I trust that those who feel so earnestly will not forget that they must show respect for the similar feelings of others:

Churchill's advice was ignored and from 1955 to 1960 greek Cypriot terrorist organization EOKA under the leadership of Grivas and Archbishop Makarios III. fought for Enosis not independence. During this period hundreds of British peoples, Turkish Cypriots and greek cypriots were murdered by EOKA terrorists

and thousands of Turkish Cypriots fled from mixed villages where their homes and possessions had been destroyed.

Britain decided to decolonize the island, and in the House of commons on 19 December 1956 the Colonial secretary, Allan Lennox - Boyd pledged that "It will be the purpose of Her Majesty's Government to ensure that any exercise of self-determination should be effected in such a manner that the Turkish Cypriot community, no less than the Greek Cypriot community shall in the special circumstances of Cyprus be given freedom to decide for themselves their future status." With the termination of the British colonial rule in 1960 The Turkish and Greek communities in partnership constituted the Republic of Cyprus as an independent state and a member of the United Nations. The constitution of the state was guaranteed by Britain, Greece and Turkey. However the treacherous conspiracy of the Greek army and Greek Cypriot terrorist organizations to eliminate the Turkish community resulted with the expulsion of the Turkish Cypriots from the administrative machinery of the Government and the Greek Cypriots remained unhindered to usurp the powers of the state through the use of armed forces.

During the period of 1963-1974 the Turkish Cypriots faced great hardships as the Greek Cypriots continued using their illegal authority to perpetuate their acts of oppression against the Turkish community. Turkey as a guarantor who had closely watched the incidents in 1963 with much restraint, refraining from military intervention finally decided to intervene to save the independence of the republic and the Turkish community from an imminent genocide when on 15 July 1974 the military Greek Junta in collaboration with its supporters in Cyprus staged a coup

d'état and installed the notorious EOKA terrorist Nicos Samson as the new head of the Greek Cypriot community. (Samson's rule lasted for only seven days.)

With the Turkish military intervention under the "Treaty of guarantee" the insidious Akritas Plan, a conspiracy to dissolve the Republic of Cyprus, in pre-determined stages and treacherous methods and to realize the annexation of the whole island to Greece was frustrated and the Turkish Cypriots were liberated.

Freed from the socio-economic pressures suffered for eleven years, the Turkish Cypriot community established the Turkish Federated state of Cyprus in 1975 aiming at the attainment of a federal solution. The Greek Cypriots posing as the legitimate government of Cyprus exerted every effort political and economic to thwart the Turkish Cypriots from attaining any administrative status.

On 17 June 1983 the parliament, elected by the free will of the Turkish Cypriot people has, as the only legitimate body capable of representing it, by its resolution announced to the world that the Turkish Cypriot people possess the right of self-determination. The resolution declared that the Turkish Cypriot people are entitled to equal rights and equal status in an independent and sovereign Cyprus. When the colonial regime ended in the island, sovereignty was not transferred exclusively to one of the communities but to both of them co-founder as co-founder partners of the Republic. More over, the Greek Cypriot administrators, who were not elected by the Turkish Cypriots and did not represent them, could not impose on them any decision adopted in their absence and against their will. The main points of the 17 June 1983 Resolution have also

been incorporated in the Declaration of independence proclaiming, on 15 November 1983, the Turkish Republic of Northern Cyprus.

2.3.3. The Economy Of The TRNC

In the period prior to 1964, The Turkish Cypriots who constituted about 20% of the total population, accounted for a mere average of 6% of the overall GDP. In spite of unfavourable economic conditions the Turkish community, exerting successful efforts, accomplished yearly increases following 1964 and raised its share of GDP to 11.1% in 1968.

During 1974 and the following years, about half of the Turkish population was displaced from their settlements and became refugees. Hence the main aim then was the rehabilitation of this population. Data related to the economic aspects of that period were insufficient. But from 1977 and onwards the collection of wide range and comprehensive economic data facilitated the formulation and implementation of economic and social development plans.

The figures relating to the GDP and GNP for the years 1977-1985 are given in (see Table 2) During the period of 8 years from 1977 till 1985. GNP increased by 33% at constant prices of 1977 and reached 5.080.4 million TL. which accounts for 126.874.2 million TL with current prices. If the value added figures of 1977 are compared to the value added figures of 1985 it can be seen that considerable developments were achieved in many sectors. (see table 2) Mostly due to political unsettlement in the island and the embargos imposed on the TRNC tremendous difficulties are being faced. However, a great achievement in each sector of the economy took place in the development process. A lot of sacrifice was needed and

still much more is required to attain the rapid growth rates targeted, despite the unsurmountable handicaps caused by the non-recognition of the status of the TRNC by the international community. Turkey is the mother country that responds. Spontaneously to the dire needs of TRNC in every emergency. The economic and social developments undertaken by the TRNC have to be evaluated in this context.

