RECOVERY OF THE CYPRIOT TOURIST INDUSTRY FOLLOWING THE TURKISH INVASION 1974

by

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This work I dedicate to the people of Cyprus, these warm and friendly people who have stood up to their adversities with Stoic resilience and determination, and who are the true architects for their country's reconstruction.

SUMMARY

The factors that give rise to the recovery of an economy following a military and political upheaval are of considerable academic and practical interest. Several countries have in recent years found their economic prosperity suddenly dissipated as a consequence of a major disruption. One such instance was Cyprus which, in 1974, was militarily invaded by Turkey, and the island split into two with no commercial or other intercourse between the two main sections. In particular the tourist industry which has been painstakingly built up over a number of years immediately lost the basis of its growth, with the main touristic districts of Famagusta and Kyrenia situated within the occupied north and the Nicosia international airport, the industries lifeline closed.

In July, 1974, the reputation for stability, essential for the wellbeing of a sensitive industry like tourism, lay in ruins, yet within a comparatively short space of time the industry was restored to health, and the basis for its further growth re-established. This thesis is concerned with tracing the course of this recovery and of analysing the factors which proved decisive. The steps which needed to be undertaken in order to restore substantial earnings from this industry are considered, and the role the entrepreneural spirit of the Cypriot businessman as well as that of the institutional factors (such as the thrust of the tourist organisation and the financial support of the government) are examined. The thesis is also concerned with the effects and shortcomings of public policy towards the industry during the recovery phase. This thesis is based largely upon a detailed examination and evaluation of the various reports of government departments, the Central Bank of Cyprus and the Cyprus Tourist Organisation which contain both statistical and quantitative evidence relating to the collapse and subsequent recovery of the tourist industry. These reports reveal, in particular, the build up of capacity in the two recovery phases and the marketing policy which proved decisive.

FIVE KEY WORDS: Cyprus, tourism, holiday, economic recovery, marketing.

RECOVERY OF THE CYPRIOT TOURIST INDUSTRY

FOLLOWING THE TURKISH INVASION 1974

TABLE OF CONTENTS

CHAPTER VI

CHAPTER VII

LIST OF TABLES

LIST OF FIGURES

CHAPTER I

INTRODUCTION AND SOURCES OF INFORMATION

One of the most rapidly growing industries in the last few decades has been that of tourism. The growing in affluence of the industrialised parts of Europe has enabled large numbers to flock to the sun and beaches of the southern parts of Europe, and more recently to the countries and islands of the Eastern Mediterranean. This has given a considerable fillip to the economies of the latter and has increased the economic interdependence of both parts of the continent. All the countries with a coast line bordering the Mediterranean Sea have shared in the increase in prosperity engendered by this phenomenon, and not in the least Cyprus which possesses many natural resources conducive to the development of the tourist industry. However, irrespective of the fact that a country may possess all the pre-requisites to the development of a successful tourist industry, potential holiday makers are easily frightened away by political instability and certainly will keep away from areas where there is a danger of military conflict.

The Turkish invasion was a serious body blow to the tourist industry of Cyprus, and the magnitude of its effects cannot therefore be exaggerated. Most hoteliers lost their assets and their livelihood altogether. Even those fortunate few located in areas away from the hostilities, in that part of the island subsequently remaining under government control, had their backs to the wall. The tourists had plenty of alternative places to go, not plagued by conflicts such as those in Cyprus, and the future of Cypriot tourism looked very black indeed.

What followed in the next few years was little short of a miracle. In the face of adversity and against all reasonable expectations, the tourist industry picked itself off the floor and indeed returned to a level at which the future can be looked at with the same degree of optimism as other popular centres of tourism in southern Europe. The reasons for and the process of this recovery represent the subject matter of this thesis. Reconstruction and recovery in Cyprus were achieved against a background of fear and uncertainty and at a speed that would compare favourable with normal conditions. The writer considers it surprising that no previous detailed study has been made, the first objective therefore of the present work, is to provide a full documentation of the recovery itself. In particular it will throw light on the various operations required to re-establish a viable tourist industry, it will also expose the vulnerable points of tourism and the areas to which policy should be directed in order to ensure lasting prosperity.

However, this thesis is not soley concerned with a descriptive account of the various facts of the recovery operation, important though that is. A central objective of the thesis is also to identify those factors responsible for the recovery in such unpromising circumstances. There is still considerable controversy about the appropriate roles of free enterprise and government direction in such circumstances of economic depression. One would not of course expect to be able evolve a model for economic recovery which would work equally well in all circumstances and in all countries. Much depends upon the history, the social and economic instituttions and the values and character of the people.

Nevertheless, valuable lessons can be learned from the study of one situation in detail, since it will serve to provide pointers for the recovery potential of other shattered areas. It is necessary therefore to identify those factors which were influential in Cyprus (particularly within the social and economic context), even though wider implications must await the completion of further studies of other countries. The significance of the thesis is therefore as a case study of the factors leading to the recovery of a particular industry following its complete disruption after a military and political conflict.

It has already been mentioned that the subject has not before received any detailed treatment at least in any analytical form. There does exist however, a considerable amount of secondary source material, particularly the government reports on economic conditions at the time of the invasion and during its aftermath. These provide an important source of information for this thesis. Additionally the Cyprus Tourism Organisation, which played a major part in the recovery, publishes an annual report containing much valuable information, statistical as well as qualitative, relating to the changing size and structure of the industry. The Ministry of Finance, which has an interest in the tourist industry, both as a source of revenue and as an object of investment, furnishes the researcher with useful statistical data about the quantity and origin of tourists through its statistics and Research Department. The government's Planning Bureau, responsible for planning the two emergency recovery phases of the economy as a whole, yields a wealth of detail in connection with the emergency action plans, whilst the Central Bank of Cyprus with a general overview of the economic problems of the island, traces the ebb and flow of bank loans to the industry and the economy in general. In addition to these sources of information published in Cyprus itself, some international publications, most notably International Tourism Quarterly, contain detailed reference to the fortunes of tourism in various countries, including Cyprus. The above mentioned publications yield information, not previously analysed for this industry, which has been used as the factual basis for this thesis. It has been the author's task to search amongst this material in order to provide the essential framework for the analysis.

During the course of this work the author has had occasion to discuss with numerous officials within the organisations mentioned and also with prominent figures in the industry itself the various views advanced in this thesis. Since the discussions and interviews were not systematically structured and since some of the persons continue to hold offices of authority, it has been decided not to claim for them the status of field work. Nevertheless the information so gleaned has been extremely useful in putting flesh on the bones of the quantative data and in helping to evaluate the significance of the measures undertaken, and of the institutional factors in the recovery of the tourist industry.

CHAPTER II

THE TOURIST INDUSTRY BEFORE THE INVASTION

(a) Introduction:

Since Independence the tourist industry of Cyprus has been one of the fastest growing sectors of the Cyprus economy and this in spite of the fact that tourism is highly sensitive to extraneous factors, such as the political turmoil that was ever present.

The importance of tourism to the islands economy has been recognised by the government as far back as 1961 which accorded to this sector a high degree of priority in its plans for economic and social development. All the ingredients for success were there - beautiful sandy beaches, pleasant climate, interesting archeological monuments, panoramic pine clad mountains and above all the genuine friendliness and hospitality of the Cypriot people. However, a combination of all these assets coupled with government efforts would not, by itself, have brought about the achieved results had it not been for the initiative and enterprising spirit demonstrated by the private sector.

By tradition visitors from Britain have always held a dominant position in the tourist industry of Cyprus. It can indeed be said that during the 1960's Britain's hold over the industry was almost complete, and it is not difficult to find the reasons. These are mainly historical, ethnic and economic. Cyprus was, until 1960, a British colony. After Independence she became a member of the Commonwealth and also joined the sterling area. Both in the U.K. and in Cyprus there are complimentary ethnic communities and these contribute to the tourist movement. According to the Office of Population Census and Surveys in London, "the total number of people born in Cyprus who were resident in England and Wales at the time of recent censuses of population was as follows:

1961	:	41,898	
1966	:	59,200	(based on 10% sample)
1971	:	72,270	

There is no statistical information on the number of children born in the country to Cypriot parents nor on the number of Cypriots living in Scotland.

Regarding British citizens residing in Cyprus I am informed by the Cyprus High Commission in London that, "According to the 1960 census there were at the time residing in Cyprus 15,000 British citizens. It is believed that this number was increasing until 1974.

As a result of the Turkish invasion of Cyprus in July 1974 many British left the island, and according to the Statistics and Research department, by 1976 the number droped to 4000.

It is obvious that these numbers are bound to have generated a considerable flow of traffic to the island but perhaps the one factor that helped most to establish Cyprus as a tourist destination for the

U.K. was the imposition by the British government in 1966 of travel and currency restrictions on U.K. citizens. Cyprus was part of the sterling area and as such its attractions for the British tourist were substantially increased.

(b) Performance 1969-1971, & 1972-76

The political situation, and in particular the intercommunual strife of 1964, had been a serious setback to the tourist industry which took nearly four years to recover, but between 1969 and July 1974 (when Turkey invaded Cyprus) the industry had taken a new momentum. Table 1 traces the development of tourist traffic to the island, the earnings from tourism and its share of the invisible receipts between 1969-1973.

TABLE 1

TOURIST ARRIVALS AND RECEIPTS, 1969-1973

ALSO SHARE OF TOURIST INCOME ON INVISIBLE RECEIPTS

	Arrival of tourists (long stay visitors) (1)	Arrival of tourists (one day visitors) (2)	Earnings from tourism c £millions (3)	Share of (3) on invisible receipts % (4)
1969	118,006	110,522	7.8	13.3
1970	126,580	109,113	8.1	12.5
1971	178,598	129,301	13.6	18.0
1972	228,309	177,599	19.2	21.9
1973	264,066	168,770	23.8	24.6

Source: Central Bank of Cyprus - Annual Report 1973; Department of Statistics & Research

Earnings from tourism in 1973 accounted for 46.4% of receipts from domestic export compared to 43% in 1972[1]. The 1973 tourist receipts represented 24.4% of the gross domestic product at current market prices of the same year[2]. In 1971 tourism became the second largest export for Cyprus, overtaking minerals which had, traditionally, held second place.

Table 2, below, compares the development of Cyprus' three major exports with that of tourism during the years 1969-1972.

TABLE 2

EXPORT BY ECONOMIC ORIGIN

c £ ,000

	1969	1970	1971	1972
Agricultural products	19,339	19,486	24,102	26,181
Manufactured goods	5,278	6,250	8,248	9,763
Minerals	11,952	13,974	9,417	8,564
Tourist receipts	7,800	8,100	13,600	18,700

Source: Department of Statistics and Research
Ministry of Finance

The growth of the Cyprus tourist industry appears even more spectacular when compared with that of international tourism. Between the years 1960 and 1973 the annual average rate of tourist growth in Cyprus was in the order of 20% while the corresponding rate of growth of international tourist traffic stood at around 9%.[3] If account is taken of the fact

(1) Central Bank of Cyprus Annual Report 1973. p.33
(2) Cyprus Tourism Organisation Annual Report 1976. p.20
(3) Cyprus Industrial Journal 1977 Nov-Dec, p.274

that during the years 1960-1965 Cyprus was bedevilled by political turmoil and intercommunal upheavals and the comparison is narrowed down to the period 1966-1973, the gap between the respective growths become even greater. During this period the average growth in the case of Cyprus was in the order of 25% while that of international tourism stood unchanged 9%.[4] Commenting on these figures the Cyprus Industrial Journal (Nov-Dec 1977) concludes that the development of tourism in Cyprus prior to the Turkisk invasion was "by any standard a spectacular one and was probably unmatched in the history of any other country".

