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COMMUNICATION FROM THE COMMISSION

**Report on the implementation of Council Regulation (EC) 866/2004 of 29 April 2004 and
the situation resulting from its application**

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Introduction

Council Regulation (EC) 866/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession¹ (hereafter: Green Line Regulation) provides in Article 11 (1) that *“the Commission shall report to the Council on an annual basis, starting not later than one year after the date of entry into force of this Regulation, on the implementation of the Regulation and the situation resulting from its application, attaching to this report suitable proposals for amendment if necessary”*.

The Green Line Regulation entered into force on 1 May 2004. It defines the terms under which the provisions of EU law apply to the line between the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus exercises effective control and the areas in which it does not.

This report covers the period 1 May 2004 until 30 April 2005.

1. Implementing measures

On 7 July 2004, the Commission adopted Decision 2004/604/EC on the authorisation of the Turkish Cypriot Chamber of Commerce according to Article 4(5) of Council Regulation (EC) No 866/2004.²

On 10 August 2004, pursuant to Article 4 (12) Green Line Regulation and after consultation of the Line Regulation Committee the Commission adopted Regulation (EC) No 1480/2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of Cyprus in the areas in which the Government exercises effective control.³ These specific rules entered into force on 23 August 2004. Since then the Green Line Regulation is fully operational as regards goods.

On 28 December 2004, the Commission adopted a decision on the appointment of phytosanitary experts to carry out inspections in the areas of the Republic of Cyprus not under the effective control of the Government, as described in Article 3 of Commission Regulation (EC) No 1480/2004.

On 17 February 2005, the Council adopted amendments to the Green Line Regulation as regards agriculture and facilities for persons crossing the line.⁴

¹ OJ L 161, 30.4.2004, p. 128 as amended by Council Regulation (EC) 293/2005 of 17 February 2005, OJ L 50, 23.2.2005, p. 1.

² OJ L 272, 20.8.2004, p. 12.

³ Commission Regulation (EC) 1480/2004 of 10 August 2004, OJ L 272, 20.8.2004, p. 3.

⁴ Council Regulation (EC) 293/2005 of 17 February 2005, OJ L 50, 23.2.2005, p. 1.

On 18 April 2005, the Commission adopted an adaptation to Annex I of the Green Line Regulation. The list of crossing points has been extended by two additional crossing points: *Ledra Street* and *Zodia*.⁵

For the time being the Commission does not envisage further proposals for amendments to the Green Line Regulation.

2. Crossing of Persons

The crossing of persons is running smoothly. Thousands of Cypriots from either side cross the line daily. There is free movement of EU citizens irrespective of their point of entry into Cyprus. No incidents have been reported.

Despite the checks carried out by the Republic of Cyprus on persons crossing the line, it becomes more and more obvious that a systematic illegal route through the northern part to the government-controlled areas exists. Hence, the line cannot be regarded over the whole length as being under effective surveillance. In some areas it is possible to cross the line without any controls.

Illegal immigration of thousands of third-country nationals across the line took place. Many of them have requested asylum in the Republic of Cyprus which has led to a significant increase of asylum applications.⁶

3. Crossing of Goods

As regards goods, the Green Line Regulation has been fully operational since 23 August 2004 (*cf.* 1.).

3.1 Statistics

The Turkish Cypriot Chamber of Commerce communicated constantly in due time to the Commission on a monthly basis the type, volume and value of goods for which it issued accompanying documents.⁷ The Chamber is working effectively and professionally. It was supported by Member State experts.

The authorities of the Republic of Cyprus communicated to the Commission in monthly reports the type, volume and value of goods that have, according to the accompanying documents, crossed the line.⁸ These reports include goods that crossed at the crossing points of *Pergamos* and *Strovilia* under the authority of the Eastern Sovereign Base Area.

Volume and value of goods crossing the line remain limited. During the reporting period the Chamber issued 862 accompanying documents. The total value of the goods, for which documents were issued, amounts to EUR 1,000,617.

⁵ Commission Regulation (EC) 601/2005 of 18 April 2005, OJ L 99, p. 10.

⁶ In the period under report 10,992 third country nationals applied for asylum in the Republic of Cyprus according to its Ministry of Interior. It is estimated that at least 50% of the asylum seekers illegally crossed the line.

⁷ Overview table summarizing the monthly reports in Annex I.

⁸ Table on goods that crossed the line in Annex II.

Not all documents were used in the reporting period due to the fact that transactions were cancelled or deliveries were postponed. In several cases the volume/quantity of goods that crossed the line was smaller than the volume/quantity mentioned in the accompanying document. The value of goods that actually crossed the line amounts to EUR 818,133 according to the reports of the Republic of Cyprus, *i.e.* in average about EUR 99,000 per month.⁹ Most traded goods are vegetables, stone products, paper goods, and furniture.¹⁰

The authorities of the Republic of Cyprus refused the crossing of goods exceptionally (*e.g.* movement of animal products such as halloumi cheese and fresh fish; pita bread because of non-compliance with labelling and packaging requirements).