The TRNC adopted market guided economic system. Under this system, the policies adopted are to promote the private sector with minimum government intervention. The objective being the rational use of national resources, attraction of foreign investment in priority sectors. Keeping social justice and the liberal economic order. The government acts only as a mediator through implementing the laws and regulations.

Under the free-market economic model during 1975-1986 a 6.2 percent real growth rate on average was achieved and in the consecutive three years 1987-1988 and 1989 the annual average growth rate has been 7.4 percent. In these three years the TRNC witnessed a fundamental change in the structure of the economy, by having transformed from a traditional agricultural based economy into an industrial and service oriented economy. The largest growing sectors during this period were the industrial sector with 52.1 percent and tourism with 51.5 percent growth rates.

The speedy development that took place during this period was the result of the decisions taken under the agreements of Economic Cooperation signed between the TRNC and the Republic of Turkey in 1987. These agreements suggested a strategy to establish TRNC as economically self-sufficient and

competitive enough in the international economic environment, hence raising the quality of life of the citizens of TRNC to the level of those living in developed countries. With these agreements, the promotion of tourism came as a first priority, then followed the trade sector, banking, business and investments in transportation and industry. A completely free exchange system brought into the banking system which facilitated easy access to import and export of goods in a free trade model with minimum tariffs or quotas. The exportation of the industrial products to Turkey is practiced with no tariff at all. A selective loans scheme was introduced with low interest rates for the investments undertaken for agricultural and tourism sector.

3. MATERIAL AND METHOD

3.1. Material Used In This Study

To study and evaluate the developments and progress made in connection with the economic growth of a country it is essential to have access to relevant reliable data. The source of such reliable and correct information is certainly the competent state establishment and institutions but in case where sufficient information cannot be procured from official sources for economic analysis and evaluation studies, also direct observation methods may be used.

In consideration of the above explanation, the main material for this study has been obtained from the state departments and from direct observational methods. The data thus compiled has been enriched with the results of the studies and surveys carried out by other researchers in this field.

3.2. METHOD

3.2.1. The Method Used For The Compilation Of The Relevant Data.

The whole territory of the TRNC has been selected as the area of this study. Particularly the geographical structure, the climate, the demographic structure, population and vital statistics, the current economic situation, the share of each economic sector from the Gross National Product of the TRNC have been studied and explained.

To study, as a whole, the tourism in the TRNC and evaluating the results achieved during the yearly programmes and 5-year Development Plans of the country, to identify the problems and bottlenecks facing the sector, to determine the necessary measures to eliminate the obstacles and to solving the problems of the sector and make recommendations to accelerate further progress have been the primary purpose of this study. For this purpose, using random sampling method, a number of establishments involved in tourism activities in the private sector have also been contacted and relevant data and information have been obtained.

3.2.2. The Evaluation of The Collected Data

All data pertaining to the tourism sector in the TRNC have been carefully studied and analysed and evaluated and the tables showing the statistical data have been prepared and commented upon.

4. ANALYSIS OF THE COLLECTED DATA

4.1. Tourism Sector In The Economy of TRNC

The recent developments in the world's economy, social and political life have undoubtedly proved the interdependence of the countries and the need for closer cooperation and solidarity and the introduction of new legislation to cope with the prevailing economic and social conditions have become inevitable.

At this junction, although the concept of development has changed, alongside with economic and social dimensions, ecology and environment are also incorporated in the development strategy.

Specially, the process of global integration has highly increased the international tourism activities and as a result competition amongst countries whose economies are dependent on tourism. Is rapidly escalating and the awareness of the subject of environment constitute the main theme of this competition. Under these conditions, the Turkish Republic of Northern Cyprus, having all the requisite characteristics for the establishment of Tourism economy aims at pursuing a policy of tourism which will utilize her own resources on a long-term basis, for protection and viability in order to adapt herself to the rapidly developing regional economic social and political events and to achieve a sensitive balance from the view points of economy gain and the preservation of anthropological and environmental conditions.