(c) The role of tourism in the economy

On the basis of such performance it was evident that tourism was acquiring ever increasing importance in the economic and social development of Cyprus.
The size of its contribution to the national income,
its foreign exchange earnings potential and the need to augment the lost exchange revenue from the declining industries, like mining.
The employment opportunities that the industry provided.
The considerable benefits accruing to ancillary industries, and its contribution to regional development have projected the industry to a position of unique importance.

(d) Government role - Policies and measures:

During the period of the second five-year plan the government introduced legislation designed to create the institutional framework conducive

(4) Cyprus Industrial Journal 1977 Nov-Dec, p.274

to the orderly and rapid development of the tourist industry.

In this context laws were enacted governing the following:-

(I) The establishment of the Cyprus Tourism Organisation (C.T.O.) with responsibility for the formulation and co-ordination of policy for the future of the tourist industry.

(II) The classification of hotels and other tourist establishments on a star basis (1-5).

(III) Regulations concerning tourist professions and associations, i.e. travel agencies, tourist guides etc.

The government contribution to the development of the tourist sector did not stop at legislation, indeed there was active government participation and involvement on all fronts. See table 3 below.

TABLE 3

SHOWING THE EXTENT OF GOVERNMENT COMMITMENT IN THE FORM OF LOANS AS WELL AS DIRECT INVESTMENT IN TOURISM BETWEEN 1969-1973

	Loans issued by the Loan commissioners for tourist development	Government development spending on tourism and antiquities:
1969	83,676	176,009
1970	540,665	305,703
1971	775,540	938,011
1972	686,560	1,639,603
1973	750,900	2,214,538

Source: Central Bank of Cyprus Annual Report 1973

In addition to the above loans, further credits totalling £427,680 were advanced in 1973 by the Cyprus Development Bank for hotel developments.[5]

During the Second Plan period the total public expenditure had reached c £3.6mln[6]. This figure, although almost two and a half times more than the amount actually spent during the period of the First Plan (£1.6mln)[7] was in fact considerably lower than the planned level, see Table 4.

TABLE 4

DEVELOPMENT BUDGET EXPENDITURE PROGRAMME 1967-1971
(£ 000's)

	Planned	Realised
1. Major beach development and other tourist schemes	3,000[1]	908.4
2. Administration, promotion and other tourist publicity	500	521.1
3. Antiquities development	350	395.7
4. Loans issued	1,650	1,730.1
TOTAL	5,500	3,555.3[2]

Source: Planning Bureau. Third Five Year Plan. 1972-1976

(1) This amount included a provision of £2.5mln mainly for the "GOLDEN SANDS" project for which only a small amount was spent during the planned period because of delays in the planning and implementation of the project.

(2) During the period of the Second Plan, the Cyprus Development Bank approved loans totalling £1,016,000 for various tourist projects.

(5) Central Bank of Cyprus Annual Report 1973 p.34
(6) Planning Bureau "Third Five Year Plan" 1972-1976 p.38
(7) Planning Bureau Second Five Year Plan, 1967-1971 p.32

An additional amount of £897 thousand was spent on the Hotel and Catering Institute in Nicosia. The government contribution being c£378 thousands and the balance realised from the United Nations Development Fund[8]. Beside direct public expenditure the government introduced other incentives to encourage private investment. These investments can be summarised into three categories:

(I) The leasing on a long term basis of prime state land for tourist development

(II) The granting of long term loans at low interest rates from the Cyprus Development Bank, as well as the government, for hotel building

(III) The continuation and extension of the scheme for duty free importation of a large number of items of hotel furnishings and equipment.

The growth target set by the government for tourist arrivals during the Third Plan period "1972-1976" was 20% p.a. (see Table 5).

TABLE 5

PROJECTED ARRIVALS OF FOREIGN VISITORS 1971-1976

	1971	1976	1972-1976 Annual rate of growth %
Arrivals of tourists - No.	178,598	444,000	20
Arrivals of Excursionists - No.	129,301	190,000	8

Source: Planning Bureau - Third Plan 1972-1976

(8) Planning Bureau "Third Five-Year Plan." 1972-1976 p.38-39

In 1971 there were thirty two hotel units under construction with a total capacity of 5598 beds but government computations indicated that a further 26,700 beds were required to accommodate the anticipated increase in tourist traffic. It was estimated that to adhere to the above targets in new hotel beds and to expand the complimentary facilities in ancillary tourist services something in the region of £27.5 mln and £5.5 mln respectively (at 1970 prices) was required. Out of an anticipated total expenditure of £33 mln the government was going to invest directly £3.8 mln and was also to provide a further £4 mlns in the form of loans finance[9].

TABLE 6

PLANNED DEVELOPMENT EXPENDITURE 1972-1976

Items of expenditure	£000's
1. Major tourist projects	3,500
2. Minor tourist projects	100
3. Tourist publicity, promotions & related programmes	850
4. Administration, supervision and control	450
5. Antiquities development	800
6. Government tourist loans	4,000
Total government expenditure	9,700

Source: Planning Bureau - Third Five Year Plan. 1972-1976

(9) Planning Bureau - "Third Five-Year Plan" 1972-1976 p.210

A further amount of £6.9 mln was earmarked[10] for the creation of basic infrastructure such as the extension of the road networks, port development and the development of the Nicosia International airport. In announcing this expenditure during his 1973 budget address to the House of Representatives the Minister of Finance declared that the tourist industry was given top priority by the government and that tourism was considered as one of the country's economic corner stones.

(e) Cyprus tourism organisation

The Cyprus Tourist Organisation (C.T.O.) was established under Law No.54 of 1969[11] but it was not until 1971 that C.T.O. opened its offices in Nicosia. Since then four regional offices were opened in Cyprus and a further five tourist offices overseas, i.e. in London, Frankfurt, Paris, Stockholm and Athens.

Functions and Responsibilities:

The powers and jurisdictions of C.T.O. were set out in the relevant law as follows:

(i) to secure favourable conditions for the entry, stay and travelling of visitors in the Republic and the constant improvement in the quality of the services provided for them ;

(10) Address before the House of Representatives on the 1973 Budget by the Minister of Finance. Nicosia 5 Feb. 1973 p.8
(11) Cyprus Tourism Organisation Annual Report 1976. p.2

(II) to promote tourist establishments and places in areas of the Republic which are suitable for the stay of, or touring by, visitors and the establishment and operations therein of suitable and adequate tourist establishments, that is to say, hotels and establishments of every other kind as well as restaurants and places of entertainment which will provide services, amenities and comforts to visitors of the appropriate standard ;

(III) to organise congresses and international meetings and conferences of all kinds as it may deem fit ;

(IV) to organise festivals for the purpose especially of emphasising and depicting local colour as well as visits and excursions to places of interest in the country ;

(V) to promote folk art and arrange for handicraft articles produced to be provided to visitors ;

(VI) to advertise, from the tourism point of view, the Republic abroad as well as locally ;

(VII) to promote the excursionists and holiday movements amongst the population of the Republic ;

(VIII) to cultivate the tourist conscience of the people ;

(IX) to deal with any other subject whatsoever connected either directly or indirectly with the tourist development of the Republic.

Facilities:

Within the limits of its budget C.T.O. has organised various promotional activities and advertising compaigns in the countries of Western Europe. A particularly successful feature of the campaign were the well organised visits of journalists and travel agents to Cyprus. These visits have helped considerably to develop further the British market and to project Cyprus as a tourist destination to countries like Germany, Sweden, France etc. During 1973 C.T.O. has taken part in a number of tourist fairs and exhibitions in Paris, Lausanne and Berlin.

Diversification:

Predictably, one of the first objectives of C.T.O. was to diversify the islands tourist traffic. The first countries to be marketed were West Germany and Sweden. As shown on Table 7 it did not take long before results of this policy became visible. Thus, where in 1970 47.4 per cent of all tourist arrivals were from the U.K. the proportion in 1973 dropped to 43.9 per cent. Traffic from West Germany displayed a remarkable increase. In 1973 the arrivals totalled 26,799 compared with 2,864 in 1970. This represents an annual increase of some 276 per cent.

Similarly the number of visitors from Scandinavia rose from 3,388 or 2.7 per cent in 1970 to 24,744 or 9.4 per cent in 1973.

TABLE 7

TOURISM BY COUNTRY OF ORIGIN 1970-1973

COUNTRY	1970 No.	1970 % of total	1971 No.	1971 % of total	1972 No.	1972 % of total	1973 No.	1973 % of total
U.K.	60,051	47.4	78062	43.7	98,136	43.0	116,026	43.9
GERMANY	2,864	2.3	10,193	5.7	19,488	8.5	26,799	10.2
SCANDINAVIA (a)	3,358	2.7	6,025	3.4	16,539	7.2	24,744	9.4
GREECE	9,305	7.3	12,327	6.9	12,816	5.6	15,017	5.7
U.S.A.	10,401	8.2	13,879	7.8	15,177	6.7	14,808	5.6
E.E.C. & other than U.K.								
W. GERMANY (b)	6,270	5.0	9,134	5.1	14,052	6.1	13,291	5.0
LEBANON	8,995	7.1	10,708	6.0	10,392	4.6	-10,067	3.8
ISRAEL	3,814	3.0	7,957	4.5	8,322	3.7	5,863	2.2
TURKEY	1,754	1.4	1,926	1.0	3,048	1.3	5,027	1.9
OTHERS	19,763	15.6	28,387	15.9	30,339	13,3	32,424	12.3
TOTAL:	126,580	100.0	178,598	100.0	228,309	100.0	264,066	100.0

Source: Central Bank of Cyprus Annual Report 1973
(a) excludes Denmark, which is included in the EEc
(b) for comparability purposes Denmark and Ireland are considered to be EEC members as from 1970

Cyprus - a destination for sunshine holidays

The trend emerging from Table 7 indicates that Cyprus was developing into a sunshine holiday resort for the West European and Scandinavian markets. The desire of tourists to move further afield, added to the climatic and geographical attractions of the island, made Cyprus a natural candidate for the sun lovers of Europe and Scandinavia. The U.S. traffic, though considerable in its contribution to the tourist industry, was mainly short stay, with relatively limited growth prospects, but Israel and the Gulf could develop potentially to a useful market for Cyprus, be it of a different type. The attraction this time is the cool restfulness of the mountain resorts and the extensive shopping facilities of the towns. Nevertheless, it was recognised that these markets could not be fully exploited until the prevailing instability of the region is resolved.

