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REPORT FROM THE COMMISSION TO THE COUNCIL

Eighteenth report on the implementation of Council Regulation (EC) No 866/2004 of 29 April 2004 and the situation resulting from its application covering the period 1 January until 31 December 2021

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Council Regulation (EC) No 866/2004 on a regime under Article 2 of Protocol No 10 to the Act of Accession¹ (hereafter the Green Line Regulation) entered into force on 1 May 2004. It defines the terms under which provisions of EU law apply to the movement of persons, goods and services across the line between the areas of the Republic of Cyprus in which the government does not exercise effective control and the areas in which it does. In order to ensure the effectiveness of these rules, their application was extended to the boundary between these areas and the UK Eastern Sovereign Base Area (ESBA).²

This report covers the period 1 January to 31 December 2021.

During the reporting period, Cyprus continued to be affected by the COVID-19 pandemic.

In 2021, the Commission maintained constructive dialogue with the relevant authorities of the Republic of Cyprus (RoC) and the Sovereign Base Area (SBA) Administration on the implementation of the Regulation, and with the Turkish Cypriot Chamber of Commerce.

1. CROSSING OF PERSONS

1.1. Crossing at authorised crossing points

The Regulation provides a legal framework for the crossings of Cypriots, other EU citizens and third country nationals who cross the Green Line (hereafter ‘the Line’) at authorised crossing points. In 2021, there was an increase compared with the previous year in the number of crossings by both Greek Cypriots and Turkish Cypriots.

According to data from the RoC Police (hereafter CYPOL), during the reporting period there were recorded 695 702 crossings (previously 397 717) by Greek Cypriots and 233 950 crossings (previously 176 769) by Greek Cypriot vehicles from the government controlled areas to the areas not under the effective control of the Republic of Cyprus. In the same period, there were recorded 513 291 crossings (previously 382 370) by Turkish Cypriots and 423 846 crossings (previously 225 735) by Turkish Cypriot vehicles from the areas not under the effective control of the Republic of Cyprus to the government controlled areas.³

The number of EU citizens (other than Cypriots) and third country nationals crossing the Line also increased. During the reporting period, 371 910 crossings (previously 106 624) by EU citizens (other than Cypriots) and by third country nationals took place in both directions.

¹ OJ L 161, 30.04.2004, p.128. Regulation as last amended by Council Regulation (EU) No 685/2013 of 15 July 2013, OJ L 196, 19.7.2013, p. 1.

² See third recital of the Green Line Regulation.

³ The RoC authorities do not keep records concerning the return of Greek Cypriots to the government controlled areas or the return of Turkish Cypriots to the northern part of Cyprus.

The CYPOL figures mentioned above do not include data on persons and vehicles crossing from the northern part of Cyprus at the Pergamos and Strovilia crossing points, which are under the authority of the UK Eastern Sovereign Base Area. For these, the ESBA reported that there were recorded 200 625 crossings (previously 90 955) by Greek Cypriots and 119 527 crossings (previously 53 604) by Greek Cypriot vehicles to the northern part of Cyprus. At the same time, there were recorded 300 643 crossings (previously 236 346) by Turkish Cypriots and 197 106 crossings (previously 155 955) by Turkish Cypriot vehicles in the other direction. Moreover, 228 950 EU citizens (other than Cypriots) and third country nationals crossed the Line in both directions.

In 2021, the number of CYPOL personnel working at the crossing points was 89, compared with 76 in 2020.

The figures gathered by the Turkish Cypriot community in 2021 indicate an increase in the number of crossings by Greek Cypriots to 1 013 778 (previously 495 448) and by Greek Cypriot vehicles to 581 836 (previously 278 338) from the government controlled areas to the northern part of Cyprus. They also indicate an increase in the number of crossings by Turkish Cypriots to 893 014 (previously 685 671) and by Turkish Cypriot vehicles to 479 474 (previously 361 363) in the other direction. According to the statistics provided, 532 243 EU citizens (other than Cypriots) and third country nationals crossed from the government controlled areas to the northern part of Cyprus (previously 335 934).