TABLES AND EXPLANATIONS

a) The Position of the Tourism Sector in the GROSS DOMESTIC PRODUCT (GDP)

The added value of the tourism sector at constant prices amounted to 210.9 million in 1996. This represents a drop of 13.4% compared to 1995. The share of the sector in the Gross Domestic Product (GDP) was realized as 2.8% (at constant prices). It is estimated that in the year 1997 the added value of the sector at constant prices of 1977 will amount to 229.1 million TL and its share in the GDP is expected to be 3.0% (see table 3) The rate of growth in the tourism sector according to the National income estimates will be 8.6%

b) Fixed Capital Investment.

In order to maintain and develop the existing potential an amount of 39.0 million TL at fixed prices of 1977 and 323437.2 million TL at current prices, was invested in tourism sector in the year 1996. The share of the tourism sector in the total fixed capital investment was 3.8% in 1995 and it dropped to 3.7% in 1996. The total value of fixed capital investment for tourism in 1997 is expected to be 40.3 million TL at constant prices of 1977 or 600,778.4 million at current prices. The share of the tourism sector in the total fixed capital investment is expected to be 3.4% in the year 1997.

c) Expansion in the number of Tourists.

The number of tourists visiting TRNC during 1996 was 365.116 this represents a decrease of 5.4% from the figures of 1995 which was realized at 385.759. In the year 1997 the expected number of tourists is 384.614. of these 62.900 will be from the third countries and 321714 from Turkey. (see table 4)

d) Income From Tourism and Balance of foreign trade.

In 1996 the total income in foreign currency amounted to 316.4 million US Dollars. Income from exports was realized as 70.3 million \$ and net tourism income from tourism amounted to 175.6 million \$. The share of the tourism sector in the total foreign currency income was 55.5% and in comparison to income from exports 249.1%. It is estimated that the sector's share in the total income of foreign currency will be 56.9% in 1997. (see table 5)

e) Table 6 shows the ratio of the net tourism income of foreign currency to foreign trade deficit. It is estimated that in the year 1997 66.9% of the foreign trade deficit will amount to 282.6 million dollars will be met by the net tourism income of 189.2 million \$.

f) Bed occupancy rate-use of Capacity

There was a drop in the number of incoming tourists in 1996 compared to the previous two years. The number of tourists in 1996 reached 160.383 dropping from 193.884 in 1995 and bed occupancy rate decreased from 37.5% to 34.8% where as the bed capacity in 1996 reached 8.267 from 7.774 in 1995.

The number of tourists expected in 1997 is 171.876 and the number of nights spent will be 859.378 the use of capacity ratio will be 33.9% and the bed capacity to reach 8441. (see table 7)

g) Preference of Means of Transportation in Tourism

Table 8 shows the preference of the tourists for the means of transport. 56.5% of the total number of tourists in 1996 preferred to travel by air.

h) Revenues from Foreign Tourism and Expenditure

Revenues from external tourism in 1995 amounted to 383.7 million US dollars and expenditure to 125.3 million \$ and thus a surplus of 258.4 was realized. Due to the decreased number of incoming tourists in 1996 the net income from tourism dropped to 220.9 \$ (see table 9) It is estimated that the net income from the students coming to TRNC will be approx. 10% of the total net income from tourism.

i) Foreign Tourists to the TRNC By Country of Permanent Residence :

Table 10 shows that the highest number of tourists come from Turkey followed by U.K., Germany, Russia and France; the five countries at the top of the list (see table 10)

i) Supply of Tourism Services.

Because of the interdependence of tourism to other sectors, the services supplied cover practically all the economic activities. As indicators for the development in the supply of tourism services can include the hotels pensions,

hotel apartments, holiday villages, travel agents, recreational and sportive activities, transportation, sea-ports, airports and services provided on highways. Table 11 gives an abstract of the services supplied for the period 1992-1996, land transport, sea-ports and airports services are excluded.

In 1996 compared to the previous year the number of hotels, hotel apartments and other touristic establishments increased and also an increase of 6.4% in bed.capacity was realized. (see table 11)

j) Number of Hotels and Touristic Installations by Category.

When all touristic installations are taken into account the total number reached is 99. Bed and capacity 8267 and the number of people employed 5.075 for the year 1996. (see table 12)

k) Distribution of Touristic installations by region.

In 1996 67% of the touristic bed capacity was in Girne; 27.8% in Gazi Mağusa; and 5.2% in Lefkoşa. 71.7% of the total touristic installations are found in Girne, 19.2 % Gazi Mağusa and 9.1% in Lefkoşa (see table 13)

l) Distribution of OTEM graduates by category of service.