In spite of the energy crisis, 1974 looked set for breaking all previous records. The first six months of the year saw a 17 per cent increase in arrivals compared with the same period of 1973.[12] The market was expanding both in volume and breadth. Belgium, the Netherlands and

(12) Central Bank of Cyprus : Annual Report 1975, p.25

Ireland were systematically promoted and the interest expressed by tour operators appeared encouraging.

Cyprus as a venue for International Conferences:

A drive to attract business tourists and to establish Cyprus as a venue for international conferences got off to a good start. Meetings like the Lions International Symposium and the International Bar Associations conference augured well for the success of this sector.

TABLE 8

ARRIVALS OF TOURISTS BY PURPOSE AND EXCURSIONISTS (JAN-JUNE) 1973-74

	Holiday	Business	Education	Other	Excursionists	Total
1973	104,531	6,298	109	15	87,734	110,963
1974	117,811	10,241	2	1,778	73,193	129,832

Source: C.T.O. Annual Report 1974

Tourist accommodation - July 1974

The continuous expansion in the tourist trade of Cyprus could not have been achieved without a reciprocal expansion in the available accommodation. Commenting on the construction of new hotels in 1967 Majorie Hald[13] remarked that most of the existing hotels had a relatively low year-round occupancy. It was therefore an indication of the confidence of government and private sector alike that in 1974 the total bed capacity rose to 19,216[14] whilst in 1961 the total hotel beds numbered a mere 4,306 beds[15].

(13) A study of the Cyprus Economy by Majorie W. Hald 1968 p.69
(14) Consequences of Turkish invasion on the tourist sector (C.T.O.)
(15) Planning Bureau Second Five-Year Plan. 1967-1971 p.204

TABLE 9

HOTEL & HOTEL APARTMENT BEDS, 1974

	Available Beds							
	1-5*hotels	Hotels without * & guest houses	Hotel apartments	Total	Hotels	Hotel apartments	Total	Total of both categories
Nicosia[a]	2,084	452	-	2,536	53	-	53	2,589
Limassol[b]	1,244	375	-	1,619	117	-	117	1,736
Famagusta[c]	7,063	318	2,721	10,102	886	2,236	3,122	13,224
Larnaca[b]	283	29	-	312	-	-	-	312
Paphos[b]	280	131	-	411	-	-	-	411
Kyrenia[c]	1,953	83	330	2,366	449	490	939	3,305
Hill resorts[b]	1,058	812 -	-	1,870	-	-	-	1,870
	13,965	2,200	3,051	19,216	1,505*	2,726	4,231	23,447

a Divided: b South: c North: d These beds were expected to be completed before the 1st January 1976.
* These beds were expected to be completed before January 1st 1976

Source: "Consequences of the Turkish Invasion on Tourism Sector", C.T.O.

As can be deducted from Table 9, over 50 per cent of the total bed capacity was concentred in and around the town of Famagusta, Nicosia, the capital, with 2,536 beds was second and close behind in third place came the district of Kyrenia with 2,366 beds. Limassol, the principal tourist town in Cyprus today, was at the time of the invasion, lying fourth with a total of only 1,619 beds. Famagusta was unquestionably the principal tourist district in Cyprus. While the average annual rate of growth in hotel accommodation over the whole island from 1961-1974 was 12.8 per cent. The corresponding rate of growth in Famagusta was 26.2 per cent.

The majority of Cypriot hotels were, in the 100-300 bed range and in terms of classification they were mostly in the three to four star category. There were two notable exceptions: the Salamis Bay, an Anglo-Cypriot venture run by Hallayss Hotels and the Golden Sand - a government development operated by Trust House Forte International. Both these two were major hotel complexes of around 1000 beds each and they were situation on the outskirts of Famagusta.

The rapid expansion of the tourist industry meant a substantial increase in the country's foreign exchange earnings. From 8.1 mln in 1970 [16] earnings from tourism rose to £13.6 millions in 1971 [17] and 23.8 millions in 1973 [18]. In little more than a decade the industry has achieved remarkable progress, but in 1974 there were many problems remaining to be solved.

(f) Problems

(1) Seasonability:

The seasonal nature of the Cyprus tourism was a perennial problem and a matter of constant concern to the government. Traditionally, the season started in March or April, depending upon when the Greek Orthodox Easter occurred, and ended in October. Arrivals peaked at the beginning of the season and over the Christmas holidays but by far the heaviest volume of tourists arrived in July-August. During the period of the second and third five year plan the government have set as a high priority the extension of the tourist season to ten months. Correcting the seasonable distribution whilst at the same time trying to expand the market as a whole was a major task and, by necessity, a long term one, but, the opening up of the Scandinavian and German markets was significant because these markets have a relatively even seasonal distribution. Table 10 shows a small tendency towards a more equitable pattern particularly during the peak months of July and August. While in 1970 30.4 per cent of all visitors arrived in July and August, their proportion dropped to 27.4 per cent in 1973 [19].

(16) Cyprus Tourism Organisation Annual Report 1973 p.17
(17) Bank of Cyprus Annual report 1972 p.28
(18) Bank of Cyprus Annual report 1975 p.30
(19) Cyprus Industrial Journal Nov-Dec 1977 p.275

TABLE 10

TOURIST ARRIVALS BY MONTH 1970-1973

MONTH	1970 % of total	1971 % of total	1972 % of total	1973 % of total
JANUARY	3.7	3.0	3.7	3.7
FEBRUARY	4.4	3.4	3.8	3.8
MARCH	7.0	5.3	7.2	6.0
APRIL	8.7	10.1	8.7	10.0
MAY	8.0	8.0	8.6	9.3
JUNE	8.7	8.5	8.1	9.2
JULY	15.4	14.8	14.4	14.4
AUGUST	15.0	14.3	13.5	13.0
SEPTEMBER	10.8	10.5	11.1	11.2
OCTOBER	7.2	9.0	8.6	8.2
NOVEMBER	5.1	6.2	5.8	5.1
DECEMBER	6.1	6.9	6.6	6.1
TOTAL:	100.0	100.0	100.0	100.0

Source: Department of Statistics and Research. Cyprus Tourism Organisation

(II) The shortage of manpower and skilled personnel

In a country where the bulk of the hotel capacity was of a higher than average standard the availability of skilled labour was of primary importance. Service was as important to the success of the tourist industry as some of the other major components. Because of the prevailing scarity of training facilities the alarming prospects of shortages in skilled hotel staff had started to surface as early as 1972. The problem of training the right calibre of people in sufficient numbers to meet the ever expanding needs was further aggravated by the conditions of full employment prevailing on the island. Over the period 1971-73 unemployment as a percentage of the economically active population did not exceed 1.2 per cent[20]. Most hotel managers and other senior personnel received their education and training in Europe or the U.S.A. but the great majority of hotel staff had acquired their training in one of two specialist schools operating in Cyprus -

(a) The Hotel and Catering Institute in Nicosia (see page14) was established in 1969 as a joint project of the Cyprus government and the U.N. Development Programme (I.L.O). Training courses provided by this institute are of basic and middle level in cooking, waiting, reception and house-keeping. The school programme also envisaged high level training for managers.

(b) The Technnical School at Larnaca. This was established in 1963 and was under the jurisdiction of the Ministry of Education. The courses provided were of basic level in cooking and waiting[21].

(III) <u>Diversification</u>

To some degree this was related with the problem of seasonability. As shown in Table 7 diversification was eased slightly by the development of the Scandinavian and German markets but the tourist industry was still heavily dependent on a small number of countries. The need therefore remained for the further broadening of the market.

(20) Central Bank of Cyprus annual report 1973. p.36
(21) Cyprus Tourism Organisation: Information for potential investors in the tourist industry of Cyprus. July 1977. p.12

(IV) Hill resorts

The mountains as a tourist destination has for the last decade been on the decline. The dramatic increase of visitors from West European countries has not affected the hill resorts as these visitors were attracted mainly to the sun, sea and sand. It is not the purpose of this study to examine tourism in the 1950's but it must be said that during this period the mountain resorts were flourishing. There are several reasons for the decline of the mountains as holiday attractions and these will be examined in a later chapter, nevertheless there remained an urgent need for the government to take action to reverse this decline.

(V) Regionality and Zoning

The bulk of the tourist development has been concentrated in and around the towns of Famagusta and Kyrenia. No doubt both districts were areas with outstanding touristical merits but the volume of hotel building as well as the lack of effective control on the various developments spelled disaster to some of the islands best beaches. There was an urgent need for zoning to be established and strictly implemented. Areas like Paphos, Limassol and Larnaca were neglected and government action was required to attract tourist development there.

(VI) Complimentary tourist facilities and infrastructure

The unco-ordinated development has left Cyprus with a marked shortage of complimentary facilities for the benefit of the tourists. Developments like marinas, parks, green areas, sports and recreations and general amusements were scarce and government action was called for.

(VII) Communications

This area covers such important fields as roads, highways, ports and airports, telecommunications, postal services, broadcasting and television. All these are services inextricably connected with the tourist industry. The importance the government have attributed to this sector can be seen from Table 11 and 12 which show the percentage share of the total of fixed investment for transport and communications for the period 1962-1966 and 1967-1971 being second only to that of dwellings. Considerable progress has been achieved on all fronts but by its nature communications is an area requiring continuous extensions and improvements.

TABLE 11

FIXED INVESTMENT BY SECTOR 1962-1966 [1]

(at constant 1966 prices - £ mln)

	1962	1963	1964	1965	1966	1962-1966	Percentage shares in total 1962-1966
Agriculture etc	2.8	3.0	2.3	2.8	3.5	14.4	12.4
Mining & Quarrying	1.1	0.5	0.5	1.5	0.7	4.3	3.7
Manufacturing	1.7	2.5	2.2	1.9	4.1	12.4	10.7
Construction	1.1	1.2	0.6	0.9	0.9	4.7	4.1
Elec. etc	1.0	1.0	1.1	3.1	2.0	8.2	7.1
Trans. & Comm	4.9	4.6	3.0	5.2	4.7	22.4	19.3
W/Sale & R.T	0.8	1.1	0.6	0.8	1.4	4.7	4.1
Ownership & dwellings	5.8	6.4	3.2	4.6	7.6	27.6	23.8
Public Admin & defence	0.2	0.1	0.2	0.1	0.1	0.7	0.6
Other services	3.2	3.8	3.0	3.9	2.5	16.4	14.2
TOTAL:	22.6	24.2	16.7	24.8	27.5	115.8	100.0

(1) Fixed investment estimates for 1962-1966 comprise revised estimates made by Planning Bureau. They differ slightly from published Economic Report figures.

Source: Planning Bureau. The Second Five-Year Plan. 1967-1971

TABLE 12

PLANNED AND REALISED FIXED INVESTMENT BY SECTOR 1967-71

(AT CONSTANT 1966 PRICES - £ mlns)

	Sector	Planned	Realised	Actual share in total %
1.	Agriculture etc	24.0	16.8	8.9
2.	Mining & Quarrying	5.0	4.6	2.4
3.	Manufacturing	27.0	25.9	13.8
4.	Construction	10.0	5.0	2.7
5.	Electricity, Gas & Water	6.0	11.0	5.9
6.	Transport & Communications	40.0	34.7	18.5
7.	W/Sale & Retail trade	7.0	10.7	5.7
8.	Dwellings	42.0	61.3	32.7
9.	Public Administration & Defence	2.0	2.2	1.2
10.	Other services	23.0	15.3	8.2
	TOTAL:	186.0	187.5	100.0

Source: Planning Bureau: The Third Five-year Plan 1972-1976

One can only conclude that in the circumstances and because of the ever increasing importance of tourism to the islands economy, a comprehensive survey became necessary in order (a) to assess the islands tourist potential, (b) to identify the areas to be tackled and to classify them in order of importance and priority and (c) to plan future development on an island wide basis.