The increase in crossings was thought to reflect both the gradual return to more normal daily life after the first year of the pandemic, and the re-opening of all crossing points during the course of the year. Moreover, it was reported that the favourable exchange rate of the euro against the Turkish lira encouraged Greek Cypriots to cross to the areas not under the effective control of the Government of the Republic of Cyprus to undertake their personal shopping. On the other hand, it was also reported that the ongoing requirement at crossing points to submit documents on COVID-19 status deterred many persons from crossing the Green Line.

At the beginning of the reporting period, some crossing points remained temporarily suspended. The Ledra Street crossing point had been temporarily suspended following a decision of the RoC Council of Ministers of 29 February 2020. The Lefka-Apliki, Deryneia and Kato Pyrgos-Karavostasi crossing points were temporarily suspended by Turkish Cypriots. Following a statement by the two Cypriot leaders issued through the United Nations on 2 June 2021, all remaining crossing points were reopened as from 4 June 2021.

In the light of the continuing COVID-19 pandemic, persons crossing the Green Line during the reporting period were required to present for inspection specific documents on their health status, such as vaccination certificates or the results of COVID-19 tests. These requirements changed throughout the year in the light of developments in the pandemic. The bi-communal Technical Committee on Health issued a number of statements with a view to synchronizing these requirements, which the Republic of Cyprus and the Turkish Cypriot community took into consideration when adopting measures at crossing points with a view to avoiding unilateral actions.

Long queues were reported at a number of crossing points. These were attributed to the need to conduct checks of COVID-19 documents in addition to identity documents.

Turkish Cypriot buses carrying EU citizens are not permitted by the RoC authorities to cross into the government controlled areas since they have not fully *acquis*-compliant documents issued by the RoC authorities.

The United Nations Peacekeeping Force in Cyprus (UNFICYP) continued to facilitate the practice of religious worship by both communities.

1.2. Irregular migration across the Green Line and asylum

CYPOL figures for 2021 indicated an increase in the number of migrants who irregularly crossed the Line from the areas not under the effective control of the Government of the Republic of Cyprus into the government controlled areas. In 2021, 9 812 irregular migrants crossed the Line in this way; the equivalent figures for 2020, 2019 and 2018 were 4 857, 7 409 and 4 451. The main countries of origin of irregular migrants were Syria (2 274), Nigeria (1 445), Democratic Republic of the Congo (1 202), Pakistan (838) and Cameroon (765). Irregular migration remains a serious concern for the RoC authorities.

Out of the 9 812 irregular migrants, 87% (previously 81.5%) applied for international protection in the Republic of Cyprus. The country of origin with the highest number of applicants was Syria (1 902).

CYPOL was able to identify persons by using the same criteria as in previous years, primarily through information included in their travel documents and statements by the migrants concerned. According to this assessment, almost all the migrants apprehended in the government controlled areas after having irregularly crossed the Line had previously arrived in the northern part of Cyprus from Turkey.

The Turkish Cypriot community informed that efforts had continued in the northern part of Cyprus to prevent irregular migration. In 2021, 3 508 persons⁴ were prevented to cross into the non government controlled areas of Cyprus, and 1 325 persons⁵ who had been apprehended within the northern part of Cyprus were deported.

Representatives from the two communities met within a bi-communal Technical Committee on Crime and Criminal Matters under UN auspices. As an extension to this committee, the two communities continued to use a 'Joint Communications Room', which provides a forum for the exchange of information on criminal matters.

CYPOL described cooperation with other relevant Republic of Cyprus' governmental departments and the ESBA administration as very good.

⁴ Nationals by country: Turkey: 635; Nigeria: 488; Somalia: 413; Congo: 226; Pakistan:171; other: 1,575.

⁵ Nationals by country: Syria: 610; Turkey: 225; Nigeria: 130; Pakistan: 70; Bangladesh: 43; other: 245.

Eastern Sovereign Base Area (ESBA)

During the reporting period, the ESBA authorities continued to mirror the health requirements at crossings put in place by the RoC.

