



# Report of SDDP Co-Laboratories

## Economic Integration

### Co-Laboratories

*3 July 2007*

*10 July 2007*

*27 July 2007*

*Nicosia, Cyprus*



# Economic Integration Co-Laboratories

3, 10, 27 June, 2007

## **Economic Integration**

Report on Defining an Ideal Model of Economic Integration and Free Movement of Goods and Services within Cyprus and the European Union, Identifying the problems that prevents Cyprus from reaching this ideal situation and Developing an Action Plan to serve as an example for a future united Cyprus and to act as a catalyst for solving the Cyprus problem.

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The Facilitation Team as well as the Steering Committee of the Civil Society Dialogue Project would like to thank the economic and business stakeholders for the time, energy and expertise they brought to the three successive bi-communal workshops in Nicosia, Cyprus, on 3 July, 10 July and 27 July 2007.

All 21 participants were willing to dedicate the time necessary to work together with understanding to address economic integration and free movement of goods and services within Cyprus and the EU. Their hard work, perseverance and humour made the workshops experience both richly diverse and productive. The participants, i.e. the experts in economics and business, are the primary authors of views expressed in this document.

The Facilitation Team of these economic integration workshops consisted of: Dr. Alexander N. Christakis, Derya Beyatli, Kevin Dye, Andros Karayiannis, Tatjana Taraszow, and Ilke Dagli.

## EXECUTIVE SUMMARY

Twenty-one business and economics stakeholder representatives with diverse perspectives and experiences participated at the three successive bi-communal workshops on 3, 10 and 27 July 2007. During the first workshop, which was dedicated to jointly visualise and describe the desired situation, i.e. the envisioned Cyprus with respect to economic integration and free movement of goods and services within Cyprus and the EU. Economics and business experts identified 48 factors that describe the benefits / opportunities for Cyprus of free movement of goods and services. The second workshop aimed at identifying the current situation with its obstacles and perceived threats in achieving the envisioned Cyprus—economic integration and free movement of goods and services within Cyprus and the EU. The stakeholder representatives identified 62 of these obstacles and perceived threats. During the final workshop, economics and business experts proposed 27 actions to achieve economic integration in Cyprus and therefore to both overcome the obstacles and to reap the benefits in achieving free movements of goods and services within Cyprus and the EU.

The stakeholder representatives were engaged in dialogue sessions that were designed and conducted employing the Structured Dialogic Design Process founded in systems sciences.

## 1. INTRODUCTION

The Civil Society Dialogue Project approached Greek Cypriot and Turkish Cypriot economists and business experts to jointly have a structured and democratic discussion on Economic Integration of the island as well as within the EU. Greek Cypriot and Turkish Cypriot individuals together used the Structured Design Dialogue Process (SDDP) during various meetings, which took place in Famagusta, in Nicosia 3<sup>rd</sup>, 10<sup>th</sup>, & 27<sup>th</sup> July 2007. The SDDP is a technique that facilitates dialogue by engaging all stakeholders in a democratic manner. The primary aim of a SDDP co-laboratory is to achieve consensus regarding actions for improvements, based on a shared understanding of the envisioned future situation and the current situation. The process is designed in such a way as to harness the collective wisdom of all participants. In a SDDP co-laboratory, the participants are the experts whose shared knowledge is extracted and then used to generate influence maps between separate ideas.

The objective of the three successive Economic Integration co-laboratories was to envision the ideal island- and EU-wide economic integration, to identify the obstacles that prevent economists and business experts from achieving their ideal model as well as to explore actions that can be taken to reach the vision. The co-laboratories used a face-to-face and online blended approach. In total, three bi-communal co-laboratories took place in July 2007. More specifically, the Economic Integration co-laboratory – *Desired Situation* envisioned the ideal model of Economic Integration. Experts participating in this co-laboratory were asked to visualize the ideal scenario of Economic Integration. The triggering question that was tackled in this co-laboratory was:

**“With the aim of economic integration, what are the benefits (opportunities) for Cyprus of free movement of goods and services within Cyprus and the EU?”**

## Introduction

The Economic Integration co-laboratory – *Current Situation* explored the obstacles of the current situation and defined the exact nature of the problem, i.e. the problématique. The *triggering question* that was tackled in this co-laboratory was:

**"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"**

The Economic Integration co-laboratory – *Actions* dealt with designing an action plan. Famagustians identified action options to implement in projects that will help overcoming the current obstacles and achieving the envisioned future. Participants engaged in the following *triggering question*:

**"With the aim of economic integration; what actions should be taken to overcome the obstacles and to reap the benefits in achieving free movement of goods and services?"**

After having participated in the structured dialogue it was expected that:

- Participants would gain a deeper understanding of the complexity of the situation and the interconnections between "ideas";
- Participants would have the opportunity to understand how the "others" may think or perceive the current situation or envision the "ideal" situation;
- A "voted" consensus between all participants taking part in the co-laboratory would emerge in the "influence tree" as a joint product.

Following the presentation and discussion of the results, participants were expected to develop a roadmap to achieve progress. The results of these three co-laboratories are also expected to assist economists and business experts, individuals, and bi-communal groups to work towards the ideal model of Economic Integration within Cyprus and the EU.

## 2. METHODOLOGY: STRUCTURED DIALOGIC DESIGN PROCESS

The Structured Dialogic Design Process (SDDP) is a methodology that supports *democratic* and *structured* dialogue among a heterogeneous group of stakeholders. It is especially effective in resolving complex conflicts of purpose and values and in generating consensus on organizational and inter-organizational strategy. It is scientifically grounded on seven laws of cybernetics/systems science and has been rigorously validated in hundreds of cases throughout the last 30 years.

The SDDP methodology was chosen to support economists and business experts in structuring the stakeholder representatives' ideas on the desired situation, the current situation, and action options regarding an ideal model of Economic Integration.

The SDDP is specifically designed to assist inhomogeneous groups to deal with complex issues, in a reasonably limited amount of time. It enables the integration of contributions from individuals with diverse views, backgrounds and perspectives through a process that is participatory, structured, inclusive and collaborative.

A group of participants, who are knowledgeable of the particular situation, are engaged in collectively developing a common framework of thinking based on consensus and shared understanding of the current or future ideal state of affairs. SDDP promotes focused communication among the

participants in the design process and their ownership of and commitment in the outcome.

### 2.1 Structure and Process in a typical SDDP co-laboratory

When facing any complex problem, the stakeholders can optimally approach it in the following way:

1. Develop a shared vision of an ideal future situation. This ideal vision map serves as a magnet to help the social system transcend into its future state.
2. Define the current problématique, i.e. develop a common and shared understanding of what are the obstacles that prevent the stakeholders reaching their idealized vision.
3. Define actions/options or a roadmap to achieve the goals.

The three phases are done using exactly the same dialogue technique. Each phase completes with similar products:

- (1) A list of all ideas [SDDP is a self documenting process].
- (2) A cluster of all ideas categorized using common attributes.

## Methodology: Structured Dialogic Design Process

- (3) A document with the voting results [erroneous effect=most popular ideas do not prove to be the most influential].
- (4) A map of influences. This is the most important product of the methodology. Ideas are related according to the influence they exert on each other. If one is dealing with problems, then the most influential ideas are the root causes. Addressing those will be most efficient. If one is dealing with factors that describe a future ideal state, then working on the most influential factors means that achieving the final goal will be easier/faster/more economic, etc.

In the following, the process of a typical SDDP session with its phases is being described more precisely:

First The breadth of the dialogue is constrained and sharpened with the help of a triggering question. This is formulated by a core group of people, who are the Knowledge Management Team (KMT) and is composed by the owners of the complex problem and SDDP experts. This question can be emailed to all participants, who are requested to respond with at least three contributions before the meeting.

Second All contributions/responses to the triggering questions are recorded in the CogniScope II software. They must be short and concise, hence contain one idea

in one sentence. The authors may clarify their ideas in a few additional sentences.

Third The ideas are clustered into categories based on similarities and common attributes. A smaller team can do this process to reduce time (e.g., between plenary sessions).

Forth All participants get five votes and are asked to choose their favorite (most important to them) ideas. Only ideas that received votes go to the next and most important phase.

Fifth In this phase, participants are asked to explore influences of one idea on another. For example, they might be asked to decide whether solving problem x will make solving problem y easier. If the answer is yes (great majority) an influence is established on a map of ideas. The way to read that influence is that items at the bottom are root causes (if what is being discussed are obstacles), or most influential factors (if what is being discussed are descriptors of an ideal situation or actions to take). Those root factors must be given priority.

Sixth Using the root factors, participants develop an efficient strategy and come up with a road map to implement it.

Please refer to Annex A: Structured Dialogic Design

## Methodology: Structured Dialogic Design Process

Process – Frequently Asked Questions for more detailed information.

### 3. RESULTS

The work products will be presented for each workshop session, i.e., (1) desired situation, (2) current situation and (3) actions separately.

#### 3.1 Results of the First Co-Laboratory: Desired Situation

At Holiday Inn Hotel, stakeholder representatives engaged for three hours in a structured dialogue focusing on the triggering question:

**“With the aim of economic integration, what are the benefits (opportunities) for Cyprus of free movement of goods and services within Cyprus and the EU?”**

#### **Descriptors characterizing an ideal model of Famagusta/Varosha**

Economics and business experts described 48 factors during dialogue with the entire group. These factors appear as descriptors in Table 1 ‘Economic Integration – Desired Situation - List of Descriptors’.





## Table 1 'Economic Integration - Desired Situation - List of Descriptors'

Triggering Question: "With the aim of economic integration, what are the benefits (opportunities) for Cyprus of free movement of goods and services within Cyprus and the EU?"

#: Descriptor

---

- 1: Will force the politicians towards finding a viable political solution to the Cyprus problem and to end the blame game.
- 2: Increase interdependency between both sides
- 3: Achieving larger productive units and raising productivity.
- 4: Involvement in common economical interests will lead to development of better social dialogue.
- 5: Will encourage greater investment both by Cypriots and by foreigners in Cyprus and hence, produce greater growth and more employment.
- 6: Will reduce the economic disparities between the two sides.
- 7: Elimination of protectionist policies.
- 8: Will stimulate competition so there will be more varieties of goods in the market and lower prices, thus consumers will benefit.
- 9: Turkey's ports will be opened to the Cyprus flags and the relation of all Cypriots with Turkey will be normalized.
- 10: Compliance with the same standards that will make it much easier when a solution is achieved.
- 11: TC business capital will focus more on trade activities and provision of services which might reduce pressure to build on GC properties.
- 12: Develop synergies towards jointly promoting our common heritage and culture products, e.g. haloumi.
- 13: The creation of mutual interest.
- 14: The ROC flagged ships will benefit from petrol transportation from Turkish ports.
- 15: Will make available a much bigger market for businesses.
- 16: A new common interaction sphere for Cypriots.
- 17: Will improve the economic welfare of TCs.
- 18: The competition will lead the companies to enhance their professionalism.
- 19: Will strengthen infrastructure.
- 20: Will enable Cyprus to become an economic bridge between Europe and the Eastern Mediterranean including Turkey.
- 21: Will open up the ways to jointly promote marketing of the island to attract more tourists in order to increase tourism revenues for the whole of Cyprus.
- 22: Would be a way to reduce illegal trade, especially between the two communities.
- 23: Will not only make available the internal Cypriot market available to each other but also will open up Turkish and European markets as well.
- 24: Cypriots will learn to live together.
- 25: Economic parity will remove obstacles to unification, especially fears of GCs that they will have to bear the financial burden & fears of TCs that they will be absorbed by the economically stronger GCs.
- 26: Establish interoperability mechanisms between the two sides.
- 27: Cooperation will provide greater understanding generating greater confidence in the relationships.