Perhaps one of the most important considerations in this stage of the islands development, touristically and otherwise, was the preservation of its heritage and its natural beauty. The dangers of uncontrolled and unco-ordinated development were recognised by the government. Explaining government policy in this field the Minster of Finance in his address before the House of Representatives on the 1974 budget, stated that the creation of a proper legal and institutional format for tourist development constituted one of the main aims of government policy. He sited the introduction in 1972 of zoning regulations over certain areas in Kyrenia, Famagusta, Limassol and the villages of Loutros, Galini and Ambelikou in the Nicosia district and the use of the Foreshore Protection Law, as amended in 1972[22].

In spite of government aims or policies the situation was far from satisfactory. The comments below from International Tourism Quarterly summarises the problems deriving from the lack of comprehensive planning and from the disregard of whatever local regulations there were.

"There has been almost a complete lack of effective town and country planning legislation in Cyprus. As a result development has taken place in an uncontrolled manner. This is especially apparent and regrettable in tourism. Although the government of Cyprus has prepared town and country planning legislation and co-operated with the University of Nottingham on a three-year project, 1967-71, for the preparation of an island plan (physical development plan), local plans (town plans) and area schemes (detailed plans), it has not possible to avert some of the more blatant forms of unplanned development, the most painful example of which is the development of Famagusta".

(22) Address before the House of Representative on the 1974 Budget by the Minster of Finance, Mr Andreas Patsalidis, p.17

It seems to be the case of getting one's priorities conspicuously wrong that the government of Cyprus itself has C£3 million to add another 1,000 beds on the Famagusta beach in 1974 in the form of the Golden Sands complex. If public funds were to be used for pump-priming purposes then, surely, neither the time nor the place were correctly chosen. In the opinion of many experts Famagusta already over-developed in terms of bedspace density in relation to available beach facilities. Equally, the physical planning is defective with high-rise hotels and apartment blocks built too close to the beach and almost barricading the rest of the town from the beach and sea. It is perhaps characteristic of the manner and speed of tourist development in many similar resorts around the Mediterranean that Famagusta has reached such a high degree of development before it has solved its basic sewage disposal problem. Now that a system is being constructure considerable inconvenience is caused to resident and transient population alike. The recreational needs of the population of Famagusta, which during the season is further swollen by day-trippers from as far-away as Nicosia, seem to have given scant attention. These recreational needs of the local population will tend to increase as its standard of living rises and as the "demonstration effect" of foreign tourists, acting as so-called "reference groups", gathers force.

It is, perhaps, a reflection of the manner in which Famagusta has been developed and an indication of the over-crowding already prevailing there during the peek periods, that although 49.6 per cent of all tourists in 1972 were accommodated in this town, according the the visitors' survey of the same year only 43.5 per cent chose it as their location if they were to visit Cyprus again. On the other hand, preference for Kyrenia, which is still relatively undeveloped, was shown to be increasing. Thus, although 18.5 per cent of all visitors in 1972 stayed in Kyrenia, 31 per cent of them stated that they would choose it for accommodation on their next visit to Cyprus. It is not quite legitimate to draw any firm conclusions solely on the above evidence, but one wonders whether it contains a warning regarding the future of Famagusta. One of the most important tasks for both the local authorities and the tourist industry was to try to prevent the alientation of the local population. This is normally the result of an accumulation of the irritations arising out of over-crowding caused by bad planning and area development. The consensus of the local population is an essential ingredient of a thriving tourist industry"[23].

(23) International Tourism Quarterly No.1, 1974. National Report No.13, p.35.

The tourist Industry immediately prior to the Turkish Invasion

The post independence period (1960-1973) was characterised by rapid development. With the exception of mining, all sectors of the economy have displayed a degree of progress unparalleled in the history of Cyprus. It is therefore a notable achievement for the Cyprus tourist industry to become one of the fast growing sectors under such conditions. By the end of 1971 tourism was one of the principal foreign exchange earners and, together with agriculture and manufacturing became one of the three main industries of the island. The year 1974 looked set to break all previous records. Tourist arrivals in the first six months were 17 per cent higher than at the same period of 1973 [24].

Table 13 shows a comparison of the monthly arrivals between the first six months of 1973 and 1974.

(24) International Tourism Quarterly No.3 1976
National report No.32 p.13.

TABLE 13

TOURIST ARRIVALS 1973-1974

	Long stay visitors		Short stay visitors	
	1973	1974	1973	1974
JANUARY	9,885	9,958	10,035	10,070
FEBRUARY	10.011	10,402	9,805	10,024
MARCH	15,930	20,904	18,017	14,093
APRIL	26,385	32,378	15,209	11,880
MAY	24,589	28,828	18,337	12,364
JUNE	24,153	27,362	16,331	14,762
	110,953	129,832	87,734	73,193

Source: Central Bank of Cyprus Annual Report 1975

CHAPTER III

THE IMPACT OF THE TURKISH INVASION

Following an Athens inspired coup during which President Makarios narrowly escaped with his life, the Turkish army invaded Cyprus in July 1974. The fighting that followed resulted in the loss of many lives, the destruction of property, the occupation of nearly 40 per cent of the land and the de facto partition of the island.[25] On top of the geographic partition an almost complete ethnic segregation took place. Some 200,000 Greek Cypriots either fled during the invasion or were forcibly ejected from their homes by the advancing army[26]. In 1975 more than 11,000 Turkish Cypriot refugees in the British bases of Episcopi were allowed to leave for the north[27].

The aftermath

At the end of the military hostilities it was necessary to make provision to deal with the immediate crisis. The task was daunting. An overpowering paalysis had spread throughout the island, and a deep sense of insecurity prevailed. Refugees were everywhere, in tents, schools, and churches, in direlict or semi-completed buildings

(25) Planning Bureau - Emergency Economic Action Plan 1975-76. p.5
(26) The truth about "Economic Warfare" - Public Information Office, Nicosia - July 1979. p.5.
(27) International Tourism Quarterly No.3 1976; National Report No.32. p.14.

and in every place that could conceivably offer shelter, they were even crowding hotels that were hurriedly abandoned by tourists. The Sun Hall hotel in Larnaca, which for months was fervently preparing to open for the summer of 1974 had had its first visitors, a crowd of non-paying guests, refugees from Famagusta.

The first preoccupation of the government was to feed and cloth the refugees. It was perhaps a situation without parallel, for a small country with a population of just over 600,000 people to find almost overnight one third of its people become refugees in their own country.

(a) Political consequences

With the invasion came the collapse of the government of Nicos Sampson which took power following the coup and the eventual return of the legal government of President Makarios.

On the 13th February 1975 the Turkish Cypriot leadership in the occupied north announced the establishment of a Turkish Federated State[28]. This was a unilateral action and though the new state was immediately recognised by Turkey it since remains deprived of any other international recognition. Nevertheless, backed by the Turkish army which had the physical power to guarantee its geographical boundaries

(28) Cyprus problem - historical review and analysis of latest developments - revised July 1977. p.12.

it has formed its own government with all the features that go with a sovereign state. It recognises the legal government of the Republic only as the representatives of the Greek Cypriots, and its declared aims are to establish some kind of federation between two independent states, the Turkish Federated State on the north of the island and its Greek counterpart of the south. The Greeks on the other hand insist on the principle of a unitary state. They are prepared to accede to the Turkish demand of a bi-zonal federation but they are adamant that the unitary nature of the state is maintained with strong central government in charge of such vital services like foreign affairs, defence, customs etc. There was little the government could do except to refer the matter to the U.N. On the 1st November 1974, the General Assembly unanimously adopted resolution 3212 which, inter lia , called on all states to respect the sovereignty, independence, integrity and non-alignment of the Republic of Cyprus and to refrain from all acts and recriminations directed against it; urged the speedy withdrawal of all foreign armed foreces, foreign military presence and personnel from the Republic of Cyprus and the cessation of all foreign interference in its affairs; considered that all the refugees should return to their homes in safety; and called upon the parties concerned to undertake urgent measures to that end[29].

Turkey voted in favour of the resolution and this, at the time, raised some expectations, but events have shown that she had no intention of abiding by the resolution. Furthermore, similar

(29) U.N. Resolution 3212.

resolutions have followed by the General Assembly, the Security Council and other agencies but neither these nor the many attempts at mediation by the U.N. Secretary General, nor the United States of America have brought any results. The U.N. as well as other interested parties appear to think that intercommunal talks offer the best chance for a peaceful resolution of the problems, but such is the prevailing suspicion between the two communities that every attempt to start a dialogue has floundered on procedural issues and there is no sign of the deadlock being broken. Nevertheless, Cyprus remains divided, the refugees are prevented from returning to their homes and the Turkish army with its massive presence in the North casts a menacing shadow over the island.

The political consequences of a divided Cyprus must be viewed with grave concern. The creation of an artificial boundary across a small island will remain a permanent source of friction in the future that could seriously endanger the relations between Greece and Turkey, with unprecendented repercussions on peace in this sensitive area of the Eastern Mediterranean.

(b) Economic and Social Consequences

The economy which had for ten years been advancing steadily was completely disrupted after the invasion. The government suddenly found itself responsible for the very subsistence of a large number of displaced persons who, overnight, became totally dependent on the state. Without doubt the most serious problem created by the invasion was the refugee problem. Within a few weeks, approximately one-third of the islands population became refugees. They abandoned their homes, their property, their employment, and they moved to the other side of the green line (that side being the North or South depending upon the peoples ethnic origin). The people were caught unaware and the speed of the advancing army prevented them from taking any of their personal belongings with them. Displacement of such a large proportion of the population and the concimitant fall in production and income had a serious and adverse multiplier effect, with the result that at the end of 1974 almost half of the total population became, to some degree, dependent on the government.

After the refugees, the most serious problem confronting the government was employment. Following a decade of full employment with the unemployment rate around 1 per cent of the economically active population, the estimated number of unemployed in the south at the end of 1974 rose to 50,000, i.e. more than 25 per cent of the economically active Greek Cypriot population.

Associated with the above two problems were other socio-economic problems which have given rise to various consequences. In its reply to a U.N. questionnaire on Economic Trends, Problems and Policies the Ministry of Finance listed the following:

(I) the dramatic decline in incomes, living standards and aggregate demand,

(II) subsequent reductions in the production capacity,

(III) the creation of a climate of uncertainty with repercussions on investment activities

(IV) the increased pressure on the foreign exchange reserves

(I) <u>the dramatic decline in incomes, living standards and aggregate demand</u>:

According to the Ministry estimates the GDP at constant price in the second half of 1974 amounted to less than 56 per cent of the first part of the year.