The increased number of touristic installations and the expansion of bed capacity in turn created a greater demand for quality of service and better trained personnel. The Centre for Hotel Management and Tourism (OTEM) was established for the purpose of training personnel for the needs of tourism sector and this Centre has been in operation since 1974. In 1995-1996 academic year the number of students completing their training was 40. since its establishment the total number of trainees who successfully completed their courses of training has reached 607. Besides this; special courses were prepared by the Ministry of Tourism for training tourist guides. In 1997 18 tourist guides were trained in English. The total number of tourist guides trained since 1974 has reached 665. (see table 14)

4.2. Investment Incentives In The Tourism Sector

Tourism has been singled out as the most important sector for the development of the economy. A bill for the encouragement of investments in the tourism sector has been enacted in 1987 which contains a wide range of incentives :

- Import duty exemptions for investment goods concerning the project,
- Government contribution to charter risk,
- Contribution to brochure and advertisement expenditure upto 75% depending on the number of bed nights realized,
- Exemption from income tax and corporate tax for a period of ten years,
- Employment of foreign qualified personnel who are not available locally etc,

Although these incentives are very generous compared to international standards they are still considered insufficient.

5. RECOMMENDATIONS FOR THE DEVELOPMENT

5.1. Problems and Bottlenecks.

The non existence of a tourism masterplan and the country's physical planning which provide the basis for the development and direction of tourism sector, poses as an important problem. Other main issues relating to this sector, include infrastructural utilities such as electricity transportation, sewage, roads and highways and water.

Further there are problems connected with the preservation of the historic environment, the allocation of hotels and other touristic installations to conform to the requirements of the natural surrounding and ecological conditions, and difficulties arising from lack of updated tourist policies to regulate matters concerning environmental pollution, preservations and national parks beaches, sea-side resorts etc.

A significant factor impeding the development in tourism is the lack of proper advertisement and propagation. Also the quality of the services offered to the tourists and the shortage of skilled and qualified personnel especially during the high season, are serious problems facing the tourism sector. The prevailing economic and political conditions, the status of the TRNC and the international relations, communications, travel complications all contribute in an adverse way to aggravate the situation.

The question of finance also poses as a formidable obstacle in the improvement of the touristic installations, to carry out the maintenance works to raise the standart and quality of tourist services. As the initial capital investment in the *tourism sector is high and a considerable time is required for making profit*, it should be possible for prospective investons to secure financial credit on a long-term basis, whereas at present credit can be provided from commercial banks with the stipulation of repayment within a short period of time. A tourist development Bank should be established to solve this problem.

As the TRNC is not recognized by the international community there are difficulties for direct flights and as a result indirect connections with various airways cannot satisfy the demand during the peak season in addition the prices also are much higher. In the implementation of tourism policies and plan objectives, the demand analysis and the capacity for carrying tourists of the potential countries are studied and this causes some uncertainties in the tourism sector of TRNC.

5.2. Recommendations and Solutions:

1- Serious efforts should be made for the implementation of tourism policies formulated during the Plan-period. Specially Tourism Master Plan and other related legislation should be enacted without delay and new legislation to respond to the changing raquirements of the times should also be introduced.

2- The natural and historic environment should be preserved. Special preservations, and national parks should be established and the forest areas should be kept outside the investment for development purposes. Environment pollution

should be under strict control and specific regulations should be made and enforced for this purpose. There must be an efficient and harmonious cooperation and coordination on between different departments and ministries to ensure the proper administration of their affairs and discrepancies between different sectors should be eliminated and harmonized.

3- The tourism season should spread to all the year round and the average stay of tourist should be longer and the expenditure per tourist should be raised. To accomplish this there must be definite improvement in the tourist installations and the quality of service. There must be more recreational, amusement, and sportive facilities. Works of art, hand crafts, should be encouraged. Health services for tourists should be improved. Tourism for youth, elderly people, congresses and conferences should be developed. Village tourism, golf tourism, marine yatch tourism should also be investigated.

4- All the various incentives for investment in tourism should be revised and improved taking into account the important position of the sector in the economy of the country. In this connection the volume of credits for this sector should be increased and should be for a longer period with reduced rate of interest.

5- Work should begin in connection with the transportation and communication services with all the countries of the world. Specially arrangements should be made to secure agreement with countries and air-carriers for direct flights to TRNC.

6- To raise the standart and qualifications of people involved in tourism through constant training in compliance with international standarts.

