

CYPRUS – PROSPECTS AND CHALLENGES: LOOKING AHEAD TO 2014

EVENT SUMMARY

On February 28, 2014, the Wilson Center's Global Europe Program hosted a discussion on the prospects and challenges for Cyprus in the year ahead with the Ambassador of Cyprus to the U.S., **H.E. George Chacalli**. The event was moderated by **Christian Ostermann**, Director of the Global Europe Program. The discussion focused on renewed peace and reunification negotiations, Cyprus' road to economic recovery, and how the country moves forward as it looks to become a regional energy powerhouse.

On February 28, 2014, the Wilson Center's Global Europe Program hosted His Excellency **George Chacalli**, Ambassador of the Republic of Cyprus to the United States. The Ambassador spoke regarding the prospects and challenges for his country in 2014. The conversation and subsequent question and answer session were moderated by the Global Europe Program's Director, **Christian Ostermann**.

According to the Ambassador, under President Nicos Anastasiades Cyprus has become future-oriented and is focusing on prospects for development and reunification, as well as strengthening wider regional cooperation. There needs to be rebuilding of trust between the Cypriot communities in order to develop dialogue and facilitate negotiation. More investment and joint ventures for the benefit of both sides will flow from this, Ambassador Chacalli noted. But, he continued, Greek and Turkish Cypriots must not only engage with each other: it is essential to engage with Turkey, as well. Difficult negotiations begin again on Tuesday, March 4th, and for the first time, the negotiators of the two communities will be sent to Ankara and Athens. The Ambassador hopes there will be a spillover of peace into the rest of the region.

The nation is still recovering from the 2013 economic collapse. The government is overhauling its banking system, which will affect the finance sector. Though it will take a while and will be difficult, the Ambassador noted that Cypriots truly want change and are aware that austerity will hurt. In recent months, however, there has not been one demonstration, nor have there been any strikes. Ambassador Chacalli noted that the banking system is stabilizing, the public sector is reforming, and privatization, perhaps the most sensitive reform, will begin very soon. 2014 will be tough, but the work being done would prompt beneficial sustainable developments.

Ambassador Chacalli also discussed the discovery of vast hydrocarbon resources in the last few years which could guarantee the future of the Cypriot economy and Cypriot politics. Cyprus is willing to work with its partners in the region and beyond to develop and exploit these energy resources. The potential for regional cooperation has, for example, significantly improved Cyprus' relationship with Israel. Ambassador Chacalli made note of the different options for Cyprus as it looks to become a regional transit hub for energy.

The coming year will be a pivotal one for Cyprus – there will be much to look forward to and watch closely. Among the events to watch will be the peace and reunification negotiations beginning again in early March, the road to economic recovery and how Cyprus moves forward as it looks to become a regional energy powerhouse.