(II) <u>subsequent reductions in the production capacity</u>:

Following the occupation of the most productive areas of the island, including all the developed tourists areas (which before the invasion attracted about 75 per cent of the tourists staying in hotels, with 65 per cent of the existing tourist accommodation capacity and 85 per cent of the capacity under construction), and over 55 per cent of the mining output, 46 per cent of the agricultural output (including livestock production) and about 26 per cent of the manufacturing output, the GPD at constant prices of 1967, in 1974 fell by 16.2 per cent in comparison to 1973 and export by about 9 per cent in spite of the fact that production during the first six months of 1974 was rising at an annual rate of 5 per cent in real terms and the fact that 1973 was an exceptionally bad year for agriculture (value added in agriculture in 1973 fell by 30.8 per cent) while 1974 was amongst the best.

(III) <u>the creation of a climate of uncertainty with repercussions on investment activities</u>

Fixed capital formation in 1974, as compared to 1973, dropped by 16.5 per cent at current prices and at constant prices of 1967 by 30.2 per cent.

(IV) <u>the increased pressure on the foreign exchange reserves</u>

As a result of the developments outlined above and consequential budgetary deficits to meet, to a certain extent, the most urgent problems of the refugees, and despite the fall in imports following the reduction in private demand, conditions of increased pressure on foreign exchange reserves were created. Besides the reduction in exports, this was due to the substantial decline of tourist earnings and the reduction of capital inflow during the second half of 1974.

At the end of 1974 foreign exchange reserves stood at CP 103.9 million as compared to 112.3 million at the end of 1973, a drop of 8 per cent.[30]

The reduction in the general incomes, the disruption of intersectoral relations and the uncertainty prevailing resulted in a serious decline of the economic activity in all sections with cumulative effects.

During 1974 the gross domestic product at current factor cost registered a decrease of 9 per cent in comparison with 1973 but of course the invasion did not take place until July. During 1975, the first full year after the invasion, the decrease reached 14.3 per cent as compared with 1974. In real terms the decline in G.D.P. at constant factor cost of 1967 was 18.7 per cent compared to 1974 and 32.4 per cent against 1973.[31] The G.N.P. at current market prices registered a substantial decrease in 1974 and 1975.

See Table 14.

(30) Ministry of Finance: Wrighten reply to the questionnaire on economic trends, problems and policies. May 1976. p.2.

(31) Economic Report 1975. p.1. Statistics & Research Dept. of the Ministry of Finance

TABLE 14

GROSS NATIONAL PRODUCT (AT CURRENT MARKET PRICES) 1970-1975

Year	Total in C£.m	% change over previous year	Per Capita (C£)	% change over pervious year
1970	234.5	7.4	381.3	6.5
1971	270.0	15.1	435.5	14.2
1972	306.1	13.4	489.0	12.3
1973	347.0	13.4	547.3	11.9
1974	311.6	-10.2	487.6	-10.9
1975	268.0	-14.0	419.4	-14.0

Source: Cyprus Tourism Organisation: Information for potential investors in the tourist industry in Cyprus. July 1977

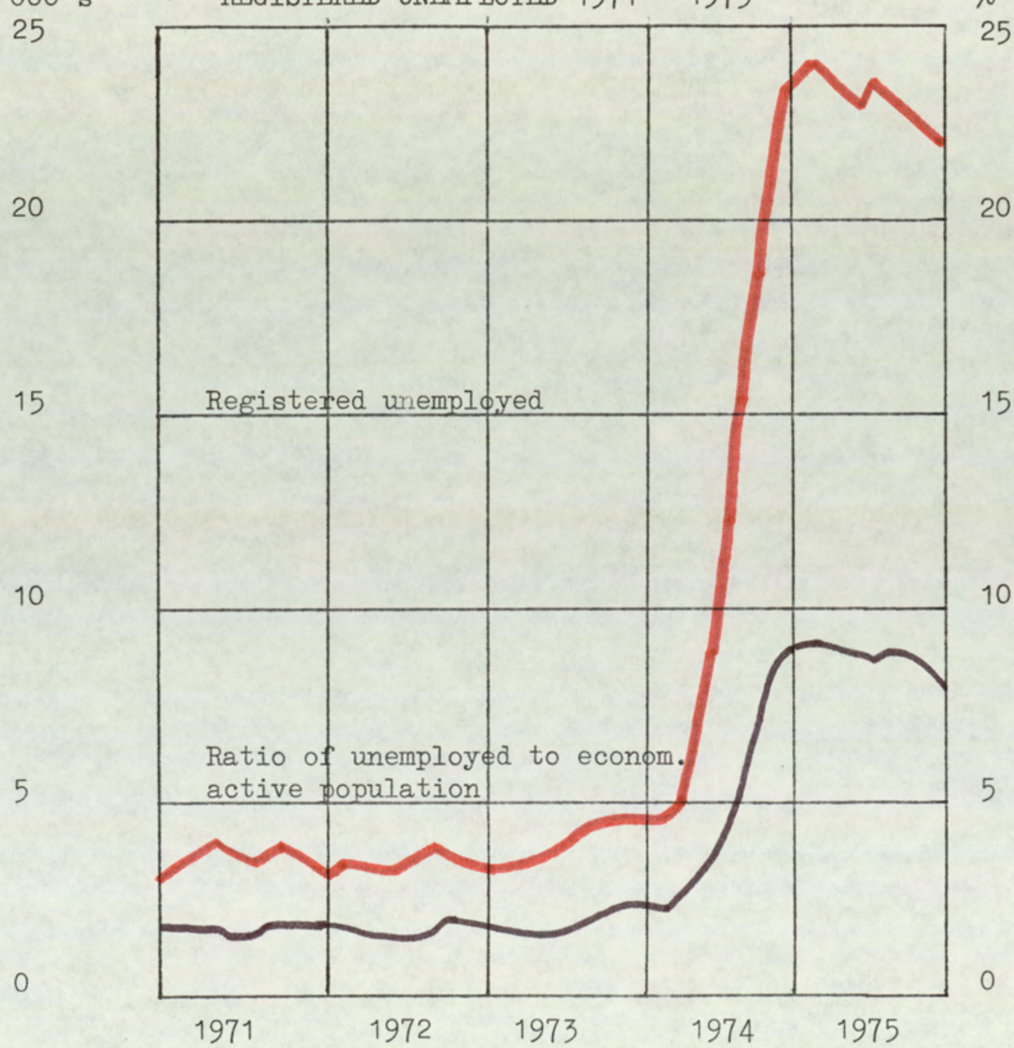
The economy of the island has, for centuries, been developing on the basis of Cyprus being one economic unit, and its fragmentation can only be considered as a retrograde step especially when seen in the context of current international trends. The enormous social and occupational upheavals created by the invasion can only contribute to economic stagnation and neither the Greek nor the Turkish Cypriots can seriously hope to be immunised from its effects.

By March 1975 unemployment peaked 24,238 or 11.7 per sent of the economically active population against 3,314 or 1.2 per cent in 1973[(32)].

(32) Statistics and Research Department. Ministry of Finance. Economic Report 1975 p.1

CHART 1

REGISTERED UNEMPLOYED 1971 - 1975



The housing problem created by the refugees was a nightmare. Almost one third of the island's population found itself homeless and had to be re-housed.

As a result of the continued occupation of the north very substantial fixed assets in productive and natural resources including hotels, tourist developments and other infrastructure, sources of irrigation and water supply as well as land of invaluable tourist merit, were lost. The estimated value of the land, the investments and the fixed assets belonging to Greek Cypriots in the occupied areas was estimated to be in the region of 2.5 billion C.P.[33]

(c) <u>Effects on the tourist industry</u>

The tourist sector had been in a state of euphoria when in July 1974, at the height of the season, the catastrophe occurred. As a result of the invasion the invasion the Niscosia International airpot now lies in the northern zone, and although it is under the protection of the U.N. it is closed to civilian traffic. The closing down of Nicosia International Airport and the occupation of the Famagusta deep sea harbour meant the virtual isolation of Cyprus from the outside world and it is not difficult to imagine the effects of this isolation on tourism. Furthermore the loss of the districts of Famagusta and Kyrenia together with the hotels and the ensuing tourist

(33) Planning Bureau - Emergency Economic Action Plan 1975-76. p.6.

infrastructure meant the depletion of the industry.

According to the C.T.O. publication headed "Consequence of the Turkish invasion on the tourist sector,north of the Occupation line" lies -

65 per cent of the total existing bed capacity (hotels and apartments - about 12,400 beds)

96 per cent of the beds under construction (about 4,050 beds) These beds were expected to be completed before 1st January 1976)

73 per cent of the total investment in tourist accommodation (about 48.4 million C.P.)

40 per cent of the total investment in restaurants, bars etc (about 12.0 million C.P.)

The immediate impact of the invasion was, predictably, the collapse of the tourist industry. If political unrest is enough to cripple a country's tourism, war is one sure way for its destruction. Table 15 and 16 show a sharp fall in the number of arrivals in 1974 and an even bigger fall in 1975, but in order to appreciate the instantaneous effects the invasion had on the tourist industry of Cyprus we have to look at Table 17 which shows the arrivals on a month-by-month basis. As we can see the total arrivals during August and September 1974 was only 1,657 as against 101,805 for the same period of 1973.

TABLE 15

TOURIST ARRIVALS AND ONE-DAY VISITORS 1971-1975

Year	All Arrivals (a)	Visitors for more than a day	One day visitors (b)
1971	245,466	178,598	129,301
1972	300,154	228,309	177,599
1973	352,591	264,066	168,770
1974	205,736	150,478	81,262
1975	109,625	47,084	32,345

(I) includes permanent residents returning and immigrants

(II) not included in All Arrivals

Source: Statistics Research Department and Ministry of Finance - Economic Report 1975

TABLE 16

TOURIST ARRIVALS BY PURPOSE 1969-1976

Year	Holidays	Business	Other	Total
1969	104,289	13,412	305	118,006
1970	115,876	10,481	223	126,580
1971	165,854	12,574	170	178,598
1972	216,778	10,809	722	228,309
1973	252,342	11,385	338	264,066
1974	134,253	12,069	4,156	150,478
1975	33,971	7,334	5,779	47,084
1976	129,249	15,178	35,779	180,206

Source: Cyprus Tourism Organisation: Information for potential investors in the tourist industry of Cyprus July 1977

Out of a total of 150,478 visitors in 1974, 144,966 arrived between January and July. During the remaining period, August to December, the total arrivals numbered a mere 5,512[34].

TABLE 17

TOURIST ARRIVALS BY MONTH "LONG STAY & SHORT STAY VISITORS" 1973-1975

	Long stay visitors 1973	1974	1975	One day visitors 1973	1974	1975
Jan	9,885	9,958	1,306	10,035	10,070	360
Feb	10,011	10,402	1,579	9,805	10,024	760
March	15,930	20,904	2,600	18,017	14,093	1,157
Apr	26,385	32,378	2,988	15,209	11,880	2,196
May	24,589	28,828	3,387	18,337	12,364	2,059
June	24,153	27,362	3,537	16,331	14,762	3,119
July	37,934	15,215	5,915	18,844	5,400	3,446
Aug	34,345	593		18,995	142	5,411
Sept	29,643	794	5,382	18,823	128	5,728
Oct	21,619	1,216	4,350	8,554	1,087	4,213
Nov	13,576	1,334	3,519	7,780	789	2,516
Dec	15,996	1,584	5,640	10,080	503	1,380
TOTAL:	264,066	150,478	47,084	168,770	81,242	32,345

Source: Central Bank of Cyprus Annual Report 1975

(34) Central Bank of Cyprus Annual Report 1975 p.29

(d) The partition

In a country as small as Cyprus with scarce resources and a small home market the various sources of the economy are inextricably inter-related and inter-dependent.