Irregular migration from the non government controlled areas of Cyprus via the ESBA increased. In 2021, 165 migrants were apprehended after having crossed the Line irregularly.⁶ 2 488 persons were not allowed to cross, of whom the highest number (559) were Russian citizens. In accordance with the relevant provisions of the Protocol relating to the Sovereign Base Areas of the United Kingdom in Cyprus to the Agreement on the Withdrawal of the United Kingdom from the European Union, the ESBA authorities refused to allow foreign nationals who arrived via the northern part of Cyprus to cross the Green Line.⁷ These persons were directed to crossing points outside the ESBA to undergo checks as per the Republic of Cyprus' entry requirements.

Sovereign Base Area (SBA) officers continued to describe their cooperation with the Republic of Cyprus as excellent.

Away from the crossing points, SBA Police conducted risk-based, intelligence-led patrols to counter irregular migration. These patrols were supplemented with patrols by SBA Customs and by military personnel. During the reporting period, drones were deployed to undertake surveillance of the Green Line and two thermal camera vehicles and two floodlight vehicles were procured and deployed.

Four 'unauthorised crossing points' in or near the village of Pergamos, which are used by local residents and farmers, are particularly difficult to control. As mentioned in previous reports, these 'unauthorised crossing points' remain an area of concern and a suitable solution in line with Article 7 of the Protocol relating to the Sovereign Base Areas of the United Kingdom in Cyprus should be found. During the reporting period, the SBA authorities conducted spontaneous checks on persons using roads linking to these crossing points.

2. CROSSING OF GOODS

2.1. Value of trade

Under Article 4 of the Green Line Regulation, goods may be introduced from non-government controlled areas into government controlled areas, provided that they meet the criteria set out in Article 4⁸ and are accompanied by a document issued by the Turkish Cypriot Chamber of Commerce. Pursuant to Article 8 of Commission Regulation (EC) No 1480/2004⁹, the Turkish

⁶ Out of the 165 irregular migrants intercepted within the ESBA, 154 applied for asylum and were handed over to the RoC authorities. These are added to the overall number of persons who irregularly crossed the Line whose breakdown by nationality is provided in Annex, Table VII.

⁷ Third country nationals (other than UK citizens) are permitted to cross only if they are engaged in a defence-related activity or are family members of a person who is engaged in such activity.

⁸ Paragraph 1 of Article 4 sets out that the goods need to be wholly obtained in the areas not under effective control of the Government of the RoC or have undergone their last, substantial, economically justified processing or working in an undertaking equipped for that purpose in the areas not under the effective control of the Government of the RoC.

⁹ Commission Regulation (EC) No 1480/2004 of 10 August 2004, OJ L 272, 20.8.2004, p. 3.

Cypriot Chamber of Commerce and the RoC authorities reported on a monthly basis on the type, volume and value of goods for which accompanying documents had been issued.

According to statistics provided by the Turkish Cypriot Chamber of Commerce, the total value of goods for which accompanying documents had been issued amounted to EUR 6 836 060 (previously EUR 4 974 335). Compared with 2020, this is an increase of 37% in the overall value of goods for which accompanying documents had been issued.

According to statistics provided by the Republic of Cyprus, the total trade value of goods with accompanying documents that actually crossed the Line increased by 31% to EUR 6 151 022 (previously EUR 4 693 898).

Although not covered by the scope of the Green Line Regulation, trade from the government controlled areas to the northern part of Cyprus decreased by around 39%, from EUR 694 281 in 2020 to EUR 420 253 in 2021, according to figures from the Cyprus Chamber of Commerce and Industry. Trade from the government controlled areas to the northern part of Cyprus represents 6.8 % of the trade in the opposite direction (14.8 % in 2020).

The Turkish Cypriot community continued to apply trade that ‘mirrors’ the restrictions of the Green Line Regulation. Turkish Cypriot stakeholders identified the protection of local businesses as the main reason for this. Moreover, goods can only be traded from the government controlled areas to the northern part of Cyprus once an ‘import permit’ has been issued. This “trade” is, however, not always consistently applied.

2.2. Type of goods

In 2021, the nature of traded products remained generally stable. Building and construction materials became the most traded item, followed by plastics, furniture and fresh fish.¹⁰

New products, such as expanded polystyrene foam boards, steel and aluminium profiles, and bars and steel doors, were introduced.