7- Through additional lessons at elementary and secondary schools to educate the young generation to be more conscious of the environmental health and tourism.

8- Increase efforts for marketing and promoting tourism from potential countries.

9- TRNC should participate more in the international conferences, exhibitions and festivals so as to be able also to host such conferences and related activities in the T.R.N.C.

10- Works in connection with canalization and sewage system, purification processes, rubbish disposal methods should be continued and improved as these are becoming as the main problems of some of the mediteranean countries.

11- Undoubtedly it is imperative to establish and promote good relations and cooperation on reciprocal bases, with the international tourism associations and tour operators.

12- Although there are two modern airport in the T.R.N.C. Ercan and Geçitkale it cannot be said that the problem of transportation has been settled though airlink with the outside world is effectively maintained via Turkey by public and private airline companies.

6. CONCLUSION

In parallel to the economic programme adapted by the T.R.N.C. tourism sector has been singled out as the primary sector for the improvement of the economy and the government seems to be determined to take all necessary measures to solve most of the problems enumerated above. To achieve the objectives envisaged in the long term plans much work has yet to be done. Some positive legislation in force in the tourism sector is the provision of a wide range of incentives for the prospective investors. These include import duty exemptions for investment goods concerning touristic projects; government contribution of charter-risk; contribution of brochure and advertisement expenditures, upto 75% depending on the number of bed-nights realized; exemption from income tax and corporate tax for a period of ten years, in case of investment in operating charter flights etc. These are indeed positive measures and should be applied successfully. The fact that the bed-capacity in the TRNC has increased from 2952 in 1975 to 8267 in 1996 should be assessed as a significant achievement. Further the net tourism revenues increased from 30.2 mln in 1977 to 175.6 \$ U.S dollars in 1996. This also is a remarkable performance in spite of all the political and economic adversities. This also indicates that tourism will continue to be a basic priority sector and one of the main factors of economic development of the T.R.N.C.

Having in mind the fact that Cyprus is an island with very limited natural and human resources, it can hardly sustain an economy based on heavy industry and agriculture. Tourism seems to be the first priority sector to help the economy and bring peace and prosperity to the country.



At this junction it is important to note that man is essentially a social being and cannot live happily in asolation. It is an age-old concept that man is "zoon politikan" political animal who can attain happiness and prosperity only in a social sphere, his natural environmet. Man is distingnished from other creatures with his intellect and social values. His goal is to contribute toward an ever advancing human civilization and this is only attainable when all kinds of prejudices are abondoned and peace and harmony, cooperation and unity prevail in the world. Tourism helps to create fraternal feelings conducive to peace. Tourists can be umbassadeurs for peace. When one wants to defeat an unemy the best way is to make him a friend. In the light of this principle. Tourism can be instrumental in serving the cause of universal peace.

Tourism if inspired by good will and wise national polices can generate a social force to sharpen our sence of reality and develop our sence of social awareness to cooperate in all matters of mutual concern; to create a better world. TRNC has been focussing its efforts for decades for the promotion of tourism which is a hopeful sign reflecting a deep desire for peace at home and peace in the world.

T A B L E S

TABLE 1:
NUMBER OF TOURISTS COMING TO TURKEY

	<u>1989</u>	<u>1994</u>	<u>1995</u>	<u>2000</u>
Number of tourist coming to Turkey (Thousand)	4.459	6.671	(Estimated) 7.750	(Estimated) 13000-17000
Number of citizens going abroad (Thousand)	2.464	3435	3500	4500-4800
Tourism Revenue (million \$)	2.557	4.321	4.500	10,300-13,800
Tourism Expenditures (million \$)	56.5	866	900	1,800-1,900

Source : 7th Five-Year Development Plan of Turkey
(1996-2000) page : 176

Table 2: - Development of Gross National Product (1977-1985)
(min. TL)