The government of Cyprus has always warned that partition of the island and economic separation of the two communities will have disastrous effects on both the Greek and the Turkish Cypriots. Nevertheless, the Turkish Cypriot leadership has sought to develop an independent economic entity in the north. The borders between the north and the south have been strictly maintained and all economic transactions between the Greek and Turkish Cypriots have been prohibited. Owing to the extremely limited size of the market the artificial separation of the economic resources from manpower and the traditional skills and the regional isolation of the occupied part from the free part of Cyprus there have been inevitable wastages and duplications of facilities resulting in stagnation and unemployment.

Such were the conditions prevailing in the aftermath of the invasion and it is in this light that the recovery of the tourist industry will be examined and evaluated.

In the absence of reliable statistics relating to the north and because of extreme difficulty in obtaining information from the occupied part of the island, this study will, necessarily, have to be limited to the southern part of the island remaining under government control.

CHAPTER IV

RECOVERY - PHASE 1 1975-76 FIRST EMERGENCY ECONOMIC ACTION PLAN

(a) Introduction

In the short period of two years after the Turkish invasion the recovery attained by all sectors was indeed outstanding. Some have described what has happened in Cyprus during this period as an economic miracle.

While admitting that a credible economic revival has taken place, a revival which has helped to alleviate a great number of pressing problems, the Minister of Finance, Mr A Patsalides, had, on the 19 July 1977 at the International Symposium of Journalists in Nicosia, argued that the revival has been facilitated to a large extent by a series of favourable external factors which may not be repeated in the future and by external aid. The following are extracts of the Minister's speech:

.. "if, by economic miracle, we mean the success in averting the complete collapse and the subsequent revival of economic activity the description may be accurate. But if "economic miracle" is interpretated to mean that the problems have been solved and that the pre-conditions have been established for a steady and self sustaining economic growth then the description if far from the truth"

.. "In the case of exports the creditable performance was due by 87 per cent to the favourable movements of international prices and by only 13 per cent to the volume of exports. Another external factor which favoured exports, tourism and capital movement were the events in Lebanon. As far as the balance of payment is concerned the improvement in the foreign exchange reserve position has, to a large extent, been due to exogenous or incidental factors which cannot be regarded as permanent. Similarly, the reduction of unemployment to the still high level of 8-9 per cent in 1976 conceals two important facts. First, a large number of unemployed have gone abroad in search for work and, second, judging from the present productivity records and other indications under-employment must have assumed high proportions".

.. "Notwithstanding the dangers to the economy inherent in the fragmentation of resources, the establishment of a large number of sub-optional units and the vulnerable and less remunerative employment of a very large part of the labour force, the question of whether all these people will be able to stand on their own feet without further government assistance and support is still an open one".

(b) Beginnings of the recovery

Recovery from the military conflict was bound to be a slow and painful process and it is difficult to identify an exact point in time from which recovery commenced. Nevertheless, viewed in the narrow context of reconstruction a start was made immediately the fighting stopped.

The initial source of inspiration came from the address of President Makarious at the U.N. General Assembly on 2 October 1974. It was the first time the people of Cyprus had heard from their leader since he left the island following the coup and though he was thousands of miles away his personal charisma appeared to be working once more. The peoples shattered morale started showing signs of recovery. The resilience and determination of the Cypriots was again slowly asserting itself in the face of the reality of their situation. While the majority of refugees did not abandon their hope of one day returning to their homes and properties there was a growing realisation that this could not be expected to happen in the forseeable future.

Under normal circumstances tourism in 1974 was expected to yield 30 million C.P. in foreign exchange but though the first half of the year attracted a good inflow of traffic by the end of the year 16 million, the expected total, failed to materialise. Clearly the economic situation in Cyprus had altered fundamentally and the bases on which the third Five Year Economic Plan had been prepared were not longer valid.

It had therefore become necessary for the government to reconsider its economic policy in the light of the new realities. With this in mind an emergency action plan was brought forward for the years 1975-76. The central theme of this plan was the reactivation of the economy. This plan was flexible both from the point of view of time and the means to be adopted, so as to meet the requirements of the very fluid situation in the country. In this plan an amount of 51 million C.P. was earmarked by the government for the implementation of the various programmes[35]. This included c£2 million[36] for tourist investment but on the government's own admission the tourist sector was not considered a priority area in the aftermath of the invasion. There were more pressing needs in other sectors and the budget was limited. In any case the general feeling of insecurity prevailing could only hinder the development of a holiday atmosphere.

The short term aspect of the government's tourist policy as detailed in the first Emergency Plan were;

(I) to re-establish contact with traditional markets in Europe so as to facilitate quick reactivation of the industry when conditions allowed.

(II) to secure a satisfactory occupancy rate for the existing hotel units and to encourage completion of all hotel units under construction.

(35) Planning Bureau-Emergency Economic Action Plan 1975-76. p.23
(36) International Tourism Quarterly No.3 1976; National Report No.32 p.17

(III) to encourage the hotel owners to provide a limited amount of extra beds by the year 1976.

(IV) to execute specific infrastructural works in areas connected with tourist development. With particular emphasis on providing work for as many unemployed as possible.

Prevailing conditions and the general atmosphere were not conducive to attracting foreign tourists, but the case was different with Cypriots living abroad and also Greeks from the mainland. Here an appeal was made to their national sentiments. The year 1975 was declared by the C.T.O. as a year of the Greeks from overseas. Commenting on this, the quarterly publication of the Economist Intelligence Unit in its National Report No.32 1976, writes: "A more direct approach was adopted and personal letters were sent to Cypriots living in the U.K., Canada, Australia and South Africa. Special films, to be shown in Greece, were made and the Greek government aided the programme by increasing the exchange allowance up to $450 for those visiting Cyprus".

The strategy of appealing to national sentiment at a time when it was unlikely that disinterested tourists could be attracted, paid off. Of the 17,474 arrivals from the U.K. in 1975, 37.1 per cent of the total, over a third were of Cypriot origin as opposed to 19 per cent in 1973 and 7,506 Greek nationals visited Cyprus in 1975 representing

15.9 per cent of the total as compared to 5.7 per cent in 1973. The fact that in 1975 only 43.5 per cent of all tourists stayed in hotels compared to 80 per cent in 1972 is strong evidence that of the various nationals visiting Cyprus many were of Cypriot origin and stayed with relatives.[37]

(c) Arrivals

A comparison of Table 18, below, with Table 7, will show a very serious nett fall in arrivals from all destinations in 1975. From a total of 264,066 visitors in 1973 the 1975 total dropped to 47,084.

(37) International Tourism Quarterly
Economist Intelligence Unit. National Report No.32 1976. p.18

TABLE 18

TOURIST ARRIVALS 1975-76

THE 15 MOST IMPORTANT COUNTRIES OF ORIGIN

Country of usual residence	Number of arrivals		Percentage change	Percentages on Grand Total	
	1975	1976	75/76	1975	1976
Lebanon	4,312	77,887	1706.3	9.2	43.2
United Kingdom	17,474	34,501	97.4	37.1	19.1
Greece	7,506	15,826	110.8	15.9	8.8
U.S.A.	2,090	4,967	137.6	4.4	2.7
F.R. of Germany	1,108	4,278	286.1	2.4	2.4
Israel	2,677	4,159	55.6	5.7	2.3
U.A.R.	878	3,209	265.5	1.9	1.8
France	776	2,501	222.3	1.6	1.4
Syria	469	2,275	385.1	1.0	1.3
Libya	529	2,159	301.1	1.1	1.2
Sweden	623	1,961	214.8	1.3	1.1
Jordan	504	1,958	288.5	1.1	1.1
Canada	392	1,313	234.9	0.8	0.7
Czechoslovakia	124	1,264	919.3	0.3	0.7
Bahrain	78	875	1021.8	0.2	0.5
TOTAL:	39,535	159.133	302.5	84.0	88.3
OTHER COUNTRIES:	7,549	21,073	167.2	16.0	11.7
GRAND TOTAL:	47,084	180,206	282.7	100.0	100.0

Source: Cyprus Tourism Organisation - Annual Report 1976

Arrivals in 1976 show the first signs of recovery. The total number of 180,206 is only marginally lower than that of 1971. A striking feature of the 1976 arrivals was the number of visitors from Lebanon (77,887). This represented a staggering 1,706.3 per cent increase from 1975 and brought Lebanon to the top of the table, but the majority of the Lebanese visitors were not in fact tourists. They came to Cyprus to escape the Civil War which at the time was tearing their own country apart.

Significant increases in arrivals was recorded from traditional markets like the United Kingdom, Greece, Germany and the United States. Increases from the U.K. and the U.S.A. were partly due to visits from Cypriots living in these countries, continuing to respond to the Cypriot government's appeal. The total number of Cypriot permanent residents abroad who visited Cyprus in 1976 was 25,118 or 13.9 per cent of the total arrivals. Of these, 15,747 arrived from the U.K. compared with 6,211 in 1975, an increase of 153.1 per cent. Likewise the response from Greece was substantial. The total arrivals in 1976 rose to 14,826 or 18.8 per cent compared with 7,506 or 15.9 per cent during 1975[38].

In fact the 1976 arrivals from Greece exceeded those of 1973 which was itself a record year in the history of Cyprus tourism. As shown in Table 19 arrivals from Arab countries in 1976 show a substantial

(38) Cyprus Tourist Organisation. Annual Report 1976. p.7

increase. At 11,594 they are more than double the 1973 arrivals. This is a very significant event for the tourist industry and can be attributed to three main reasons:-

(I) The development of close trade relations between Cyprus and a number of Arab countries.

(II) The presence in these countries of many thousands of Cypriot engineers, electricians, construction workers etc, who, during the post invasion slump, were enticed away by a variety of lucrative jobs, particularly in the construction industry, and the resulting personal relationships that unavoidably derive out of such ethnic intercourse.

(III) The Lebanese civil war which had the effect of diverting wealthy Arabs and Europeans working in the Gulf States away from Beirut and other tourist centres of Lebanon.

The Cyprus Tourism Organisation has always sought out the Arab market for the following reasons:-

(I) Arab traffic provided a significant contribution to C.T.O's efforts towards correcting the seasonability problem, and,

(II) The majority of the Arab visitors have, understandably, shown preference towards the mountain resorts and so help to revitablise these otherwise neglected areas.

Table 19 shows tourist arrivals by main groups of countries of origin for the years 1973-76. It is pointed out that 1973 was the last year before the invasion during which the highest tourist arrivals were recorded.