2.3. Irregularities

The Republic of Cyprus brought to the Commission’s attention two particular cases of irregularity that occurred during the reporting period.

The first concerned a consignment of carrots, samples of which were tested by the State General Laboratory of the Republic of Cyprus. The tests identified pesticide residues linuron and triadimeno above the permitted limit. The Commission informed the Turkish Cypriot Chamber of Commerce, which requested the producer to take all necessary measures to ensure full compliance with the relevant rules and health safety standards.

The second case concerned a consignment of olives, samples of which were also tested by the State General Laboratory of the Republic of Cyprus. The tests identified pesticide residue

¹⁰ Annex, Table IV.

cypermethrin above the permitted limit. The Commission informed the Turkish Cypriot Chamber of Commerce.

2.4. Obstacles and difficulties concerning the movement of goods

Obstacles to trade across the Line continue to persist, which, in the views of the Commission and Turkish Cypriot operators, form a reason for the current limited level of trade.

As mentioned in previous reports¹¹, the issue of Turkish Cypriot commercial vehicles crossing to the government controlled areas is yet to be solved and, to date, no Turkish Cypriot commercial vehicles above 7.5 tonnes can cross the Line unless they have fully *acquis*-compliant documents issued by the Republic of Cyprus. The RoC authorities have informed the Commission that they have put in place dispositions to facilitate the process for Turkish Cypriots to obtain roadworthiness certificates and professional driving licences. A solution to the issue would significantly contribute to increasing the level of trade as it would ease the transport of goods. It would furthermore strengthen contact between Cypriot economic operators thus contributing in an important manner to enhancing trust between both communities. The Commission will continue to engage with the authorities of the RoC and the Turkish Cypriot community with a view to identifying a solution to this issue.

As reported in previous years, the RoC authorities do not allow the crossing of processed food products and materials for contact with food due to concerns raised by health services regarding the production process in the northern part of Cyprus. The Commission has confirmed to the RoC that these products are permitted under the applicable legal framework to cross the Green Line. While the RoC authorities may take samples of the products at crossing points for further analysis, in line with the application of the Green Line Regulation, they should not prevent all processed food from crossing. The Commission regrets no progress was made during the reporting period in resolving this issue. The Commission remains concerned with regard to the issue regarding processed food and will pursue this matter further with the RoC authorities.

As in previous years, Turkish Cypriot traders have continued to report difficulties in having their products stocked in shops and in advertising their products and services in the government controlled areas, which hinder trade. Traders continue to report on a lack of demand by Greek Cypriot consumers for Turkish Cypriot products. In addition, it was mentioned that traders from both communities are faced with several administrative problems when wishing to enter into business with the other community; for example, Turkish Cypriots trading across the Green Line encounter difficulty in opening accounts with banks in the government-controlled areas.

2.5. Smuggling of goods

Smuggling of goods persisted, reflecting the difficulty of controlling irregular movements across the Line.

¹¹ See for instance the ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth annual reports on the implementation of Council Regulation EC No 866/2004 and the situation resulting from its application.

In 2021, the Republic of Cyprus made 1 518 seizures of smuggled goods (previously 494), an increase of 207%. There was an increase in smuggling of agricultural products and animal and dairy products. There was a substantial increase in the quantities of cigarettes and hand-rolling tobacco seized by the RoC at the Green Line: 246 460 cigarettes and 165 160 g of hand-rolling tobacco (previously 78 620 cigarettes and 103 135 g). In addition, 55 470 electronic cigarette cartridges and 79 025 g of narghile tobacco were also seized. Other items seized included alcohol, cars, fuel, goods violating intellectual property rights, medicines and pesticides. Four prosecutions for smuggling were brought in the District Court. Cases of smuggling of small quantities of cigarettes were usually dealt with through the imposition of an administrative penalty and forfeiture.

In 2021, the ESBA authorities also recorded a significant increase in the number of seizures of smuggled goods within the ESBA; there were 516 seizures compared with 138 in 2020.

As regards the traditional supply of the Turkish Cypriot population of the village of Pyla, located in the buffer zone (Art 4 (10) Green Line Regulation), the quantities of construction materials, fish, cigarettes etc. were monitored and recorded by the ESBA administration.