## Table 1 'Economic Integration - Desired Situation - List of Descriptors'

Triggering Question: "With the aim of economic integration, what are the benefits (opportunities) for Cyprus of free movement of goods and services within Cyprus and the EU?"

#: Descriptor

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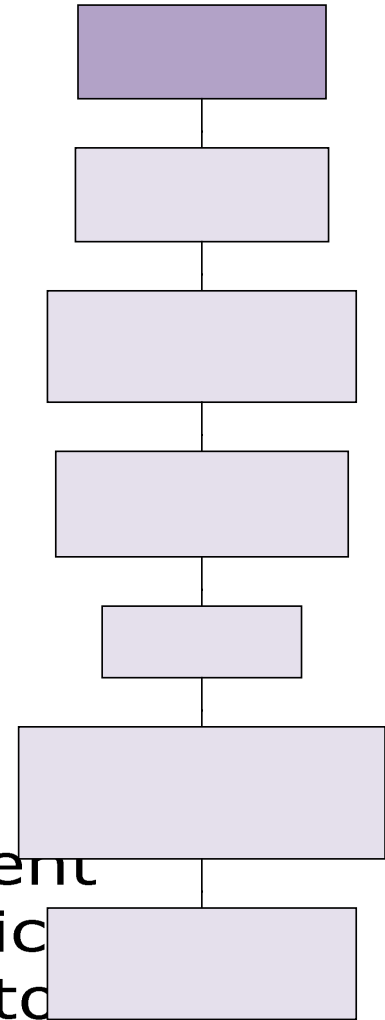
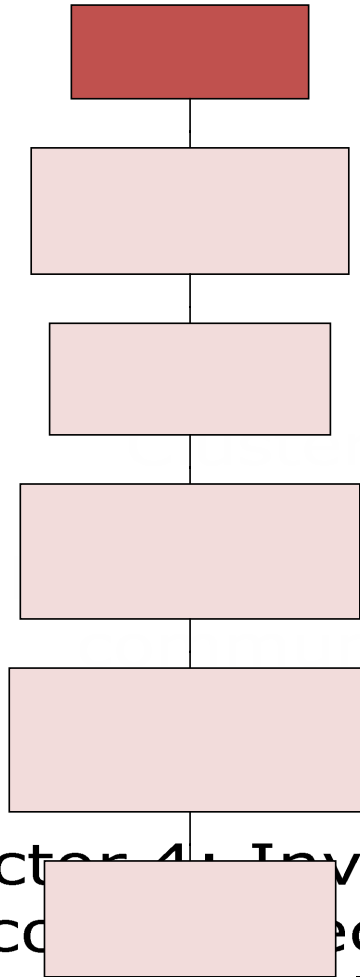
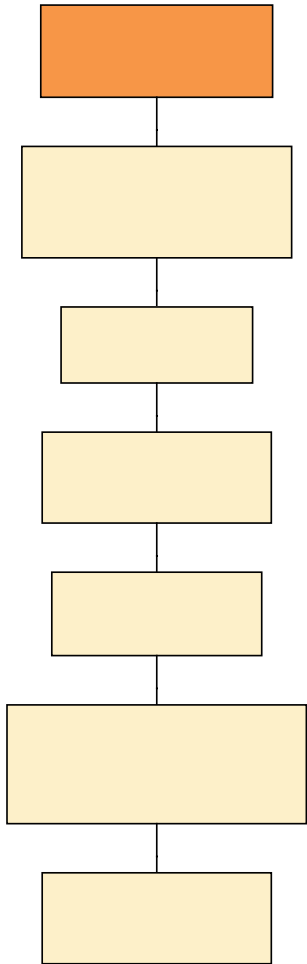
- 28: TCs can take part in the economic integration between GCs and Turkey using their natural advantages (language, cultural closeness and freedom of movement).
- 29: Will help to attract foreign investments.
- 30: Will promote the idea of benefits of interdependence among people who are not directly involved in trade activities in Cyprus.
- 31: Will strengthen complementarities in production.
- 32: Will enhance the free market economy on both sides, especially in the north.
- 33: Will help TCs adopt EU standards and norms and quicken the harmonisation.
- 34: Will lead to creation of new social movements, e.g. bi-communal trade unions or consumer organisations.
- 35: Joint ventures between GCs and TCs will become possible and meaningful.
- 36: Will foster direct links between TC and GC financial institutions.
- 38: Turkey's ports crisis will be solved improving Turkey - EU, Turkey - ROC relations, facilitating a solution.
- 39: Will bring down the walls between the two communities.
- 40: Will create the potential for Cyprus to become a regional centre for educational and health services.
- 41: Will create a dynamic situation; the total will be much bigger than the sum of the two smaller economies.
- 42: Will decrease the level of possibility of a new war in Cyprus.
- 43: Will foster a larger amount of structural EU funds coming to Cyprus.
- 44: Will tend to convergence of economic policies in Cyprus, e.g. inflation.
- 45: Will open the way to a single market and a single currency.
- 46: Will encourage competition among the corporations instead of between the communities.
- 47: Expedite the Euro currency in the TC community.
- 48: Will open the way to political integration in Cyprus.

## Clustering the Descriptors

After the workshop, a small Knowledge Management Team grouped these descriptors into 10 clusters based on common attributes among the descriptors identified by the stakeholder representatives. These clusters were named the following: (1) Interaction between the two communities, (2) Cyprus – Turkey relations,

(3) Non-economic benefits, (4) Competition, (5) Fears/threats, (6) Benefits of free market, (7) Areas of cooperation, (8) Political initiatives, (9) Cyprus – EU relations and (10) Growth/GDP. For more detailed information, refer to Figure 1 'Economic Integration – Desired Situation - Cluster'.





Factor 4: Involvement  
in common economic  
interests will lead to  
development of better  
social dialogue.

Economic Integration co-laboratory – Desired Situation

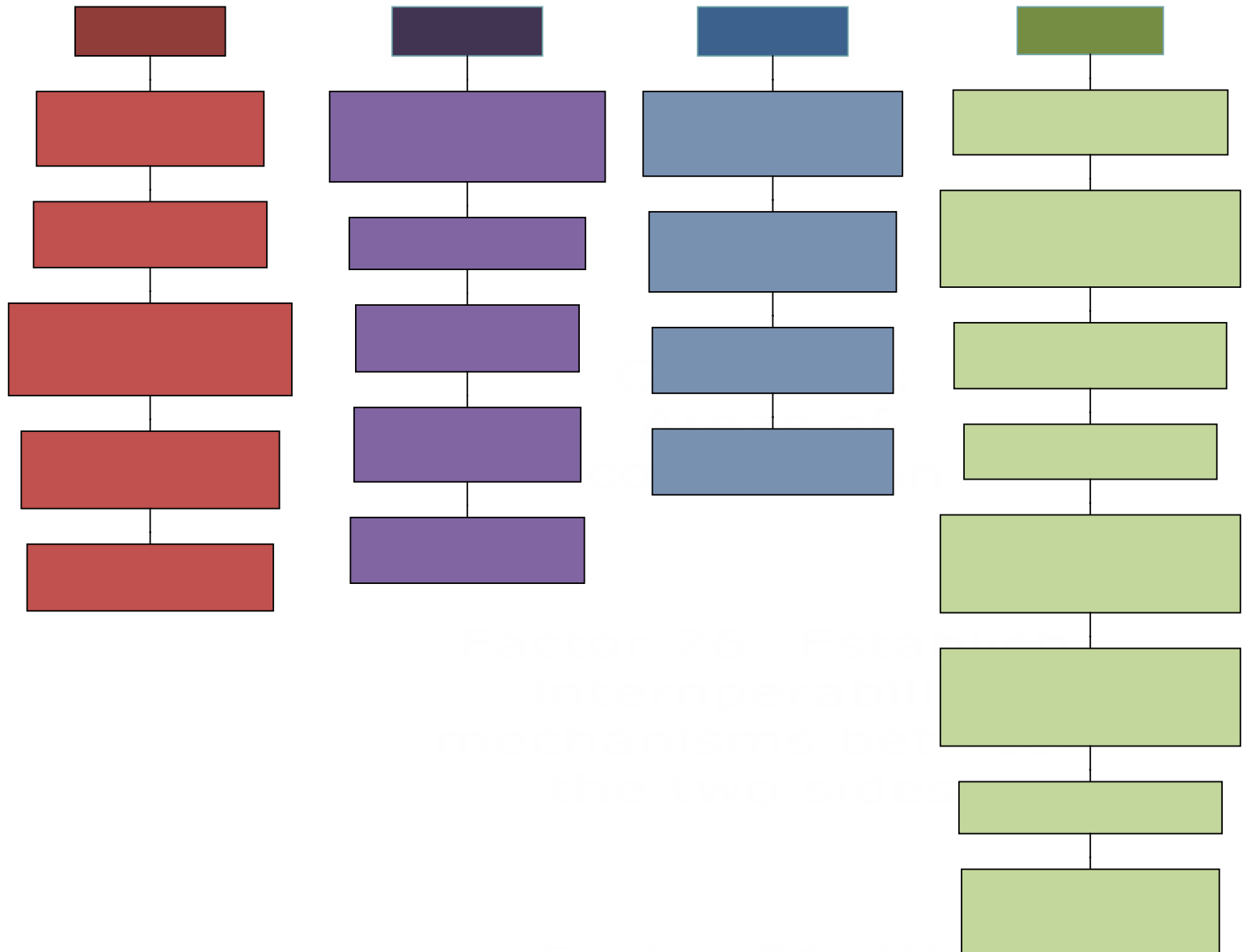


Figure 1 'Economic Integration – Desired Situation – Cluster'

## Prioritizing the Descriptors

The list of descriptors of benefits/opportunities for Cyprus of free movement of goods and services within Cyprus and the EU was sent to the participants via email. Also via email, each participant chose five factors that they thought were those most important. As shown in Table 2 'Economic Integration – Desired Situation – Voting Results', sixteen descriptors received two or more votes. The three dominant statements that received five or more votes are:

**Statement # 4: Involvement in common economical interests will lead to development of better social dialogue (7 Votes).**

**Statement # 27: Cooperation will provide greater understanding generating greater confidence in the relationships (6 Votes).**

**Statement # 25: Economic parity will remove obstacles to unification, especially fears of GCs that they will have to bear the financial burden & fears of TCs that they will be absorbed by the economically stronger GCs (5 Votes).**



## Table 2 'Economic Integration - Desired Situation - List of Descriptors'

Triggering Question: "With the aim of economic integration, what are the benefits (opportunities) for Cyprus of free movement of goods and services within Cyprus and the EU?"