TABLE 19

ARRIVALS BY TOURISTS BY MAIN GROUPS OF COUNTRIES OF ORIGIN 1973-1976

Countries of origin	1973	1974	1975	1976
EEC and other European countries:	199,946	110,891	30,174	64,555
United Kingdom	116,026	52,938	17,474	34,501
Federal Republic of Germany	26,799	16,812	1,108	4,278
France	4,474	3,568	776	2,501
Belgium-Luxembourg	1,011	1,280	146	477
Netherlands	2,095	1,105	331	692
Denmark	2,554	1,517	245	457
Italy	2,193	1,071	451	1,386
Republic of Ireland	964	622	158	310
Greece	15,017	9,617	7,506	15,826
Sweden	21,605	17,847	623	1,961
Finland	2,308	1,864	175	384
Norway	831	418	82	136
Austria	1,038	565	443	508
Switzerland	2,233	1,157	407	736
Other countries	798	513	249	402
East Block countries	3,746	2,461	1,013	3,463
U.S.S.R.	608	402	394	1,026
Czechoslovakia	1,367	1,029	124	1,264
Bulgaria	629	407	155	1,264
Other countries	1,142	623	340	928
U.S.A. - Canada	19,369	9,050	2,482	6,280
U.S.A.	14,808	6,721	2,090	4,967
Canada	4,831	2,329	392	1,313
Arab countries	5,119	3,817	2,675	11,594
U.A.R.	2,121	1,438	875	3,209
Libya	301	439	529	2,159
Jordan	800	682	522	1,958
Syria	971	576	469	2,275
Iraq	281	164	107	699
Kuwait	440	283	95	419
Bahrain	268	235	78	875
Other countries	35,616	24,259	10,740	94,314
TOTAL:	264,066	150,478	47,084	180,206

Source: Cyprus Tourism Organisational Annual Report 1976

As a result of the sharp increase in arrivals from Lebanon and other Arab countries, the number of visitors from Europe as well as the percentage in relation to the total, had, for the first time, dropped to second place behind Asia. See Table 20 below and graph No.1 on page 61 . For the first time also the United Kingdom slipped into second place behind Lebanon.

TABLE 20

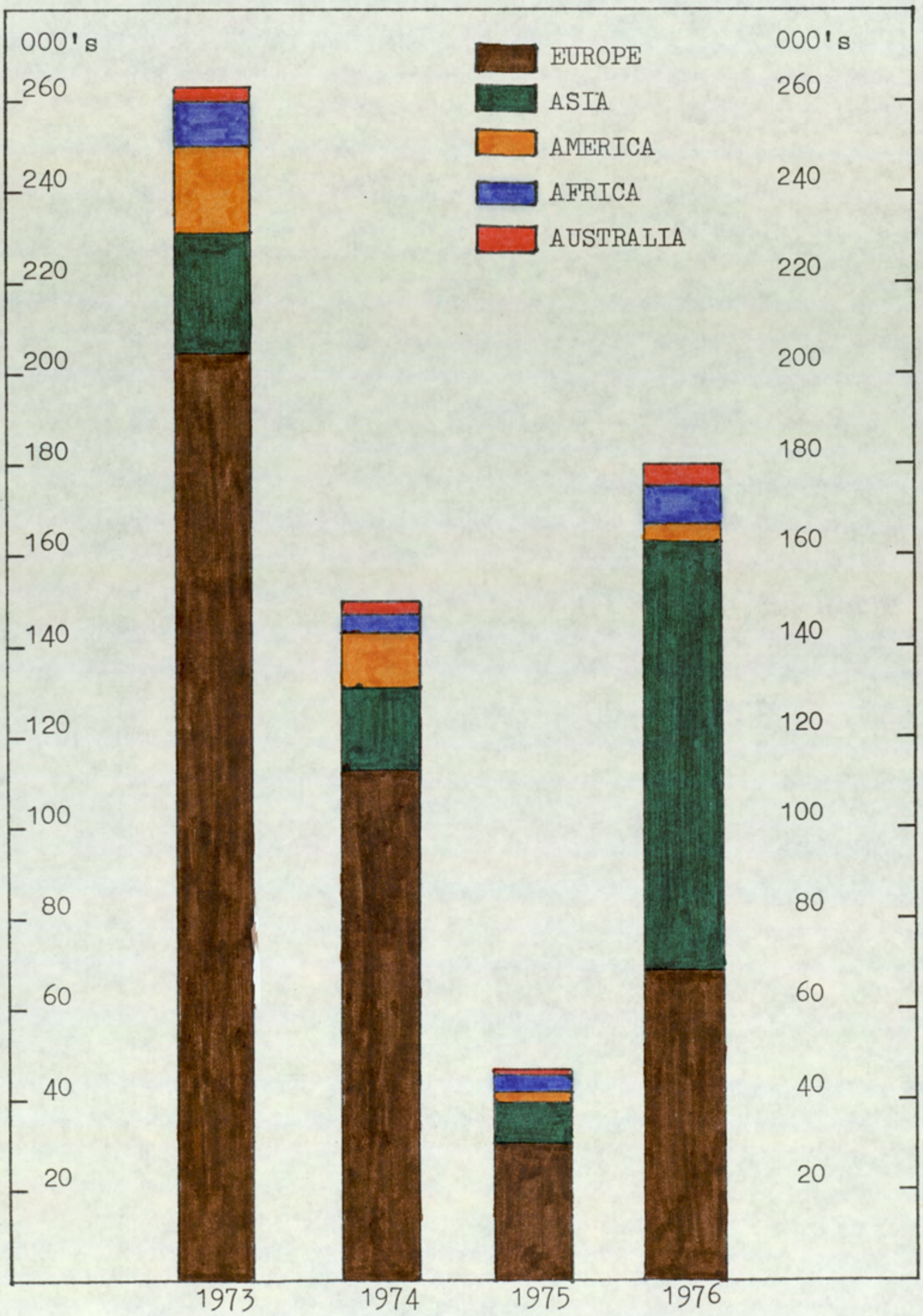
TOURIST ARRIVALS BY CONTINENT OF ORIGIN & PERCENTAGES 1973-76

CONTINENT:	Arrivals	%	Arrivals	%	Arrivals	%	Arrivals	%
Europe	203,692	77.1	113,352	75.3	31,187	66.2	68,018	37.7
Asia	27,587	10.5	19,569	13.0	9,805	20.8	93,384	51.8
America	20,781	7.9	9,656	6.4	2,758	5.9	6,927	3.8
Africa	8,277	3.1	5,420	3.6	2,342	5.0	8,692	4.8
Australia	3,729	1.9	2,481	1.7	992	2.1	3,185	1.0
TOTAL:	264,066	100.0	150,478	100.00	47,084	100.00	180,206	100.00

Source: Cyprus Tourism Organisation Annual Report 1976

GRAPH 1

TOURIST ARRIVALS BY CONTINENT
1973 - 1976



(d) Tourist receipts

Receipts from tourism in 1974/75 fell sharply. From a total of 23.8 million in 1973, they dropped to 13.9 million in 1974 and C.P. 5.4 million in 1975. Tourist receipts in 1975 were only 6.4 per cent of the total invisibles as against 24.6 per cent in 1973[39]. Welcome as the increase in traffic from the Arab countries may have been during 1975 and 1976 the sharp drop in arrivals from West Germany, the U.K. and Sweden must have caused C.T.O. considerable anxiety because while there is no statistical breakdown of earnings by national origin it is evident that visitors from these countries rank amongst the highest spenders. In 1972 average expenditure per visitor was c£82 with West Germans spending on average the most (c£106), followed by the U.K. visitors (c£90) and the Swedes in third place with (c£75)[40].

For the purpose of estimating tourist expenditure in 1976 C.T.O. with the co-operation of the Department of Statistics and Research of the Ministry of Finance, carried out a survey during the period from June 10 to August 31. The findings of this survey were used an an indication by the Central Bank for the calculation of total expenditure by tourists in Cyprus in 1976. Table 21 shows the level of receipts from tourism for the years 1973-1976.

(39) Central Bank of Cyprus. Annual Report 1975, p.30

(40) International Tourism Quarterly No.3 1976.
National Report No.32, p.19

TABLE 21

RECEIPTS FROM TOURISM, EXPORTS AND INVISIBLE RECEIPTS 1973-1976

Year	Receipts in million Cyprus pounds			Percentage of receipts from tourism on	
	Tourism	Exports	Invisibles	Exports	Invisibles
1973	23.8	57.2	97.4	41.6	24.4
1974	13.9	51.9	104.3	26.8	13.3
1975	5.4	52.4	86.1	10.3	6.3
1976	20.7	101.0	106.8	20.5	19.4

Source: Cyprus Tourism Organisation. Annual Report 1976

There is no doubt that 1976 was the key year for the recovery of the tourist industry of Cyprus. The performance of the industry surpassed even the most optimistic projections and this is reflected in the number of tourists that visited the island, the large increase in foreign exchange earnings and the increased investment activity in the sector.

Table 22 shows tourist arrivals in 1976 reaching 180,206 an increase of more than 282 per cent compared with 1975. This is, by any standard, a remarkable achievement even taking into account the very substantial increase in arrivals from Lebanon which are bound to be considered as a temporary phenomenon.

TABLE 22

TOURIST ARRIVALS AND PERCENTAGE BY MONTH 1973-1976

MONTH	1973	%	1974	%	1975	%	1976	%
January	9,885	3.7	9,958	6.6	1,306	2.8	3,875	2.1
February	10,011	3.8	10,402	6.9	1,579	3.4	3,998	2.2
March	15,930	6.0	20,904	13.9	2,600	5.5	6,670	3.7
April	26,385	10.0	32,378	21.5	2,988	6.3	11,346	6.3
May	24,589	9.3	28,828	19.2	3,387	7.2	11,626	6.5
June	24,153	9.2	27,362	15.2	3,537	7.5	16,568	9.2
July	37,934	14.4	15,125	10.0	5,915	12.6	28,337	15.7
August	34,345	13.0	593	0.4	6,881	14.6	27,113	15.1
September	29,643	11.2	794	0.5	5,382	11.4	21,080	11.7
October	21,619	8.2	1,216	0.8	4,350	9.2	17,686	9.8
November	13,576	5.1	1,334	0.9	3,519	7.5	15,885	8.8
December	15,996	6.1	1,584	1.1	5,640	12.0	16,018	8.9
TOTALS	264,066	100.0	150,478	100.0	47,084	100.0	180,206	100.0

Source: Statistics and Research Department. Ministry of Finance

The percentage of arrivals during the months of July, August and September amounted to 42.5 per cent of the total as against 38.6 per cent for the same period in 1973 and 1975 (41). In the context of the industries efforts to achieve a balanced seasonal distribution this would have been a cause for concern, but in 1976 seasonability was the last thing to worry the tourist sector. In any case this was due mainly to visits by Cypriot families permanently residing abroad and also arrivals from Lebanon. (vide tables 18 and 19)