Sector	1977	Percentage	1985		Percentage	Increase (%)
		Distribution	1977	Current	Distribution	(1977 Constant)
		%	Constant	Price	%	Price
1. Agriculture	619.3	16.4	801.0	26,142.8	20.9	29.3
2. Industry	365.1	9.7	510.8	11,641.2	9.3	39.9
3. Construction	153.0	4.0	263.8	5,308.0	4.3	72.4
4. Trade-Tourism	801.0	21.2	957.3	30,641.6	24.6	19.5
5. Transport and Communication	257.4	6.8	474.5	9,578.0	7.7	84.3
6. Financial Institutions	115.4	3.1	217.5	5,113.0	4.1	86.5
7. Ownership of Dwellings	355.3	9.4	337.5	3,569.4	2.9	-5.0
8. Business and personal services	128.1	3.4	169.4	5,630.4	4.5	32.2
9. Government Services	752.7	19.9	1,115.0	18,404.0	14.7	48.1
Import duties	228.2	6.1	151.5	8,796.0	7.0	-33.6
GDP in Purcha- vers' values	3,775.5	100.0	4,998.3	124,824.4	100.0	32.4
Net Factor Incomes from abroad	35.0	0.9	82.1	2,049.8	1.6	134.6
GNP in Purchasers' values	3,810.5	100.9	5,080.4	126,874.2	101.6	33.3

Source: T.R.N.C. Prime Ministry Planing Organization, 1998 Year of transition

TABLE : 3
The Position of the Tourism Sector
in the economy of TRNC
(mln TL)

Years	GSYİH				Turizm Sektörü				Share in the	
	Current		Constant		Current		Constant		Current	Constant
	Prices	Constant Prices	Prices	Constant Prices	Prices	Constant Prices	Prices	Constant Prices		
1992	4,013,496.4	7,082.0	195,160.0	178.2	4.9	2.5				
1993	6,828,157.3	7,424.5	385,483.2	221.9	5.6	3.0				
1994	16,297,966.2	7,144.0	1,140,742.1	235.0	7.0	3.3				
1995	34,717,616.5	7,360.0	1,797,093.8	243.6	5.2	3.3				
1996	63,281,198.5	7,637.7	2,746,901.1	210.9	4.3	2.8				
1997 (xx)	116,476,177.1	7,764.0	4,904,495.1	229.1	4.2	3.0				

(x) Constant prices

(xx) Expected realization

Source : T.R.N.C. Prime Ministry Planning Organization,
1998 Year of transition, page : 22 4

TABLE: 4

EXPANSION IN THE NUMBER OF TOURIST AND COMPOSITION

COUNTRY	1992		1993		1994		1995		1996		1997	
	TOURIST	% SHARE	TOURIST	% SHARE	TOURIST	% SHARE	TOURIST	% SHARE	TOURIST	% SHARE	TOURIST	% SHARE
TURKEY	210,178	78.5	281,370	78.3	256,549	73.0	298,026	77.3	289,131	79.2	321,714	83.6
Others	57,440	21.5	77,943	21.7	95,079	27.0	87,773	22.7	75,985	20.8	62,900	16.4
TOTAL	267,618	100.0	359,313	100.0	351,628	100.0	385,759	100.0	365,116	100.0	384,614	100.0

(X) Estimated number

Source : T.R.N.C. Prime Ministry State Planning Organization,

1998 Year of transition page : 226

TABLE : 5
INCOME FROM TOURISM AND SHARE IN THE FOREIGN CURRENCY INCOME
(million \$ U.S)

YEARS	TOTAL FOREIGN INCOMES (X)	EXPORTS INCOMES	NET TOURISM INCOMES		RATIO TO THE EXPORT INCOMES
			VALUE	Share In The Total Income foreign Currency	
1992	348.0	54.6	175.1	56.1	320.7
1993	362.9	54.5	224.6	61.9	412.1
1994	282.4	53.4	172.9	61.2	323.8
1995	353.8	67.3	218.9	61.9	325.3
1996	316.4	70.5	175.6	55.5	249.1
1997(xx)	332.3	70.7	189.2	56.9	267.6

(x) : Export and surplus of invisible income.

(xx) : Estimated

Source : T.R.N.C. Prime Ministry State Planning Organization.
 1998 Year of transition page : 227

TABLE : 6
FOREIGN TRADE AND TOURISM BALANCE

YEARS	FOREIGN TRADE		FOREIGN TRADE DEFICIT	INCOME FROM TOURISM	TOURISM EXPENDITURE	BALANCE OF TOURISM	RATIO TO FOREIGN TRADE DEFICIT
	IMPORTS	EXPORTS					
1992	371.4	54.6	316.8	257.5	82.4	175.1	55.3
1993	363.9	54.5	309.4	318.4	93.8	224.6	72.6
1994	286.6	53.4	233.2	277.5	104.6	172.9	74.1
1995	366.1	67.3	298.8	338.3	119.4	218.9	73.3
1996	318.4	70.5	247.9	300.9	125.3	173.6	70.8
1997(x)	353.3	70.7	282.6	321.8	132.6	189.2	66.9

(x) : Estimated number.