# (VOTES) Descriptor

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- 4: (7 Votes) Involvement in common economical interests will lead to development of better social dialogue.
- 27: (6 Votes) Cooperation will provide greater understanding generating greater confidence in the relationships.
- 25: (5 Votes) Economic parity will remove obstacles to unification, especially fears of GCs that they will have to bear the financial burden & fears of TCs that they will be absorbed by the economically stronger GCs.
- 20: (4 Votes) Will enable Cyprus to become an economic bridge between Europe and the Eastern Mediterranean including Turkey.
- 6: (3 Votes) Will reduce the economic disparities between the two sides.
- 28: (3 Votes) TCs can take part in the economic integration between GCs and Turkey using their natural advantages (language, cultural closeness and freedom of movement).
- 2: (2 Votes) Increase interdependency between both sides
- 8: (2 Votes) Will stimulate competition so there will be more varieties of goods in the market and lower prices, thus consumers will benefit.
- 9: (2 Votes) Turkey's ports will be opened to the Cyprus flags and the relation of all Cypriots with Turkey will be normalized.
- 10: (2 Votes) Compliance with the same standards that will make it much easier when a solution is achieved.
- 16: (2 Votes) A new common interaction sphere for Cypriots.
- 17: (2 Votes) Will improve the economic welfare of TCs.
- 23: (2 Votes) Will not only make available the internal Cypriot market available to each other but also will open up Turkish and European markets as well.
- 24: (2 Votes) Cypriots will learn to live together.
- 32: (2 Votes) Will enhance the free market economy on both sides, especially in the north.
- 34: (2 Votes) Will lead to creation of new social movements, e.g. bi-communal trade unions or consumer organisations.
- 3: (1 Votes) Achieving larger productive units and raising productivity.
- 5: (1 Votes) Will encourage greater investment both by Cypriots and by foreigners in Cyprus and hence, produce greater growth and more employment.
- 11: (1 Votes) TC business capital will focus more on trade activities and provision of services which might reduce pressure to build on GC properties.
- 12: (1 Votes) Develop synergies towards jointly promoting our common heritage and culture products, e.g. haloumi.
- 18: (1 Votes) The competition will lead the companies to enhance their professionalism.
- 22: (1 Votes) Would be a way to reduce illegal trade, especially between the two communities.
- 26: (1 Votes) Establish interoperability mechanisms between the two sides.
- 29: (1 Votes) Will help to attract foreign investments.
- 31: (1 Votes) Will strengthen complementarities in production.
- 35: (1 Votes) Joint ventures between GCs and TCs will become possible and meaningful.
- 38: (1 Votes) Turkey's ports crisis will be solved improving Turkey - EU, Turkey - ROC relations, facilitating a solution.

## Table 2 'Economic Integration - Desired Situation - List of Descriptors'

Triggering Question: "With the aim of economic integration, what are the benefits (opportunities) for Cyprus of free movement of goods and services within Cyprus and the EU?"

# (VOTES) Descriptor

---

- 41: (1 Votes) Will create a dynamic situation; the total will be much bigger than the sum of the two smaller economies.
- 43: (1 Votes) Will foster a larger amount of structural EU funds coming to Cyprus.
- 1: (0 Votes) Will force the politicians towards finding a viable political solution to the Cyprus problem and to end the blame game.
- 7: (0 Votes) Elimination of protectionist policies.
- 13: (0 Votes) The creation of mutual interest.
- 14: (0 Votes) The ROC flagged ships will benefit from petrol transportation from Turkish ports.
- 15: (0 Votes) Will make available a much bigger market for businesses.
- 19: (0 Votes) Will strengthen infrastructure.
- 21: (0 Votes) Will open up the ways to jointly promote marketing of the island to attract more tourists in order to increase tourism revenues for the whole of Cyprus.
- 30: (0 Votes) Will promote the idea of benefits of interdependence among people who are not directly involved in trade activities in Cyprus.
- 33: (0 Votes) Will help TCs adopt EU standards and norms and quicken the harmonisation.
- 36: (0 Votes) Will foster direct links between TC and GC financial institutions.
- 39: (0 Votes) Will bring down the walls between the two communities.
- 40: (0 Votes) Will create the potential for Cyprus to become a regional centre for educational and health services.
- 42: (0 Votes) Will decrease the level of possibility of a new war in Cyprus.
- 44: (0 Votes) Will tend to convergence of economic policies in Cyprus, e.g. inflation.
- 45: (0 Votes) Will open the way to a single market and a single currency.
- 46: (0 Votes) Will encourage competition among the corporations instead of between the communities.
- 47: (0 Votes) Expedite the Euro currency in the TC community.
- 48: (0 Votes) Will open the way to political integration in Cyprus.

Total Votes Cast: 61



## Interpretation of the Results

As shown in Table 2 'Economic Integration – Desired Situation – Voting Results', 29 descriptors received one or more votes. If the same five descriptors had received all votes, then there would be a 100% agreement among the members of the stakeholder representatives group in terms of relative importance of the proposed descriptors of the desired situation of economic integration and free movement of goods and services within Cyprus and the EU. Because 29 descriptors received at least one vote, there exists a perceptible disagreement. The degree of disagreement in terms of preference voting, i.e. in terms of relative importance of the proposed descriptors, is an indicator of the complexity of the situation, which leads to a need to engage a stakeholder group in a structured dialogue about economic integration in Cyprus.

On the other hand, level of agreement on the above factors (factor 4, 27 and 25) is undeniable, when considering that 41.2% of the participants (7/17) in the first session had voted for factor 4, whereas, 35.3 % and 29.4% had voted for factors 27 and 25 respectively. This level of agreement is in fact a starting point for a common vision to be built upon.



### 3.2 Results of the Second Workshop: Current Situation

During the second three hour workshop session that took part in Saray Hotel, the participants proposed and clarified responses to the following triggering question:

**"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"**

A summary of the work of the economics and business experts includes:

- A list of 62 obstacles or threats in achieving free movement of goods and services within Cyprus and the EU (see Table 3 'Economic Integration – Current Situation – List Obstacles').
- A record of the discussion for clarification of the meanings of the 62 obstacles (see Table 4 'Economic Integration – Current Situation – List of Obstacles with Clarification' in Annex B).



### Table 3 'Economic Integration - Current Situation - List of Obstacles'

Triggering Question: "With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"

# Obstacle

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- 1: Lack of trust from politicians and responsible bodies.
- 2: Psychological barriers in both sides.
- 3: [DELETED absence of author] unclear future increases the risks.
- 4: [DELETED absence of author] Required standards (hygiene health and safety etc.) still not achieved by the TC side
- 5: [DELETED absence of author] Lack of legal infrastructure to solve the business and other type of conflicts.
- 6: [DELETED absence of author] EU not so active and seemed willing.
- 7: [DELETED absence of author] Greenline legislation not developed/ scope enlarged, achieved reciprocally to a good example and be a motivating factor.
- 8: [DELETED absence of author] reluctance of politicians to encourage the integration
- 9: [DELETED absence of author] not much patriotism and feeling that Cyprus belongs to all Cypriots (independent of religion, race and colour).
- 10: The business community on both sides not being pro-active on the issue.
- 11: We are having a good time; uncertainty has become certainty over 34 years, why try something unknown that we are not sure that it will function properly, in other words risk of the unknown.
- 12: Strong bond of GC with Greece and TC with Turkey and dependent on decisions of those governments
- 13: [DELETED absence of author] politically unsolved Cyprus dispute.
- 14: Lack of trust between the 2 sides.
- 15: Lack of communication (telephone, mobile, fax and language).
- 16: Lack of financial institutions' direct link (transfer of funds, credit card etc.).
- 17: Too many politicians involved, with diversified solutions, different objectives and approach.
- 18: Separation of the two sides and 'we can do without the 'you' feeling'.
- 19: Absence of a political settlement.
- 20: Mechanism to ensure the same standards is lacking.
- 21: The use of different currencies by the two communities.
- 22: [DELETED]
- 23: [DELETED absence of author] Current isolations on the NC community under pressure of turning into a shrinking and uncompetitive economy.
- 24: Insufficient information to facilitate understanding of policies and regulations.
- 25: Lack of promotion by political leadership of both GC and TC.
- 26: [DELETED] TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire*.
- 27: [DELETED] The fact that imports cannot cross the Greenline.
- 28: The problem of political recognition and international trade.
- 29: The fact that the politicians are not realising that this could solve the ports issue of Turkey, improving Turkey-ROC and Turkey - EU

### Table 3 'Economic Integration - Current Situation - List of Obstacles'

Triggering Question: "With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"

# Obstacle

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relations and this is a win-win situation for all.

- 30: Unless points of entry in north Cyprus is solved without triggering recognition issue, free movement of goods cannot be achieved.
- 31: The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey.
- 32: The limitations if the Greenline regulation (i.e. it only allows locally produced goods to be circulated but not imported goods).
- 33: The insistence of the EU commission on the direct trade regulation which will not benefit the TC economy is impossible to implement, has been increasing the tension between the two communities and has dynamics to facilitate division.
- 34: [DELETED absence of author] Opposition by organised groups in both GC community and TC community.
- 35: TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire*.
- 36: Economic independence of the TC community may act as a deterrent to reunification.
- 37: De facto recognition of the TC community making solution even more difficult.
- 38: Possibility that the TCC will need to recognise/ work with at least some authorities/ pertinent bodies in the GCC.
- 39: People in Cyprus who are benefiting from the status quo economically will create obstacles.
- 40: Some of the EU members who do not wish Turkey to proceed with the EU relations will not like economic integration on the island as this will bring about an early solution in Cyprus and lift one obstacle blocking Turkey's membership.
- 41: The forces within Turkey that do not wish Turkey to one day become a member of the EU at all are using Cyprus problem thus will not like the pressure for a solution to start escalating in Cyprus.
- 42: Most of the political elite in both communities do not know how to survive without the Cyprus problem will try to block the way for economic integration on the island with the hopes to stop a solution.
- 43: Fear of being economically absorbed by the richer GC economy on the TC side.
- 44: Lack of many pioneers to lead the integration amongst the communities due to the fear of being secluded in their own communities.
- 45: Lack of economic desperation thus lack of motivation on the GC side to handle the burden of the TC economy on the way to greater benefits of a solution in the future.
- 46: Fear of having to deal with the burden of integration with the poorer and instable TC economy on the GC side.
- 47: [DELETED double entering] Fear of having to deal with the burden of integration with the poor and instable TC economy on the GC side.
- 48: Turkey will not accept to surrender control of ports to the EU since this would hamper the movement of the Turkish army.
- 49: GCs will fear and they may be right in thinking so, that the creation of a free trade area will lead to the Taiwanisation of the north and eventually to the partition of Cyprus rather than being a precursor to reunification.
- 50: The TC leadership may refuse to allow EU supervision of ports because they remain loyal to the thesis that these ports should be 'under the control of TRNC custom authorities'.
- 51: The problem of GC properties in the north and how these will be economically utilised within the context of free trade area remains unresolved.
- 52: Greenline regulation prevents the free movement of some TC goods due to the lack of health and safety standards.