As provided for in Article 4 (2) of the Green Line Regulation, the authorities of the Republic of Cyprus applied duties to agricultural goods of a type that are eligible for export refunds or intervention measures.

There was no crossing of any goods the final destination of which was not the Republic of Cyprus, in other words there was no trade between the northern part of Cyprus and other EU Member States via the line.

3.2 Obstacles

Many obstacles for trade across the line continue to exist. Turkish Cypriot commercial vehicles such as buses, lorries, taxis, minibuses and rented cars cannot circulate freely across the island. The Republic of Cyprus does not accept roadworthiness certificates of commercial vehicles and professional driving licences issued by Turkish Cypriot authorities.

Trade between the northern part of Cyprus and the EU through the government-controlled areas does not take place for various reasons, *e.g.* the necessity to register a company in the government-controlled areas (*inter alia* for the purposes of import VAT payment) and transportation problems (since trucks cannot cross and driving licences are not accepted).

3.3 Further trade facilitation

Commission decisions concerning provisions for citrus¹¹ as well as honey, fresh fish, and ostriches¹² crossing the line are under preparation.

In September 2004 experts from the Member States on behalf of the Commission have carried out pre-harvest checks on the citrus crop in the northern part of the island in accordance with the relevant Community acquis. The results of these checks confirmed earlier results obtained in October 2003 according to which the harmful organisms *Xanthomonas campestris*, *Cercospora angolensis* and *Guignardia citricarpa* have not been detected, suggesting that these organisms do not occur in the northern part of Cyprus. The survey work will continue as a collateral monitoring activity besides inspections and controls of orchards and consignments intended for trade across the line.

⁹ For the development of trade *cf.* chart in Annex III.

¹⁰ For the development of these goods *cf.* chart in Annex IV.

¹¹ Based on (amended) Article 4 (2) subparagraph 2.

¹² Based on (amended) Article 4 (9).

The independent phytosanitary experts performed a number of survey activities in the northern part of Cyprus in order to prepare the ground for potato trade, which could start with the spring crop of 2006, provided that no serious plant health problems are encountered.

4. Services

To the knowledge of the Commission, services had not been supplied across the line during the period under report.

5. Conclusion

With the implementing measures taken during the course of the reporting period, the regime under Article 2 of Protocol 10 to the Act of Accession is fully operational.

The Regulation has proved to be a stable legal frame for the daily crossing of thousands of Cypriots as well as for other EU citizens who can move freely within Cyprus. This strengthens the links between the two communities on the island and positively affects the development of tourism. However, illegal immigration across the line causes concern.

Volume and value of goods crossing the line remain limited. Practical obstacles hamper a substantial size of trade across the line. The Turkish Cypriot Chamber of Commerce fulfilled its obligations effectively and professionally.

A swift opening of the two new crossing points would have a positive effect on trade development and would contribute to a further integration of the island.

There was no trade between the northern part of Cyprus and other EU Member States via the line.

ANNEX I

Overview table summarizing the monthly reports of the Turkish Cypriot Chamber of Commerce according to Article 8 of Commission Regulation No 1480/2004

August 2004 – April 2005

	Product	Aug/2004	Sep/2004	Oct/2004	Nov/2004	Dec/2004	Jan/2005	Feb/2005	Mar/2005	Apr/2005	Total
1	Aluminium /PVC door and window	550 €	2.866 €	1.230 €	5.521 €	3.190 €	3.302 €	7.883 €	8.000 €	3.645 €	36.186 €
2	Chemical goods	0 €	0 €	0 €	5.905 €	21.408 €	4.283 €	5.961 €	4.545 €	205 €	42.307 €
3	Building stone,articles of stone	0 €	9.295 €	21.082 €	17.652 €	15.716 €	4.943 €	46.852 €	20.821 €	37.324 €	173.686 €
4	Fruit	2.924 €	4.369 €	120 €	0 €	0 €	0 €	0 €	0 €	0 €	7.413 €
5	Handicraft goods	0 €	1.508 €	2.222 €	1.502 €	1.280 €	0 €	980 €	1.206 €	552 €	9.251 €
6	Iron / steel goods	0 €	2.236 €	1.307 €	2.150 €	2.485 €	688 €	1.300 €	4.231 €	516 €	14.914 €
7	Plastics	0 €	0 €	0 €	1.496 €	3.804 €	8.090 €	15.762 €	12.171 €	12.691 €	54.015 €
8	Textile	0 €	688 €	286 €	1.851 €	12.851 €	2.128 €	937 €	2.927 €	6.610 €	28.279 €
9	Vegetables	0 €	8.923 €	8.710 €	68.653 €	94.125 €	19.571 €	26.178 €	23.234 €	36.268 €	285.661 €
10	Wooden goods,furniture	0 €	6.302 €	9.294 €	16.475 €	13.485 €	11.663 €	21.896 €	13.395 €	19.343 €	111.852 €
11	Raw metal	399 €	14.448 €	13.416 €	0 €	0 €	0 €	21.672 €	6.192 €	12.384 €	68.511 €
12	Prepared food stuff	0 €	165 €	0 €	0 €	532 €	0 €	0 €	344 €	0 €	1.041 €
13	Paper goods/kitchen towel,etc	0 €	9.021 €	17.427 €	26.987 €	21.244 €	24.810 €	21.801 €	18.533 €	27.679 €	167.501 €
	TOTAL	3.873 €	59.821 €	75.093 €	148.192 €	190.120 €	79.479 €	171.223 €	115.600 €	157.217 €	1.000.617 €