2.6. Facilitation of trade

The Commission continued to seek ways of enhancing trade across the Line.

During the reporting period, the Commission undertook discussions with the RoC authorities. The Commission also held discussions with the Turkish Cypriot Chamber of Commerce concerning Halloumi/Hellim.

On 12 April 2021, the Commission adopted two measures intended to give effect to the common understanding on a temporary solution for Halloumi/Hellim, to be implemented pending the reunification of Cyprus, reached under the guidance of President Juncker during his visit to Cyprus on 16 July 2015. These measures are: Commission Implementing Regulation (EU) 2021/591 entering a name in the register of protected designations of origin and protected geographical indications ('Χαλλούμι' (Halloumi)/'Hellim' (PDO)); and Commission Implementing Decision (EU) 2021/586 amending Decision 2007/330/EC lifting prohibitions on the movement of certain animal products on the island of Cyprus under Council Regulation (EC) No 866/2004 and laying down conditions for the movement of those products with regard to 'Χαλλούμι' (Halloumi)/'Hellim' (PDO).

Some Turkish Cypriot consignors of fresh fish continued to report difficulties with meeting the deadlines set for veterinary inspections of fresh fish at the Agios Dhometios crossing point.

The Commission encourages economic operators to take advantage of business opportunities and welcomes the efforts undertaken by the Cyprus Chamber of Commerce and Industry and the Turkish Cypriot Chamber of Commerce.

In 2021, the Commission continued to mobilise EU member state experts through the TAIEX instrument to provide support for trade across the Green Line, according to the mandate set out in the Green Line Regulation. TAIEX experts were involved in carrying out regular

phytosanitary inspections of potatoes and citrus products, taking honey samples for analysis, and producing an updated list of vessels whose catch can be traded across the Green Line.

2.7. Union goods taken back to the areas under the effective control of the Government of the Republic of Cyprus after passing through the areas which are not under its effective control.

The RoC authorities reported that 1 741 items were taken back to the government controlled areas after having passed through the non-government controlled areas.

3. CONCLUSIONS

In 2021, all Green Line crossing points reopened, although persons crossing the Line were required to produce various documents related to COVID-19, such as vaccination certificates or test results. There was a notable increase in crossings of persons, although not to pre-pandemic levels.

The number of persons irregularly crossing the Line increased to a new record in 2021. Irregular migration continues to represent a serious concern for the Republic of Cyprus.

In 2021, the value of trade across the Line increased by 31% from EUR 4 693 898 to EUR 6 151 022. The value of goods for which accompanying documents were issued increased by 37% from EUR 4 974 335 to EUR 6 836 060. Building and construction materials became the most traded item, followed by plastics, furniture and fresh fish.

The Cyprus Chamber of Commerce and Industry and the Turkish Cypriot Chamber of Commerce continued to co-operate with a view to bringing economic benefits to both communities.

Certain obstacles to trade persisted. The RoC continued not to authorise the crossing of Turkish Cypriot commercial vehicles above 7.5 tonnes. Furthermore, the RoC still does not allow the crossing of processed food products and materials for contact with food due to concerns raised by health services regarding the production process in the northern part of Cyprus. The Commission has confirmed to the RoC that these products are permitted under the applicable legal framework to cross the Green Line. The Commission regrets that no progress was made during the reporting period in resolving those issues. The Commission remains concerned with regard to the correct implementation of the Green Line Regulation concerning processed food and will continue to engage with the RoC authorities to address these issues.

Overall, while the Green Line Regulation continues to provide a workable basis for allowing the passage of persons and goods to and from the government controlled areas of the Republic of Cyprus, the Commission continues to be concerned that trade in general is at a low level. The Commission considers that removing the obstacles to trade mentioned in this report would help to increase trade across the Green Line. The Commission hopes that the work of the two Chambers to enhance contacts between the two business communities will lead to increased economic ties.

Against this background, the Commission continues to rely on the good co-operation with the Republic of Cyprus and the SBA to ensure effective implementation of Council Regulation (EC) No 866/2004. The Commission will continue to monitor the implementation of the Regulation.