

Cyprus as a member of the EU: Challenges and Prospects

European perspectives on accession: calculating benefits and losses

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There are three different areas where benefits and losses could be measured in the context of the future membership of Cyprus. In the political field, the economic field and other policy fields.

With regard to the political problem the accession treaty foresees that the whole island will become a member of the Union. As long as there is no solution full benefits will be limited to the Government controlled areas. But there is still a year to find a solution before accession. All efforts should be undertaken to find a comprehensive settlement building on the initiatives of the UNSG, which remain on the table. The protocol on Cyprus in the accession treaty leaves the door open for the Turkish Cypriots to be included at any time in the future.

As a Member of the Union Cyprus will play a special role at the crossroads to the East.

In the economic field the most important issue was a far-reaching change of the tax system to make it coherent with the Acquis. Cyprus will be very competitive from a tax point of view which should contribute to real foreign investment compensating for reduced off-shore activities.

The main losses could be in the economic field resulting from the opening up of the markets. Up to now Cyprus has been a very protected market in the productive sector. More competition - although overall an advantage - could lead to structural problems. Whereas the sectors of services and tourism are already highly competitive.

In other fields like money laundering, maritime safety and environment (to mention some important ones) the Cypriot society will benefit from the much higher standards the Union Acquis demands.

The benefits of accession would be much more important for the Turkish Cypriots. Isolation would finish, the Treaty would guarantee their basic rights and in the economic field they could reap all the advantages of the EU's structural funds together with access to the single market. The country would be modernised according to EU standards.

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