### Table 3 'Economic Integration - Current Situation - List of Obstacles'

Triggering Question: *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

# Obstacle

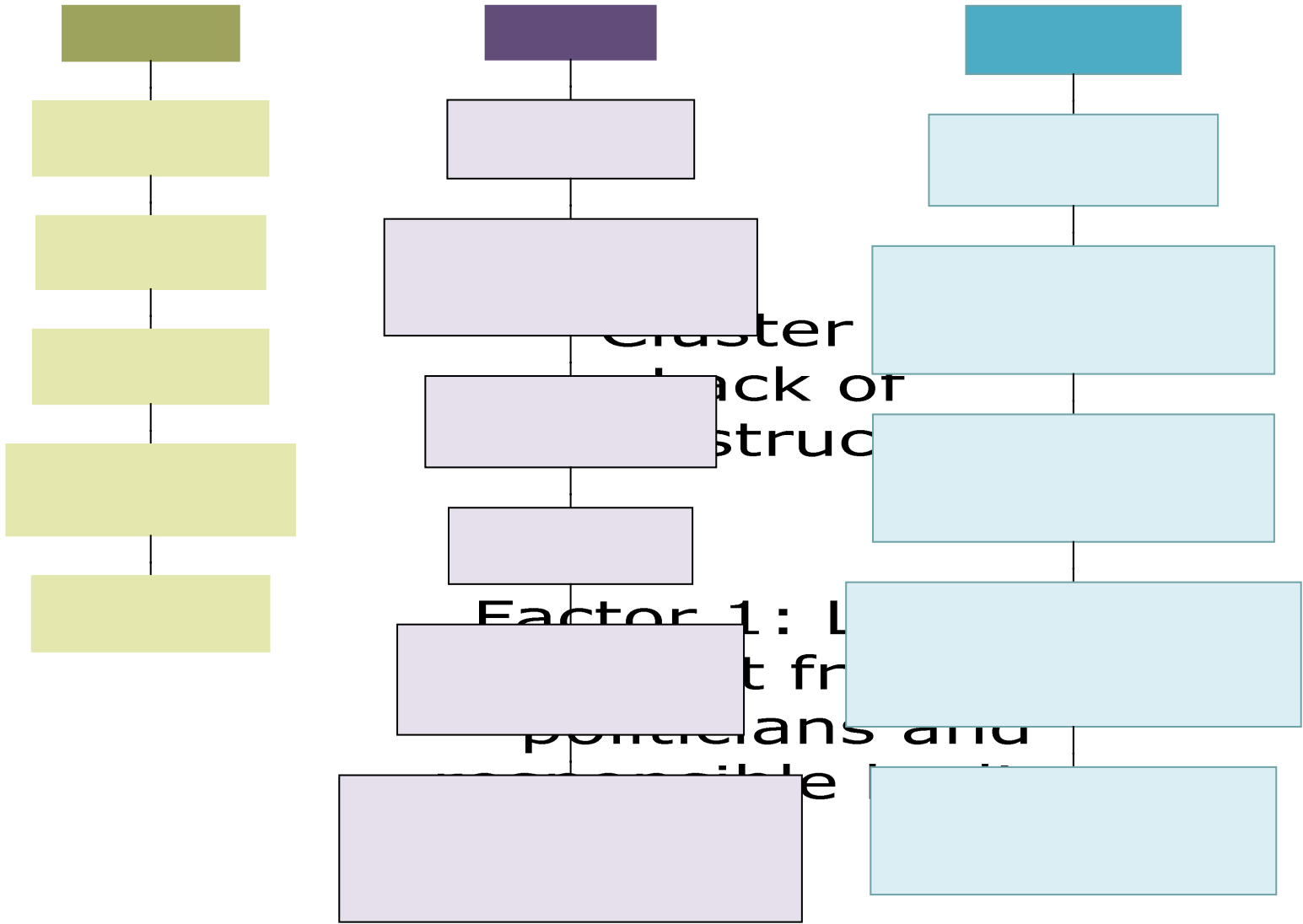
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- 53: Lack of transport infrastructure and free movement between the two sides.
- 54: The reluctance of the GC to accept the TC as their business partners due to lack of any motivation.
- 55: The imbalance between the two economies.
- 56: The discouraging approach of the GOC against the trade from the north.
- 57: The disparate self perception of cost-benefit analysis in each communities mind about yielding something.
- 58: The continuous use of the political issue not to allow the easy registration and establishment of companies in order to ensure cooperation b/w TC and GC entrepreneurs. There is a need to find answers where companies could register and operate across the dividing line with no additional costs.
- 59: The fact that enterprises in both communities seem to specialize in antagonistic rather than cooperative activities and hence there is reluctance to open up and cooperate in a way that could lead to partnerships.
- 60: The absence of a common current, which hampers the potential for cooperation.
- 61: The lack of trust between TC and GC businessmen and entrepreneurs does not allow the formation of common enterprises.
- 62: The continuous use of the political issue not to allow the easy registration and establishment of companies in order to ensure cooperation b/w TC and GC entrepreneurs.

## Clustering the Obstacles

A pattern displaying the classification of the 62 obstacles in eleven clusters: **(1) Lack of infrastructure, (2) EU's role, (3) Effects of Turkish accession process, (4) Harmonization and legal structure, (5) Cyprus problem, (6) Political elite, (7) Comfort of the status quo, (8) Recognition issues, (9) Psychological barriers, (10) Fear of competition and (11) Unclassified** (see Figure 2 'Economic Integration – Current Situation – Cluster').



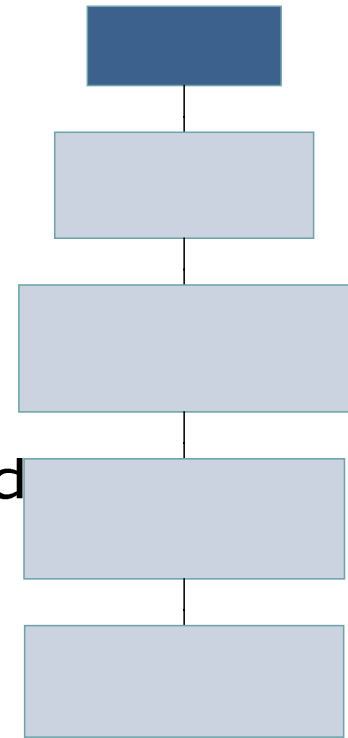
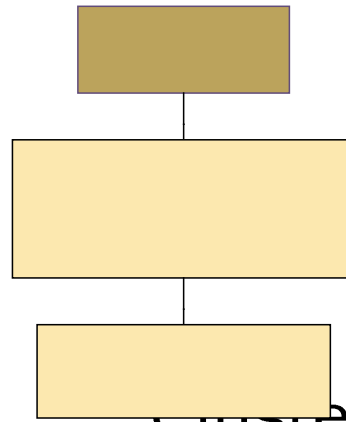
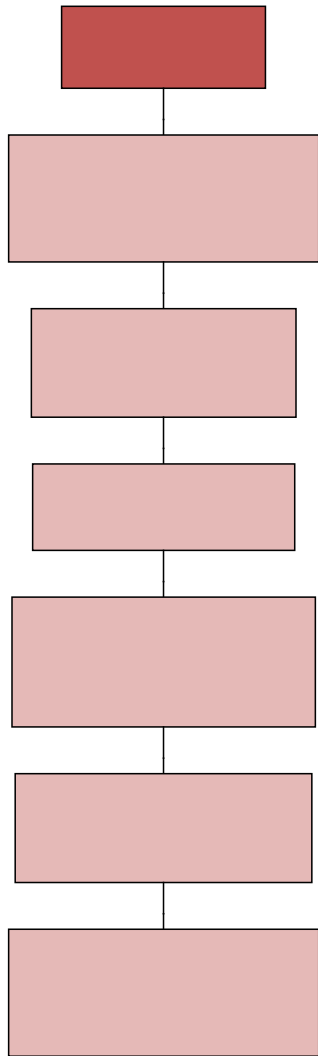


cluster  
lack of  
struc

Factor 1: L  
t fr  
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possible

Factor 2:  
Psychological  
barriers in both  
sides

Figure 2 'Economic Integration – Current Situation – Cluster

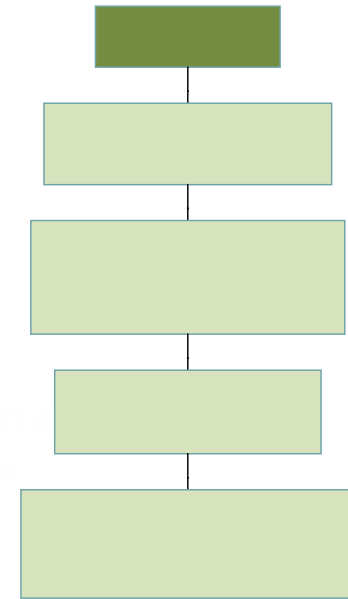
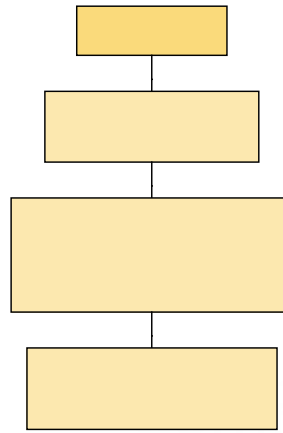
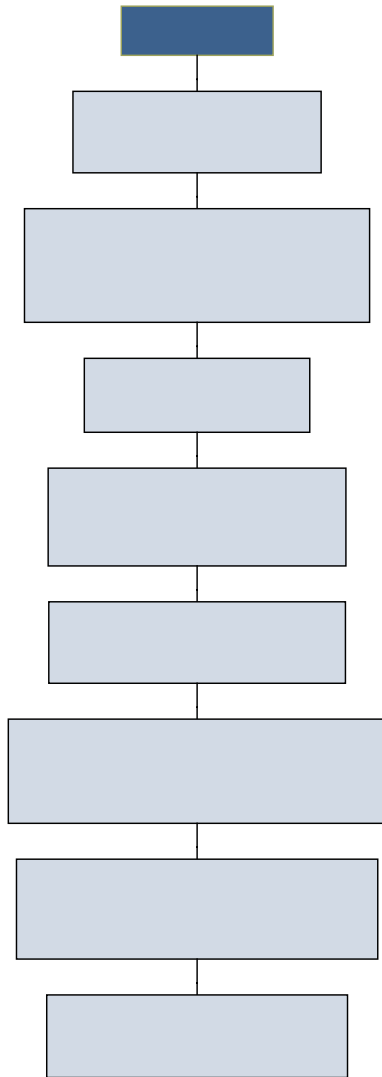


cluster 4:  
Harmonization and  
legal structure

Factor 4: [DELETED absence  
of author] Required  
standards (hygiene health  
and safety etc.) still not  
achieved by the TC side

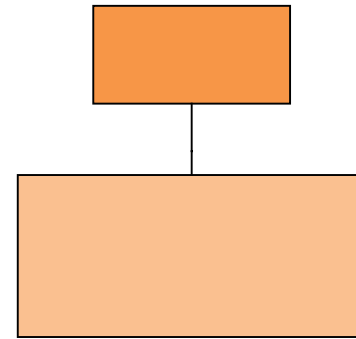
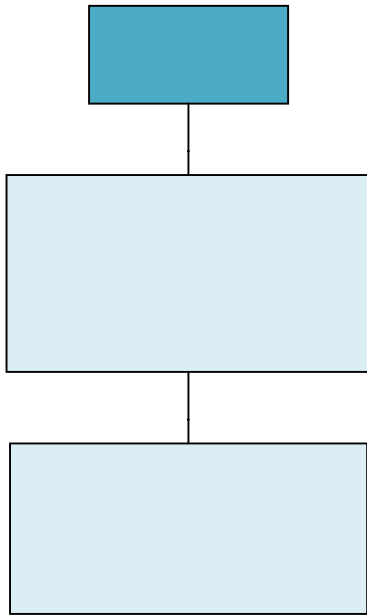
Factor<sub>23</sub>5: [DELETED  
absence of author] Lack  
of legal infrastructure to





**Factor 10: The business community on both sides not being pro-active on the issue.**

**Factor 11: We are having a good time; uncertainty has become certainty over 34 years, why try something unknown that we are not sure that it will function properly, in other words risk of the unknown.**



Cluster 10:  
Fear of  
competition

23: [DELETED absence  
author] Current isolation  
on the NC community  
under pressure of turn  
into a shrinking and

## Prioritizing the Obstacles

The participants voted for the five obstacles of higher relative importance in the context of the triggering question. As seen in Table 5 'Economic Integration – Current Situation - Voting Results', eighteen obstacles received two or more votes. The three dominant statements that received four or more votes are:

**Statement # 35: TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire* (5 Votes).**

**Statement # 45: Lack of economic desperation thus lack of motivation on the GC side to handle the burden of the TC economy on the way to greater benefits of a solution in the future (5 Votes).**

**Statement # 31: The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey (4 Votes).**

## Table 5 'Economic Integration - Current Situation - List of Obstacles'

Triggering Question: "With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"