Source : T.R.N.C. Prime Ministry State Planning Organization.
1998 Year of transition page : 229

TABLE : 7
NUMBER OF NIGHT SPENT IN TOURISTIC INSTALLATION AND USE OF CAPACITY

YEARS	NUMBER OF TOURISTS	AVERAGE NUMBER OF NIGHTS	TOTAL NUMBER OF NIGHTS	USE OF CAPACITY %	NUMBER OF BEDS
1992	122,099	5.49	669,905	31.20	7,087
1993	152,166	5.85	889,448	36.30	7,462
1994	174,639	5.20	907,608	37.30	7,814
1995	193,884	4.93	956,010	37.50	7,774
1996	160,383	4.98	798,902	31.8	8,267
1997(x)	171,876	5.00	859,378	33.9	8,441

(x) : Estimated number

Source : T.R.N.C. Prime Ministry State Planning Organization,
 1998 Year of transition page : 230

TABLE : 8
PREFERENCE OF MEANS OF TRANSPORTATION IN TOURISM

	1992	1993	1994	1995	1996
AIRWAYS	64.5	65.2	62.4	57.4	56.5
TURKISH	45.0	45.2	39.0	36.8	37.3
OTHERS	19.5	20.0	23.4	20.6	19.2
MARITIME	35.5	34.8	37.6	42.6	43.5
TURKISH	33.5	33.1	32.5	40.5	41.9
OTHERS	2.0	1.7	5.1	2.1	1.6

Source : T.R.N.C. Prime Ministry State Planning Organization,
1998 Year of transition page : 231

TABLE : 9

REVENUES FROM FOREIGN TOURISM AND EXPENDITURE.

(Million \$)

	1992		1993		1994		1995		1996		1997	
	VALUE	%SHARE	VALUE	%SHARE	VALUE	%SHARE	VALUE	%SHARE	VALUE	%SHARE	VALUE	%SHARE
INCOME	279.6	100.0	345.8	100.0	313.0	100.0	383.7	100.0	352.7	100.0	382.9	100.0
TOURIST	257.5	92.1	318.4	92.1	277.5	88.7	338.3	88.2	300.9	85.3	321.8	84.0
OTHER THAN TOURISTICS	22.1	7.9	27.4	7.9	35.5	11.3	45.4	11.8	51.8	14.7	61.1	16.0
EXPENDITURE	87.1	100.0	98.3	100.0	109.6	100.0	125.3	100.0	131.8	100.0	141.3	100.0
TOURIST	82.4	94.6	93.8	95.4	104.6	95.4	119.4	95.3	125.03	95.1	132.6	93.8
OTHER THAN	4.7	5.4	4.5	4.6	5.0	4.6	5.9	4.7	6.5	4.9	8.7	6.2
BALANCE OF FOREIGN TOUR.	192.5	—	247.5	—	203.4	—	258.4	—	220.9	—	241.6	—

(X) : Estimated number.

Source : T.R.N.C. Prime Ministry State Planning Organization,
1998 Year of transition page : 233

TABLE : 10

FOREIGN TOURISTS COMING TO THE T.R.N.C. BY COUNTRY OF PERMANENT RESIDENCE

	1992	1993	1994	1995	1996
TOPLAM	267.618	359.313	351.628	385.759	365.116
U.S	1.285	1.761	2.139	1.681	1.725
GERMANY	12.538	18.268	26.306	23.293	18.052
AUSTRIA	4.346	4.696	2.708	4.076	1.958
AUSTRALIA	732	658	400	376	319
BELGIUM	182	213	230	511	453
CEKOSLOVAKYA	—	—	—	152	107
CHINA	—	108	82	124	128
DENIMARK	175	148	189	1.438	2.032
ESTANIA	—	—	—	172	61
FINLAND	2.095	2.533	4.914	4.088	746
FRANCE	687	3.008	4.634	6.732	2.483
GEORGIA	—	—	—	128	377
INDIA	—	—	—	—	—
HOLLAND	509	738	748	770	679
IRAG	—	—	—	653	208
SPAIN	—	—	—	—	140
SWEDEN	115	170	238	269	280
SWITZERLAND	367	405	415	423	348
IRAN	1.168	1.853	2.244	1.709	1.681
ITALY	657	1.072	599	707	811
ISRAEL	841	119	10.884	1.219	742
IRELAND	243	379	347	341	345
U.K	25.808	34.363	27.911	26.886	30.129