1 EUR = 0.58 CYP

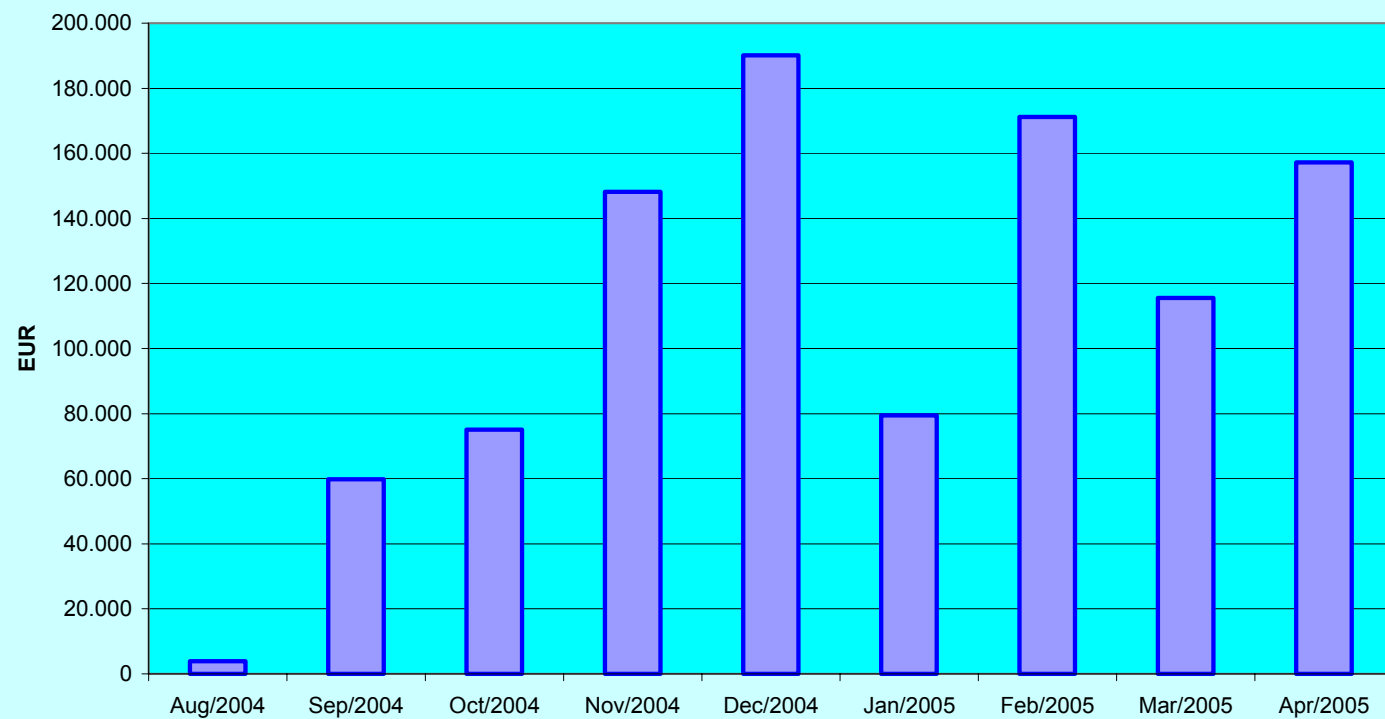
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ANNEX II

Value of goods which crossed the line according to the authorities of the Republic of Cyprus

	Period	Value
1	August/2004	3.883 €
2	September/2004	48.265 €
3	October/2004	72.102 €
4	November/2004	86.547 €
5	December/2004	153.029 €
6	January/2005	53.166 €
7	February/2005	148.050 €
8	March/2005	117.177 €
9	April/2005	135.914 €
	TOTAL	818.133 €

ANNEX III Value of goods for which accompanying documents were issued by the TCCC



ANNEX IV Development of most traded goods