# (VOTES) Obstacle

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- 35: (5 Votes) TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire*.
- 45: (5 Votes) Lack of economic desperation thus lack of motivation on the GC side to handle the burden of the TC economy on the way to greater benefits of a solution in the future.
- 31: (4 Votes) The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey.
- 1: (3 Votes) Lack of trust from politicians and responsible bodies.
- 2: (3 Votes) Psychological barriers in both sides.
- 30: (3 Votes) Unless points of entry in north Cyprus is solved without triggering recognition issue, free movement of goods cannot be achieved.
- 32: (3 Votes) The limitations if the Greenline regulation (i.e. it only allows locally produced goods to be circulated but not imported goods).
- 42: (3 Votes) Most of the political elite in both communities do not know how to survive without the Cyprus problem will try to block the way for economic integration on the island with the hopes to stop a solution.
- 48: (3 Votes) Turkey will not accept to surrender control of ports to the EU since this would hamper the movement of the Turkish army.
- 12: (2 Votes) Strong bond of GC with Greece and TC with Turkey and dependent on decisions of those governments
- 15: (2 Votes) Lack of communication (telephone, mobile, fax and language).
- 16: (2 Votes) Lack of financial institutions' direct link (transfer of funds, credit card etc.).
- 19: (2 Votes) Absence of a political settlement.
- 24: (2 Votes) Insufficient information to facilitate understanding of policies and regulations.
- 33: (2 Votes) The insistence of the EU commission on the direct trade regulation which will not benefit the TC economy is impossible to implement, has been increasing the tension between the two communities and has dynamics to facilitate division.
- 40: (2 Votes) Some of the EU members who do not wish Turkey to proceed with the EU relations will not like economic integration on the island as this will bring about an early solution in Cyprus and lift one obstacle blocking Turkey's membership.
- 43: (2 Votes) Fear of being economically absorbed by the richer GC economy on the TC side.
- 56: (2 Votes) The discouraging approach of the GOC against the trade from the north.
- 5: (1 Votes) [DELETED absence of author] Lack of legal infrastructure to solve the business and other type of conflicts.
- 14: (1 Votes) Lack of trust between the 2 sides.
- 21: (1 Votes) The use of different currencies by the two communities.
- 25: (1 Votes) Lack of promotion by political leadership of both GC and TC.
- 28: (1 Votes) The problem of political recognition and international trade.
- 29: (1 Votes) The fact that the politicians are not realising that this could solve the ports issue of Turkey, improving Turkey-ROC and Turkey - EU relations and this is a win-win situation for all.
- 39: (1 Votes) People in Cyprus who are benefiting from the status quo economically will create obstacles.

## Table 5 'Economic Integration - Current Situation - List of Obstacles'

Triggering Question: "With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"

# (VOTES) Obstacle

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- 41: (1 Votes) The forces within Turkey that do not wish Turkey to one day become a member of the EU at all are using Cyprus problem thus will not like the pressure for a solution to start escalating in Cyprus.
- 44: (1 Votes) Lack of many pioneers to lead the integration amongst the communities due to the fear of being secluded in their own communities.
- 50: (1 Votes) The TC leadership may refuse to allow EU supervision of ports because they remain loyal to the thesis that these ports should be 'under the control of TRNC custom authorities'.
- 51: (1 Votes) The problem of GC properties in the north and how these will be economically utilised within the context of free trade area, remains unresolved.
- 54: (1 Votes) The reluctance of the GC to accept the TC as their business partners due to lack of any motivation.
- 55: (1 Votes) The imbalance between the two economies.
- 3: (0 Votes) [DELETED absence of author] unclear future increases the risks.
- 4: (0 Votes) [DELETED absence of author] Required standards (hygiene health and safety etc.) still not achieved by the TC side
- 6: (0 Votes) [DELETED absence of author] EU not so active and seemed willing.
- 7: (0 Votes) [DELETED absence of author] Greenline legislation not developed/ scope enlarged, achieved reciprocally to generate a good example and be a motivating factor.
- 8: (0 Votes) [DELETED absence of author] reluctance of politicians to encourage the integration
- 9: (0 Votes) [DELETED absence of author] not much patriotism and feeling that Cyprus belongs to all Cypriots (independent of religion, race and colour).
- 10: (0 Votes) The business community on both sides not being pro-active on the issue.
- 11: (0 Votes) We are having a good time, uncertainty has become certainty over 34 years, why try something unknown that we are not sure that it will function properly, in other words risk of the unknown.
- 13: (0 Votes) [DELETED absence of author] politically unsolved Cyprus dispute.
- 17: (0 Votes) Too many politicians involved, with diversified solutions, different objectives and approach.
- 18: (0 Votes) Separation of the two sides and 'we can do without the 'you' feeling'.
- 20: (0 Votes) Mechanism to ensure the same standards is lacking.
- 22: (0 Votes) [DELETED]
- 23: (0 Votes) [DELETED absence of author] Current isolations on the NC community under pressure of turning into a shrinking and uncompetitive economy.
- 26: (0 Votes) [DELETED] TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire*.
- 27: (0 Votes) [DELETED] The fact that imports cannot cross the Greenline.
- 34: (0 Votes) [DELETED absence of author] Opposition by organised groups in both GC community and TC community.
- 36: (0 Votes) Economic independence of the TC community may act as a deterrent to reunification.
- 37: (0 Votes) De facto recognition of the TC community making solution even more difficult.

## Table 5 'Economic Integration - Current Situation - List of Obstacles'

Triggering Question: "With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"

# (VOTES) Obstacle

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- 38: (0 Votes) Possibility that the TCC will need to recognise/ work with at least some authorities/ pertinent bodies in the GCC.
- 46: (0 Votes) Fear of having to deal with the burden of integration with the poorer and instable TC economy on the GC side.
- 47: (0 Votes) [DELETED double entering] Fear of having to deal with the burden of integration with the poor and instable TC economy on the GC side.
- 49: (0 Votes) GCs will fear and they may be right in thinking so, that the creation of a free trade area will lead to the Taiwanisation of the north and eventually to the partition of Cyprus rather than being a precursor to reunification.
- 52: (0 Votes) Greenline regulation prevents the free movement of some TC goods due to the lack of health and safety standards.
- 53: (0 Votes) Lack of transport infrastructure and free movement between the two sides.
- 57: (0 Votes) The disparate self perception of cost-benefit analysis in each communities mind about yielding something.
- 58: (0 Votes) The continuous use of the political issue not to allow the easy registration and establishment of companies in order to ensure cooperation b/w TC and GC entrepreneurs. There is a need to find answers where companies could register and operate across the dividing line with no additional costs.
- 59: (0 Votes) The fact that enterprises in both communities seem to specialize in antagonistic rather than cooperative activities and hence there is reluctance to open up and cooperate in a way that could lead to partnerships.
- 60: (0 Votes) The absence of a common current, which hampers the potential for cooperation.
- 61: (0 Votes) The lack of trust between TC and GC businessmen and entrepreneurs does not allow the formation of common enterprises.
- 62: (0 Votes) The continuous use of the political issue not to allow the easy registration and establishment of companies in order to ensure cooperation b/w TC and GC entrepreneurs.

Total Votes Cast: 63

## The Root Cause Map

The voting results were used to select obstacles for the subsequent structuring phase to identify inter-relations among the generated factors. Participants structured 16 obstacles. The following Figure 3 'Economic Integration – Current Situation – Root Cause Map' shows the influence tree.

The 16 obstacles were structured within six levels and are related according to the influence they exert on each other. Those ideas that appear lower in the Root Cause Map, hence are positioned at the root of the tree, i.e. Level VI, are more influential in terms of influence than those at higher levels and are the ones to tackle preferentially. More specifically, **Obstacle #31: The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey**, located at Level VI in the Map, influences most of the other obstacles appearing on the Map and is therefore a root factor of the overall Economic Integration – Current Situation Root Cause Map.

## Economic Integration co-laboratory – Current Situation

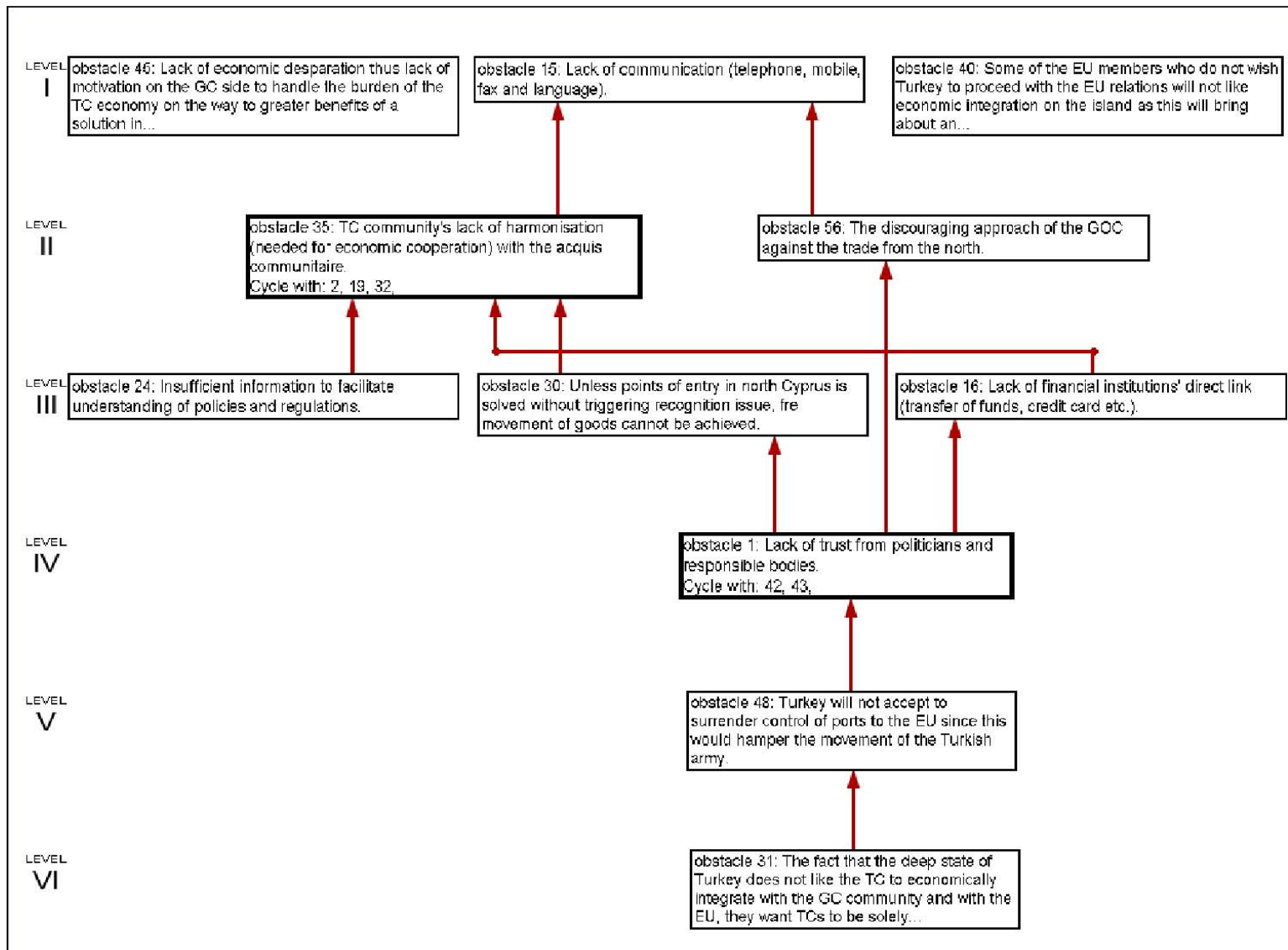


Figure 3 'Economic Integration – Current Situation – Root Cause Map'



## Interpretation of the Results

As shown in Table 5 'Economic Integration – Current Situation – Voting Results', 31 obstacles received one or more votes. Once again, the degree of disagreement – as 31 obstacles or perceived threats out of 62 received at least one vote - indicates the complexity of the situation.

One can easily see with regards to the obstacles and perceived threats that the level of agreement very similar to the agreement level in the idealization session. Once a common vision is designed, it is easier to draw an action plan aimed at solving identified problems or threats. Thus, one should not assume that lack of agreement is a failure in the dialogue or understanding. Rather, it underlines the complexity of the problem.