JAPAN	176	226	248	281	297
CANADA	246	317	303	272	235
KAZAKISTAN	—	—	—	—	130
LEBANAN	103	140	182	178	179
HUNAARY	291	167	234	209	194
MACEDONYA	—	—	—	425	119
EGYPT	157	178	133	221	114
NORWAY	—	—	—	109	147
PAKISTAN	696	745	1.127	1.387	2.299
POLAND	—	192	456	307	387
ROMANIA	477	630	710	684	492
RUSSIA	741	1.965	2.359	3.290	3.076
SYRIA	258	276	265	248	137
SUDAN	110	71	105	111	107
SUUDI ARABIA	24	151	172	193	110
TURKEY	210.178	281.370	256.549	298.026	289.131
JORDAN	458	490	472	392	470
NEWZELAND	—	—	—	68	71
OTHER	1.185	1.410	2.337	1.661	1.647

Source : T.R.N.C. Prime Ministry State

Planing Organization, 1998 year of transition, page : 234

TABLE 11
SUPPLY OF TOURISM SERVICES

THE TYPE OF THE TOURISTIC INSTALLATION	1992	1993	1994	1995	1996	ENDEKS 1991=100
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HOTEL, HOTEL ~ APT. & OTHERS						
NUMBER OF INSTALMENTS	68	74	78	78	81	119.1
NUMBER OF BEDS	6.630	7.017	7.469	7.453	7.821	118.0
NUMBER OF PERSONNEL	2.284	2.229	2.276	2.177	2.457	107.6

PANSION AND GUESTHOUSES						
NUMBER OF INSTALMENTS	18	19	15	15	18	100.0
NUMBER OF BEDS	457	445	345	321	446	97.6
NUMBER OF PERSONNEL	44	56	48	50	62	140.9

AUXILARY INSTALLATIONS						
NUMBER OF INSTALMENT	381	421	470	605	558	146.5
NUMBER OF PERSONNEL	1.466	1.621	1.880	1.946	2.146	146.4

TOURISM & TRAVEL AGENTS						
NUMBER OF AGENTS	125	137	155	164	161	128.8
NUMBER OF PERSONNEL	295	328	375	408	410	139.0

SOURCE : T.R.N.C. Prime Ministry State Planning Organization, 1998
Year of transition page : 235

TABLE 12
NUMBER OF TOURISTIC INSTALLATIONS BY CATEGORY

TYPE	CATEGORY	NUMBER										NUMBER OF BEDS				
		1992	1993	1994	1995	1996	1992	1993	1994	1995	1996					
HOTELS	****	3	3	3	2	2	504	504	504	504	504	504	504	504	504	
HOTEL-APATMENT	****	6	5	5	5	6	2109	2024	2024	2024	2024	2024	2024	2336		
AND OTHER	***	18	18	19	19	17	2394	2534	2642	2602	2584	1142	1142	1142		
	**	25	28	27	28	20	1195	1383	1417	1521	1521	1521	1521	1521		
	*	16	20	24	24	36	416	572	596	802	802	802	802	802		
TOTAL		68	74	74	78	81	6630	7017	7183	7453	7821	7821	7821	7821		
Pansion and Guest Houses		18	19	15	15	18	457	445	345	321	446	446	446	446		
General Total		86	93	89	93	99	7087	7462	7528	7774	8267	8267	8267	8267		

Source : T.R.N.C. Prime Ministry State Planning Organization,
1998 Year of transition, page : 235

TABLE 13
DISTRIBUTION OF TOURISTIC INSTALLATION BY REGION

Type	NICOSIA REGION		FAMAGUSTA REGION		KYRENIA REGION		TOTAL	
	Instalment	Bed	Instalment	Bed	Instalment	Bed	Instalment	Bed
Hotel	4	256	17	2258	60	5307	81	7821
Pansion/GuestHouses	5	170	2	42	11	234	18	446
Total	9	426	19	2300	71	5541	99	8267

Source : T.R.N.C. Tourism Marketing Department,
1998 Year of Transition, page : 238

TABLE 14
DISTRIBUTION OF OTEM GRADUATES

DEPARTMENT	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996
RECEPTION/CHAMBER SOURCES	7	—	3	6	6
SERVICES	20	—	17	16	18
KITCHEN	9	—	11	17	16
TOTAL	36	—	31	39	40

Source : T.R.N.C. Tourism Marketing Department,
1998 Year of transition, page : 238

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