Figure 3 'Economic Integration – Current Situation – Root Cause Map' displays the relationship among the fourteen obstacles of higher relative importance. As Figure 3 shows, six levels of obstacles and perceived threats exist in achieving free movements of goods and services within Cyprus and the EU. A directive error in the figure is indicative of a linear relationship between these two obstacles. Two or more obstacles in a bolded box, like Obstacle #1, Obstacle #42 and Obstacle #43 indicate a cyclical relationship among these three obstacles. As seen in Figure 3, there are two cycles containing three obstacles each, one at level IV the other at level II.

Such cycles are indicators of the complexity of the situation being addressed and usually require special treatment during the design of an action plan for attaining the ideal image of economic integration and free movement of goods and services within Cyprus and the EU.

The obstacle that emerged as the root cause of the current situation in Cyprus regarding economic integration and free movement of goods in services is:

**Obstacle #31: The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey.**

The author of the idea clarified this statement as: "The deep state of Turkey does not want to solve the Cyprus problem. They want to keep integration as a trump card. I remember the chamber of commerce experience, when the EU was trying to do something, like electricity, they would say we would do it for you as part of politicizing."

It is also very interesting to observe that various trees of influential obstacles end at **obstacle #15: Lack of communication** (telephone, mobile, fax and language). Clarification: "There is technology through telephone, mobile and fax that would allow

us to communicate but the infrastructure is not there and not available at a level that would allow us to communicate”.

Another interesting observation is that two factors (**obstacle #46 and 40**) on Level I are not related to any other factor structured in the map.

### **3.3 Results of the Third Workshop: Actions to be taken**

At Fulbright Centre for a session of three hours, experts in economics and business engaged in a structured dialogue focusing on the triggering question:

**“With the aim of economic integration; what actions should be taken to overcome the obstacles and to reap the benefits in achieving free movement of goods and services?”**

A smaller group of stakeholder representatives responded to the triggering question and proposed 27 actions that should be taken in order to overcome the identified obstacles. These actions are listed in Table 6 ‘Economic Integration – Actions - List of Actions’.

## Table 6 'Famagusta Revival – Defining an Action Plan – List of Actions'

Triggering Question: "With the aim of economic integration; what actions should be taken to overcome the obstacles and to reap the benefits in achieving free movement of goods and services?"

#: Action

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- 1: The local leaders should motivate business people to cooperate.
- 2: The EU should withdraw direct trade regulation proposal and replace it with free trade proposal (free movement of goods and services).
- 3: The GC side must facilitate the ways to help north Cyprus for development and search ways to reunite Cyprus.
- 4: Democratic control of the military and deep state in Turkey.
- 5: Mobilise international law and institutions to convince the deep state of Turkey for economic integration on the island.
- 6: Develop Varosha-Famagusta as a free zone under the EU-UN, where GCs and TCs will learn to cooperate economically and regain trust while it will also serve as a locus of free trade between Turkey-Cyprus- EU.
- 7: Facilitate a dialogue project workshop using the same TQs with key politician-decision makers' participation from both sides towards developing a root cause analysis.
- 8: Try to find ways to influence the media in Turkey, especially the influential writers in Turkey; the solution in Cyprus is in Turkey's interest in the long run and that they take steps accordingly.
- 9: The EU should reward politicians who motivate the business people to cooperate.
- 10: Encourage a broader spectrum, longer period and more informal meetings with key politicians from both sides
- 11: Northern ports should be opened under EU control-supervision.
- 12: Since the peace is the biggest contribution to the economy, establish common schools in all levels to advance integration.
- 13: Establish technical committees on trade with participation by politicians from both communities.
- 14: Convince Turkish and Greek Cypriots that the benefits of economic integration will be much bigger than they fear to lose now.
- 15: Set up bi-communal companies to exert pressure on the governments on free trade
- 16: Strengthen direct financial links.
- 17: The governments on both sides should ease the application of the Greenline regulation.
- 18: The Greenline regulation should be amended to include free movement of imported goods
- 19: The EU must finance the adoption of *acquis communautaire*.
- 20: The EU should extend the Greenline regulation first and then work later to convince to politicians on both sides.
- 21: Open more check points, especially Ledra.
- 22: Companies must start looking for small steps towards cooperation.
- 23: Progressive politicians and NGOs in Turkey should be convinced that free trade can solve the Turkish ports issue and improve Turkey-EU relations.
- 24: Legislation must be implemented in case of the adoption of free trade.
- 25: More cooperation between the economic NGOs to exert pressure on the government for free trade.
- 26: Pro-solution Cypriots have to understand the strong link among the economic integration/interdependence and facilitating a solution to the Cyprus problem.
- 27: International standards must be adopted by the TCs.

## Interpretation of the Results

An effective action plan needs to attempt to deal with the root causes first with the aim of reaching the idealized vision. Thus, the root cause which came up in the second session and which is the main cause preventing the two communities reaching to the idealized vision was the **obstacle #31: The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey.**

Here, within the methodology's limits and with careful assessment, one can choose to trade off between the most yielding and the most influential factor when tackled. It is argued that obstacle #31 is a rather difficult one to solve with the available tools in hand. This is not at all surprising when considering it is the root obstacle and it is an external factor.

However, one can choose to tackle **obstacle #15 (Lack of communication** (telephone, mobile, fax and language)) which can prove to be more yielding in terms of results. This is simply because; solving obstacle #15 needs more practical action and organization than legal or political initiatives. Especially, when considering the level of frustration and fatigue in both communities, reaching to tangible results in a shorter time period becomes

more important. On the other hand, according to the methodology, since obstacle #15 is at the top level (Level I), it will not make easier solving the obstacles in levels below.

Furthermore, two lone factors (**obstacle # 46: Fear of having to deal with the burden of integration with the poorer and instable TC economy on the GC side;** and **obstacle #40: Some of the EU members who do not wish Turkey to proceed with the EU relations will not like economic integration on the island as this will bring about an early solution in Cyprus and lift one obstacle blocking Turkey's membership**) on Level I can be dealt separately and independently of other factors as they are completely disconnected. This lack of connection, nevertheless, does not mean there are no relationships in existence, but rather existing relationships are not significant.

Likewise, **obstacle #24 (Insufficient information to facilitate understanding of policies and regulations)** can also be viewed as another root cause since it is not dependent upon any other factor, and can be dealt separately.

## 4. DISCUSSION OF RESULTS AND CONCLUSION

This section will look at briefly what ideas were produced in the first two co-laboratories. With the aim of overcoming the obstacles and reaping the benefits of achieving free movement of goods and services, a brief summary of the actions will then be presented. This will be followed by a very brief evaluation in the end.

As mentioned earlier, experts from two communities have come up with 47 ideas about the benefits or opportunities of free movement of goods and services within Cyprus and with the EU. Some of the ideas generated, which were at the higher levels of priority were as follows:

- The involvement in common commercial interests would improve the social dialogue providing greater understanding generating greater confidence in relationships;
- Economic parity will remove obstacles to unification;
- It will enable Cyprus to become an economic bridge between Europe and the eastern Mediterranean including Turkey;
- It would quicken the harmonisation of Northern part of Cyprus with the EU;
- It will Give TC s a chance to take part in the economic integration between GCs and Turkey;

- It would lead to an increase in the level of local and foreign investment;
- The joint ventures between Greek Cypriots and Turkish Cypriots would be possible and meaningful;
- The shipping industry of the Greek Cypriots will benefit;
- Turkey's port issues can be solved improving Turkey-EU, Turkey-ROC relations facilitating a solution.

The above mentioned ideas were some of the benefits and opportunities generated by the group. For the full list of 48 ideas please see Table 1.

During the second co-laboratory which focused on idea generation on obstacles and perceived threats, 62 ideas were generated. The results show that some of the most important obstacles in achieving free movement of goods and services are as follows:

- The lack of harmonisation of TC community;
- The fact that deep state of Turkey does not like the TCs to economically integrate with the GC community and with the EU;
- The lack of trust from politicians and responsible bodies;
- Psychological barriers in both sides;
- The lack of finding a creative formula for opening up of the entry points in north

## Discussion of Results and Conclusion

Cyprus without triggering the recognition issue;

- The limitations of the Greenline regulation;
- The fact that most of the political elite does not know how to survive without the Cyprus Problem and tries to block economic integration with the hope to stop a solution;
- The fact that, Turkey would not want to accept to give the control of the ports as this could hamper the movement of the Turkish army;
- Strong bond of GCs with Greece and TCs with Turkey and dependence on decisions of those governments;
- Discouraging approach of the Republic of Cyprus government;
- The insistence of the EU commission on the direct trade regulation which will not benefit the TC economy;
- The fact that some EU members who do not wish Turkey to proceed with the EU relations will not like economic integration on the island as this will bring an early solution in Cyprus and lift one obstacle blocking Turkey's membership.

The above ideas were some of the ideas generated by the group and were voted in the top 15 of the total list of 57 ideas (See Table 3 and Table 4, Annex B).

27 ideas were then generated for the action plan that suggest ways of overcoming the obstacles and threats and reap the benefits of economic integration. These ideas are as follows:

- The EU should withdraw direct trade proposal and replace it with free trade proposal.(i.e. free movement of goods and services);
- The Greenline regulation should be amended to include the free movement of imported goods as well;
- Northern ports should be opened under EU control-supervision;
- EU should finance the adoption of *acquis communautaire*;
- EU should reward politicians who motivate business people to cooperate;
- The local leaders should motivate business people to cooperate;
- Convince TC and GC s that the benefits of economic integration will be much bigger than they fear to lose now;
- Progressive politicians and NGOs and influential media in Turkey should be convinced that free trade can solve the ports issue and improve Turkey EU relations;
- International Institutions should be mobilised and international law should be used to convince the deep state of Turkey for economic integration in Cyprus;
- More cooperation between economic NGOs to exert pressure on the authorities for free trade;

## Discussion of Results and Conclusion

- Pro-solution Cypriots have to understand the strong link among the economic integration-creating interdependence which would facilitate the solution of the Cyprus problem.

Summarizing three co-laboratories will surely give a better and a clearer idea about the value of the work done through a very efficient collective and interactive learning process. As seen from the above, there are numerous advantages of achieving free movement of goods and services within the island and the EU. The obstacles and difficulties were generated bluntly.

As will be seen from the Table 6, the 27 ideas generated include the positive contributions of the EU institutions, local authorities, Turkey and Greece, NGOs, business people, and the international institutions.

The international community always encourages Turkish Cypriots and Greek Cypriots to come up with creative ideas which would be a win-win solution for all parties involved. The experts from the two communities have displayed a very positive approach in trying to create a better future for the people of Cyprus. The three successive co-laboratories are believed to be very successful. As the facilitators team we would like to thank all the participants for their valuable input.

This work will be presented to all parties involved and hopefully it will be implemented in the near

future. As Cypriots, following the successful economic integration model of the EU, with no doubt it would facilitate a comprehensive settlement.

Total of 21 experts from the two communities have listed the benefits and opportunities as well as the obstacles in achieving free movement of goods and services and the actions necessary to achieve this goal. There are internal and external factors involved. It will be up to the decision makers to make use of the ideas generated in these series of co-laboratories.

This work clearly shows that Turkish Cypriots and Greek Cypriots can create win-win solutions regarding making Cyprus an island of peace and prosperity.



## STRUCTURED DIALOGIC DESIGN PROCESS

### FREQUENTLY ASKED QUESTIONS

#### **What does SDDP stand for? What is the difference with SDP?**

The Structured Design Process (SDP) or Structured Dialogic Design Process (SDDP) is a methodology that enables groups of stakeholders to discuss an issue in a structured democratic manner that enables them to achieve results. It is a deeply reasoned, scientific, psychosocial methodology that has evolved from over 30 years of development to its current implementation as a software-supported process for large-scale, collaborative design.

#### **When was the first time that structured dialogue was considered necessary?**

The need for such an approach was first envisioned by systems thinkers in the Club of Rome ([Ozbekhan](#), 1969, 1970), and systematically refined through years of deployment in Interactive Management (IM), to emerge as methodically grounded dialogue practice that now is supported by software specifically designed for the purpose (e.g., [CogniScope](#) system). Interactive Management, originally developed by John Warfield and [Alexander Christakis](#) in the early 1970's (Christakis, 1973; Warfield & Cardenas, 1994), has evolved into its third generation as SDDP.

#### **What does Agoras mean?**

The agoras were the vital centers of the Greek cities. The outdoor markets and convention halls of Athenian Agoras is where gossip mixed with politics. The agora of Athens was the birthplace of democracy. Here the town's citizens discussed pressing issues and made decisions on the basis of popular vote.

#### **What is the Institute for 21st Century Agoras?**

The [Institute for 21st Century Agoras](#) is a volunteer-driven organization dedicated to vigorous democracy on the model of that practiced in the agoras of ancient Greece. It employs Co- Laboratories of Democracy that enable civil dialogue in complex situations. Systems thinkers who were also presidents of the International Society for Systems Science ([ISSS](#)), such as Bela Banathy and [Alexander Christakis](#), founded the Institute.

### **What is the Club of Rome?**

The [Club of Rome](#) was founded in April 1968 by [Aurelio Peccei](#), an Italian industrialist, and [Alexander King](#), a Scottish scientist. The Club of Rome is a global think tank and center of innovation and initiative. As a non-profit, non governmental organization (NGO), it brings together scientists, economists, businessmen, international high civil servants, and heads of state and former heads of state from all five continents who are convinced that the future of humankind is not determined once and for all and that each human being can contribute to the improvement of our societies. [Hasan Özbekhan](#), [Erich Jantsch](#) and [Alexander Christakis](#) were responsible for conceptualizing the original prospectus of the Club of Rome titled "The Predicament of Mankind." This prospectus was founded on a humanistic architecture and the participation of stakeholders in democratic dialogue. When the Club of Rome Executive Committee in the summer of 1970 opted for a mechanistic and elitist methodology for an extrapolated future, they resigned from their positions.

### **How are co-Laboratories different from workshops?**

Many group processes engender enthusiasm and good feeling as people share their concerns and hopes with each other. Co-Laboratories go beyond this initial euphoria to:

- Discover root causes;
- Adopt consensual action plans;
- Develop teams dedicated to implementing those plans; and
- Generate lasting bonds of respect, trust, and cooperation.

Co-Laboratories achieve these results by respecting the autonomy of all participants, and utilizing an array of consensus tools including discipline, technology, and graphics that allow stakeholders to control the discussion. Co-Laboratories are a refinement of Interactive Management, a decision and design methodology developed over the past 30 years to deal with complex situations involving diverse stakeholders. It has been successfully employed all over the world in situations of uncertainty and conflict.

### **What are usual purposes applications of SDDP?**

SDDP is the perfect tool to support a diverse group of stakeholders resolve conflicts and work together in designing by consensus a new vision/solution/strategy/roadmap. It is perfect for:

- Resolve issues among diverse stakeholders
- Democratic large-group decision-making
- Policy design & decision-making
- Complex (wicked) problem solving
- Strategic planning & effective priority setting
- Portfolio & business asset allocation
- Problem identification

### **How many hours does a group need to invest on a co-laboratory?**

The duration of a typical co-laboratory ranges from a minimum of 10-20 hours to over 100 hours. The application of virtual technologies has made it possible to shorten the time required for an SDDP application, while securing the fidelity of the process and of the products. Parts of the co-laboratory are done asynchronously (e.g. through email communication having the facilitators compile and share all data) and others synchronously, in a physical or virtual environment. The virtual SDDP model has been described in a paper by [Laouris & Christakis](#).

### **Is SDDP grounded on solid science?**

The SDDP is scientifically grounded on seven laws of cybernetics recognized by the names of their originators:

1. Ashby's Law of Requisite Variety (Ashby, 1958);
2. Miller's Law of Requisite Parsimony (Miller, 1956; Warfield, 1988);
3. Boulding's Law of Requisite Saliency (Boulding, 1966);
4. Peirce's Law of Requisite Meaning (Turrisi, 1997);
5. Tsivacou's Law of Requisite Autonomy in Decision (Tsivacou, 1997);
6. Dye's Law of the Requisite Evolution of Observations (Dye et al., 1999) and
7. Laouris Law of Requisite Action (Laouris & Christakis, 2007).

### **Which are the four Axioms of Dialogic Design?**

1. COMPLEXITY: We live in a world that is very complex. Problems are complex & interconnected.
2. PARSIMONY: Human cognition & attention is limited. Attention and cognition is usually overloaded in group design.
3. SALIENCY: The field of options in any evaluation is multidimensional. "Salient synthesis" is difficult.
4. ENGAGEMENT: Disregarding the participation of the stakeholders in designing action plans is unethical and the plans are bound to fail.

**Where can I read more about SDDP?**

You can search about SDDP on Wikipedia or visit any the following sites:

|  |              |   |
|--|--------------|---|
| Book by Aleco Christakis;<br>A must for beginner or advanced practitioners                 | Book         | <a href="http://Harnessingcollectivewisdom.com">http://Harnessingcollectivewisdom.com</a>   |
| A Wiki for Dialogue community Support  | The Blogora  | <a href="http://blogora.net">http://blogora.net</a>   |
| Institute for 21st Century Agoras  | Website      | <a href="http://www.globalagoras.org/">http://www.globalagoras.org/</a>   |
| Lovers of Democracy;<br>Description of the technology of Democracy                         | Website      | <a href="http://sunsite.utk.edu/FINS/loversofdemocracy/technologyofdemocracy.htm">http://sunsite.utk.edu/FINS/loversofdemocracy/technologyofdemocracy.htm</a>   |
| New Geometry of Language And New Technology of Democracy by Schreibman and Christakis      | Publication  | <a href="http://sunsite.utk.edu/FINS/loversofdemocracy/NewAgora.htm">http://sunsite.utk.edu/FINS/loversofdemocracy/NewAgora.htm</a>   |
| Application of SDP in a network of scientists from 20 countries by Laouris and Michaelides | Book chapter | <a href="http://www.tiresias.org/cost219ter/inclusive_future/inclusive_future_ch7.htm">http://www.tiresias.org/cost219ter/inclusive_future/inclusive_future_ch7.htm</a>                               |
| A paper on the application of synchronous/asynchronous SDDP by Laouris and Christakis      | Publication  | <a href="http://sunsite.utk.edu/FINS/loversofdemocracy/Laouris_Christakis_VirtualSDDP_2007_04_28.pdf">http://sunsite.utk.edu/FINS/loversofdemocracy/Laouris_Christakis_VirtualSDDP_2007_04_28.pdf</a> |

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

Triggering Question: *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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### **Obstacle 1: Lack of trust from politicians and responsible bodies.**

Basically what I mean from this suggestion is say the leaders of the two communities or even the politicians don't seem to trust each other whether they are political parties or people that are supposed to find solutions to the problems that we face whether they are economical or x or whatever.

### **Obstacle 2: Psychological barriers in both sides.**

In the past for a long time these two societies did not have any contacts of interactions and in some psychological barriers or prejudices in our psychology has formed and this looks to me like a barrier to economic integration as well.

### **Obstacle 3: [DELETED absence of author] unclear future increases the risks.**

Unclear future increases the risks.

### **Obstacle 4: [DELETED absence of author] Required standards (hygiene health and safety etc.) still not achieved by the TC side.**

### **Obstacle 5: [DELETED absence of author] Lack of legal infrastructure to solve the business and other type of conflicts.**

In case of any conflict, in the obvious integration there is not any body that will solve the problem of the business people or any other conflict that will occur during the integration. Q. There seems to be a couple of things 0 one is the body of law is not the same and you seem to imply that there is no way of arbitrating disputes in financial transactions. A. Yes

### **Obstacle 6: [DELETED absence of author] EU not so active and seemed willing.**

Obstacle 7: [DELETED absence of author] Greenline legislation not developed/ scope enlarged, achieved reciprocally to generate a good example and be a motivating factor.

### **Obstacle 8: [DELETED absence of author] reluctance of politicians to encourage the integration**

Obstacle 9: [DELETED absence of author] not much patriotism and feeling that Cyprus belongs to all Cypriots (independent of religion, race and colour).

By the division that happened over the years there is not a feeling of being a Cypriot, just a Cypriot. When we don't think about the country as Cyprus then it is more difficult to achieve economic integration.

### **Obstacle 10: The business community on both sides not being pro-active on the issue.**

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

# Obstacle

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**Obstacle 11: We are having a good time; uncertainty has become certainty over 34 years, why try something unknown that we are not sure that it will function properly, in other words risk of the unknown.**

Since 1974 there have been many attempts to solve the Cyprus problem or efforts for bi-communal discussions and meetings but most of it was talk and nothing material comes to the two sides coming together. And the people decide. So over the years the status quo has become embedded and everyone seems to be happy. They have their cars; they have their jobs, vacations, so they are happy.

**Obstacle 12: Strong bond of GC with Greece and TC with Turkey and dependent on decisions of those governments**

Basically although we show that GC of TC think independent there is a link to the government of Turkey on both sides which does not help economic integration.

**Obstacle 13: [DELETED absence of author] politically unsolved Cyprus dispute.**

**Obstacle 14: Lack of trust between the 2 sides.**

A very broad statement of trust in lazes, barriers, economic trust, in relation to any type of exchange or of ideas or of economic activity we still have a lack of trust in being able to perform the integration required.

**Obstacle 15: Lack of communication (telephone, mobile, fax and language).**

There is technology through telephone, mobile and fax that would allow us to communicate but the infrastructure is not there and not available at a level that would allow us to communicate.

**Obstacle 16: Lack of financial institutions' direct link (transfer of funds, credit card etc.).**

Since there are two electronic network systems everything has to go through other ways, making it more costly for any transactions.

**Obstacle 17: Too many politicians involved, with diversified solutions, different objectives and approach.**

We have politicians involved for the economic integration but not the other one and they do not have the background. Some come with solutions which are very diversified, left, up, right down, it is not clear what are the objectives, whether they are trying to focus on different objectives or not and different processes.

**Obstacle 18: Separation of the two sides and 'we can do without the 'you' feeling'.**

It related to my previous suggestion that over the years we have managed to leave across two different sides and managed to do it quite well so we can live without you. Q. Who? A. The GC can live without the TC and the TC can live without the GC.

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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### **Obstacle 19: Absence of a political settlement.**

In my view it is easier to have integration within a country than within two areas in which not everyone agrees what there is. The inverse relation pertains as well that the political integration will make it easier for economic integration.

### **Obstacle 20: Mechanism to ensure the same standards is lacking.**

If there is no way to ensure or to convince people that the same standards apply to all your products that are going to participate in trade then there will not be sufficient confidence with consumers to demand these products so trade will be undermined from the start so we need to address these standards (and their perception).

### **Obstacle 21: The use of different currencies by the two communities.**

Since we are talking about economic integration the steps that were followed first free trade, single currency and then political integration. Currently the two communities use different currencies and even after the introduction of the euro. Q. Is not having common currency is that an obstacle A. It would have made it easier.

**Obstacle 23: [DELETED absence of author] Current isolations on the NC community under pressure of turning into a shrinking and uncompetitive economy.**

### **Obstacle 24: Insufficient information to facilitate understanding of policies and regulations.**

People do not have sufficient information on what are the policies of the leadership and what are the regulations with respect to economic integration. This is a main problem and it is difficult to convince people even if you have documents. The lack of access to good information. Q. You mean information with respect to regulation in the other community or site or one's own site as well. A. One's own site. For example if you want to export cucumbers from the south to the north someone has to go to get the forms to do that. The Namibia decision of the international court. So they think that if they cross the Greenline they are recognizing the north and it is not and people do not know on the GC side and I think it is the same on the TC side. Q. I know traders because they do not have sufficient information they just test the case, they take their goods to the Greenline and try.

### **Obstacle 25: Lack of promotion by political leadership of both GC and TC.**

This statement came of research on Greenline trade. The situation is very misunderstood because people are not properly informed and the leaderships do not encourage the trade. The leadership must come out and support the idea that trade and economic integration is good for everyone.

### **Obstacle 26: [DELETED] TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire*.**

This is similar to the previous question on *acquis communautaire* B the 80,000 pages body of law, is not in effect in both sides. Use of xx euros to harmony it of the use of standards in trade. C. The *acquis* affects business all over the place; it affects health regulations, the laws of competition, not just trade. Are we to understand that the enforcement of the *acquis* is similar to the enforcement relations? For example, in Norway and Sweden one is not applied. A. Economic integration goes beyond trade. There is the cultural policy, economic integration and implementation, adjusting the customs unit. Before you look at the

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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80,000 before economic integration, the banking system the communications systems which are an impediment. Protocol 10 is potentially a limitation if you put your mindset it is a limitation. If you put your mindset that the purpose is to adapt then start working on it then.

Q. What I understand from economic integration is that we do not need 100% enforcement of the acquis in an economic areas starting is enough like the relations between Turkey and the EU. Norway without being a member state and adhering to the acquis at all is in economic integration with the EU. A. Norway is in an economic area, but has no say .... I agree that in economic integration you do not have to apply the acquis 100% but even if you take the customs area it is huge the acquis that has to be applied. So why have the mindset. A. "6 is included in 35.

### **Obstacle 27: [DELETED] The fact that imports cannot cross the Greenline.**

We mentioned that the Greenline regulation does not allow the imports to cross to the south and reciprocal arrangements which have the same results. Because we are a service economy this is very limiting.

### **Obstacle 28: The problem of political recognition and international trade.**

One of the major impediments to trade is political recognition. When the heard of the tricks, like getting the certification through the chambers they were amazed. This is the problem in direct trade but it also affects the trade between the communities. But if we solve this problem of political recognition we could export cars from Famagusta to the South. \$4M per year.

### **Obstacle 29: The fact that the politicians are not realising that this could solve the ports issue of Turkey, improving Turkey-ROC and Turkey - EU relations and this is a win-win situation for all.**

The politicians are not looking for win-win solution and there is not pressure on T politicians to open port and not pressure on GC then there is an imbalance. When both can open then it is a win-win. Half of the shipping industry in Cypriot flagged ships is petrol and millions in transportation and most are through the xxx pipeline.

### **Obstacle 30: Unless points of entry in north Cyprus is solved without triggering recognition issue, free movement of goods cannot be achieved.**

As you know the ports in North Cyprus, Famagusta...are not recognized by the republic of Cyprus. So free movement of goods, including imports, means must be found that this does not mean a step towards recognition. If they perceive that they will kill the idea from the beginning. Q. You are implying that this is a necessary condition for imports on both sides for ...for trading across the Greenline. A. Yes, I am assuming that and in the next phase I am trying to come up with proposals that this will not trigger recognition by the EU and this sort of thing.

### **Obstacle 31: The fact that the deep state of Turkey does not like the TC to economically integrate with the GC community and with the EU, they want TCs to be solely dependent on Turkey.**

The deep state of Turkey wants to solve the Cyprus problem after ....they want to keep integration as a trump card. After we realized then we said these should not be separate. I remember the chamber of commerce, when the EU was trying to do something, like electricity, they would say we would do it for you as part of politicizing.



## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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**Obstacle 32: The limitations if the Greenline regulation (i.e. it only allows locally produced goods to be circulated but not imported goods).**

Relate 32 and 27. We talked about the measures to be taken. I want the Greenline regulations to be addressed and this is more detailed.

**Obstacle 33: The insistence of the EU commission on the direct trade regulation which will not benefit the TC economy is impossible to implement, has been increasing the tension between the two communities and has dynamics to facilitate division.**

When the EU has been insisting on the direct trade integration it would not benefit the TC economics because we are not an exporting country. The GC has been easily stopping this and it is creating frustration between the two communities. We export from Limassol and you export from Famagusta and we can not trade with each other. It inhibits the free movement of goods and services.

Q. When you say "impossible to implement" the direct trade regulation is impossible? Yes, since the idea was first proposed, it has been tried every six months by each presidency and has been blocked by the republic of Cyprus. Q. Not beneficial to TC economy?

A. Not allowed being beneficial.

**Obstacle 34: [DELETED absence of author] Opposition by organised groups in both GC community and TC community.**

**Obstacle 35: TC community's lack of harmonisation (needed for economic cooperation) with the *acquis communautaire*.**

In North Cyprus unless there is harmonization about standards and common ...and so on then there can not be free movement of goods. I believe that free trade will quicken harmonization and in turn the movement of goods in North Cyprus. Q. Does it imply that without a political system we can not have economic harmonization and integration can not happen? A. I agree about the problem through harmonization will come a solution. But also Protocol 10 says that one sided application without...is not... Q. Can we not make it partial harmonisation? A. What I mean is the harmonization necessary for trading. Q. Is it similar to 26? 80,000 pages of full enforcement are too ambitious. What I have in mind is starting free trade even before a full solution and protocol 10 says. All the Turkey wants is not just related to trade. Q. Are we to understand that the enforcement of the *acquis* is similar to the enforcement relations? For example, in Norway and Sweden one is not applied. A. As I mentioned earlier the *acquis* is concerned with the economic integration, free movement of capital, monetary union. But what we are interested in is trade, customs union is important, free movement of goods and services requires customs union and partial harmonization is needed for free movement of goods and services. A. Economic integration, for example the suggestion of banking does not include that.

**Obstacle 36: Economic independence of the TC community may act as a deterrent to reunification.**

**Obstacle 37: De facto recognition of the TC community making solution even more difficult.**

**Obstacle 38: Possibility that the TCC will need to recognise/ work with at least some authorities/ pertinent bodies in the GCC.**

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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**Obstacle 39: People in Cyprus who are benefiting from the status quo economically will create obstacles.**

There are people from both communities that are making money from the unsolved Cyprus problem. And so when this is resolved then this would force an earlier solution. So they block the economic solution and through that block the political solution.

**Obstacle 40: Some of the EU members who do not wish Turkey to proceed with the EU relations will not like economic integration on the island as this will bring about an early solution in Cyprus and lift one obstacle blocking Turkey's membership.**

There are member states that do not perceive Turkey as a full member but at the same time be members for the customs union only. So Cyprus problem is that it is a way to block the full membership of Turkey. Stopping the political integration delays blocks Turkey's entry into the EU.

**Obstacle 41: The forces within Turkey that do not wish Turkey to one day become a member of the EU at all are using Cyprus problem thus will not like the pressure for a solution to start escalating in Cyprus.**

As I was saying in my previous idea) 40) there are forces that do not want Turkey to become a member state so they are using Cyprus to block the Turkey EU relationship.

**Obstacle 42: Most of the political elite in both communities do not know how to survive without the Cyprus problem will try to block the way for economic integration on the island with the hopes to stop a solution.**

We have politicians in both communities born into the Cyprus problem and no nothing but the Cyprus problem and if you get rid of it tomorrow morning they will not know what to do. Q. Do you mean all? A. 99% C. Most? A. Most of the political elite. C. Can we see that there are some politicians find it helpful to have the Cyprus problem there? A. That's another idea.

**Obstacle 43: Fear of being economically absorbed by the richer GC economy on the TC side.**

TC as the poorer economy and because of the population differences integration of the island scares them.

**Obstacle 44: Lack of many pioneers to lead the integration amongst the communities due to the fear of being secluded in their own communities.**

Integration through rules and laws would not be enough after all because then there will only be people that interact in the economic sphere and not many people are willing to be part of this interaction.

**Obstacle 45: Lack of economic desperation thus lack of motivation on the GC side to handle the burden of the TC economy on the way to greater benefits of a solution in the future.**

By lack of motivation on the GC side no matter what the status quo will resist a change. If there is no pressure, then the resistance could stop the integration. If I recall there is no criticism can it is rephrased a little clearer. A. Yes.

**Obstacle 46: Fear of having to deal with the burden of integration with the poorer and instable TC economy on the GC side.**

Related to the statement...As the Turkish Cypriot economy is more unstable there will be a burden on the GC economy. So there is a fear on the GC side.

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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**Obstacle 47:** [DELETED double entering] Fear of having to deal with the burden of integration with the poor and instable TC economy on the GC side.

**Obstacle 48:** Turkey will not accept to surrender control of ports to the EU since this would hamper the movement of the Turkish army. Everything depends on this being supervised by the EU; and this clashes with the Turkish army being in Cyprus.

**Obstacle 49:** GCs will fear and they may be right in thinking so, that the creation of a free trade area will lead to the Taiwanisation of the north and eventually to the partition of Cyprus rather than being a precursor to reunification.

Whether engaging in trade of goods and services will lead to integration, economical or political, or whether it will lead to something different, such as cooperation, if the context is wrong it could lead to people being even more comfortable with the status quo. They may be right, but it will depend on the context. And this has to be aligned in accepting the free trade proposal or not.

**Obstacle 50:** The TC leadership may refuse to allow EU supervision of ports because they remain loyal to the thesis that these ports should be 'under the control of TRNC custom authorities'.

One thing that came up in the proposal a few months ago there was grumbling that if you want to have this kind of free trade, it will not necessarily imply recognition. Q. Relating to direct trade - only for the EU to control the ports with relation to trade issues and standards they told us that that an be ....Q. When you say the TC leadership do you mean all the leadership or politicians will it change if you change the people? A. Change the wording to it may refuse if you change the people. What we observed in terms of rhetoric is that it may not change.

**Obstacle 51:** The problem of GC properties in the north and how these will be economically utilised within the context of free trade area remains unresolved.

**Obstacle 52:** Greenline regulation prevents the free movement of some TC goods due to the lack of health and safety standards.

**Obstacle 53:** Lack of transport infrastructure and free movement between the two sides.

**Obstacle 54:** The reluctance of the GC to accept the TC as their business partners due to lack of any motivation.

**Obstacle 55:** The imbalance between the two economies.

**Obstacle 56:** The discouraging approach of the GOC against the trade from the north.

## Table 4 'Economic Integration - Current Situation - List of Obstacles with Clarification' Annex B

**Triggering Question:** *"With the aim of economic integration; what are the obstacles including perceived threats in achieving free movement of goods and services within Cyprus and the EU?"*

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**Obstacle 57: The disparate self perception of cost-benefit analysis in each communities mind about yielding something.**

The last 33 years they have not been able to recover or recipe anything so with their backs up against the wall when they see anything with the Republic of Cyprus they reject it.

**Obstacle 58: The continuous use of the political issue not to allow the easy registration and establishment of companies in order to ensure cooperation b/w TC and GC entrepreneurs. There is a need to find answers where companies could register and operate across the dividing line with no additional costs.**

**Obstacle 59: The fact that enterprises in both communities seem to specialize in antagonistic rather than cooperative activities and hence there is reluctance to open up and cooperate in a way that could lead to partnerships.**

**Obstacle 60: The absence of a common current, which hampers the potential for cooperation.**

**Obstacle 61: The lack of trust between TC and GC businessmen and entrepreneurs does not allow the formation of common enterprises.**

**Obstacle 62: The continuous use of the political issue not to allow the easy registration and establishment of companies in order to ensure cooperation b/w TC and GC entrepreneurs.**



## **Contact Details**

Civil Society Dialogue Project

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