(41) Cyprus Tourism Organisation Annual Report 1976. p.12

TABLE 23

ARRIVALS FROM TEN MAIN COUNTRIES OF ORIGIN BY QUARTERS 1976

Countries of origin	Jan-Mar No	Jan-Mar %	Apr-June No	Apr-June %	July-Sep No	July-Sep %	Oct-Dec No	Oct-Dec %	Total No	Total %
Lebanon	4,120	5.3	16,744	21.5	33,108	42.5	23,915	30.7	77,887	100.0
U.K.	3,130	9.1	7,536	21.8	16,883	48.9	6,925	20.2	34,501	100.0
Greece	1,805	11.4	3,678	23.2	5,557	35.1	4,786	30.3	15,826	100.0
U.S.A.	570	11.5	1,223	24.6	1,888	38.0	1,286	25.9	4,967	100.0
F.R. of Germany	392	9.2	1,374	32.1	1,622	37.9	890	20.0	4,278	100.0
Israel	1,299	31.2	707	17.0	1,435	34.5	718	17.3	4,159	100.0
U.A.R.	343	10.7	774	24.1	1,278	39.8	814	25.4	3,200	100.0
France	203	8.1	508	20.3	1,180	47.2	610	24.4	2,501	100.0
Syria	171	7.5	380	16.7	799	35.1	925	40.7	2,275	100.0
Libya	93	4.3	425	19.7	1,326	61.4	315	14.6	2,159	100.0
TOTAL:	12,126	8.0	33,349	22.0	65,076	42.5	41,211	27.1	151,762	100.0
Other countries	2,421	8.5	6,191	21.8	11,454	40.3	8,378	29.4	28,444	100.0
GRAND TOTAL:	14,457	8.1	39,540	21.9	76,530	42.5	49,589	27.5	180,206	100.0

Source: Cyprus Tourism Organisational Annual Report 1976

TABLE 24

ARRIVALS OF CYPRIOTS PERMANENTLY RESIDING ABROAD BY MONTH 1976

MONTH	NUMBER	%
January	535	2.1
February	597	2.4
March	771	3.1
April	2,900	11.5
May	1,417	5.6
June	2,118	8.4
July	7,689	30.6
August	4,405	17.5
September	1,406	5.6
October	959	3.8
November	729	2.9
December	1,592	6.3
TOTAL:	25,118	100.0

Source: Cyprus Tourism Organisation Annual Report 1976

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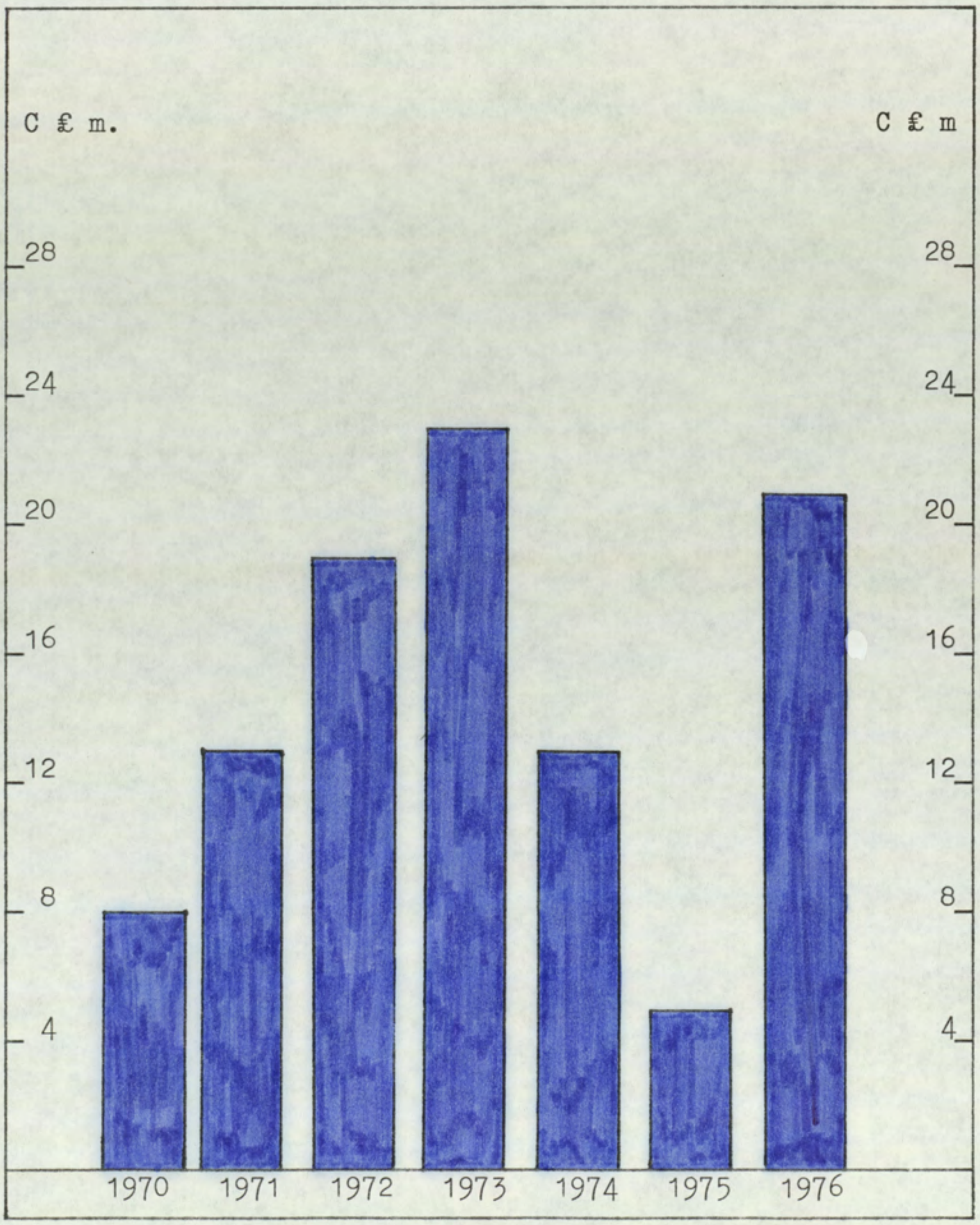
GRAPH 2

TOURIST RECEIPTS 1970 - 1976



In the meantime as we can see from Table 21 p63 earnings from tourism which during the early 1970's was a valuable part of the country's invisibles, began once more to attain importance. In 1976 the sum of c£20.7 million was earned compared with c£5.4 million and c£23.8 million in 1975 and 1973 respectively. The share of gross receipts from tourism in invisible earnings was 24.8 per cent compared to 9.2 per cent in 1975 and 26.0 per cent in 1973[42].

(e) Development of hotels and other infrastructure

The availability of government credit under the first emergency plan, small as that may have been, together with the steady return to normality, encouraged the tourist sector to reactivate. During 1975 a total of 480 beds were added to existing hotels. In the same year building of four small hotels with a total capacity of 321 beds was also started[43]. Of the hotels planned for 1976, four units with a total capacity of 500 beds were scheduled for Paphos, three units with the same capacity in Limassol, two in Larnaca with 170 beds and two at Aya Napia with a total capacity of 200 beds[44]. Due to its geographical position Nicosia, the capital of Cyprus, has never been very popular with the tourists, but for this very reason as well as the fact that it is the natural centre for commerce and industry it has traditionally been attracting the majority of business and other visitors.

(42) Central Bank of Cyprus : Annual Report 1976. p.32

(43) Central Bank of Cyprus : Annual Report 1976. p.34

(44) International Tourism Quarterly No.3 1976.
National Report No.32, p.21

As shown in Tables 25 and 26 by the end of the year there were a total of 52 hotels actually operating in the one-five star bracket with a total capacity of 4,681 beds. This, compared with 48 hotels of a total capacity of 3,880 in the same category in 1975.

Table 25

NUMBER OF HOTELS AND BEDS OF 1-5 STAR IN 1976

Area	5 stars		4 stars		3 stars		2 stars		1 star		Total	
Nicosia	1	300	1	108	6	587	5	299	3	150	16	1,444
Limassol	1	300	3	562	3	282	2	91	2	66	10	1,308
Larnaca	-	-	1	102	1	57	1	15	1	29	4	203
Ayia Napa	-	-	-	-	1	326	-	-	-	-	1	326
Paphos	-	-	1	218	-	-	-	45	2	61	5	324
Hill resorts	-	-	1	160	2	111	4	226	9	579	16	1,076
TOTAL	2	600	7	1,157	13	1,363	13	676	17	885	52	4,681

TABLE 26

NUMBER OF HOTELS AND BEDS OF 1-5 STARS IN 1975

Area	5 stars		4 stars		3 stars		2 stars		1 star		Total	
Nicosia	1	300	1	104	6	501	5	299	3	150	16	1,354
Limassol	1	300	2	226	3	284	2	91	2	66	10	967
Larnaca	-	-	-	-	1	57	-	-	-	-	1	57
Ayia Napa	-	-	-	-	1	126	-	-	-	-	1	126
Paphos	-	-	1	218	-	-	1	45	2	46	4	309
Hill resorts	-	-	1	151	2	111	4	226	9	578	16	1,067
TOTAL	2	600	5	699	13	1,079	12	661	16	841	48	3,880

Source: C.T.O. Annual Report 1976

At the same time another 1829 beds were available in hotel apartments and hotels without stars, and guest houses, thus increasing the total bed capacity of the industry to 6,510 compared with 5,541 in 1975.

At the end of 1976 four hotel apartments units of a total capacity of 63 flats or 304 beds were operated as follows:

Limassol	44 apartments	-	240 beds
Ayia Napa	11 apartments	-	33 beds
Platres	8 apartments	-	31 beds

Of these, two units in Ayia Napa and Platres went into operation during 1976[45]. Finally, as we can see from Table 27 at the end of 1976 there were 62 hotels without star and guest houses with a total capacity of 1,525 beds in operation.

TABLE 27

BEDS IN HOTELS "WITHOUT STAR" AND GUEST HOUSES BY REGION 1976

Area	without star		Guest Houses		Total	
Nicosia	5	138	9	180	14	318
Limassol	5	115	10	180	15	295
Larnaca	-	1	1	13	1	13
Paphos	3	100	1	22	4	122
Hill resorts	26	730	2	47	28	777
TOTAL:	39	1,088	23	442	62	1,525

Source: C.T.O. Annual Report 1976

(45) Cyprus Tourism Organisation Annual Report 1976, p.23-24

New hotels and hotel apartments under construction and extensions to existing hotels in December 1976

Understandably, all the new projects and extensions in 1975 were of very small scale. 1976 saw the return of medium sized developments. Table 28 shows 8 new hotel units of 1-5 star under construction in 1976. At the same time extensions on five existing hotels involving a total of 142 beds were in progress. Moreover, there were under construction two hotel apartment complexes, one in Paphos and one in Limassol, with a total of 227 beds. Thus, the total number of beds under construction at the end of 1976 was 1,348.

TABLE 28

NEW HOTELS AND BEDS 1-5 STAR UNDER CONSTRUCTION BY CATEGORY AND AREA ON 31.12.76

AREA	5 stars		4 stars		3 stars		2 stars		1 star		Total	
	H	Beds	H	Beds	H	Beds	H	Beds	H	Beds	H	Beds
Limassol	-	-	1	242	-	-	1	56	-	-	2	298
Larnaca	-	-	-	-	1	140	-	-	-	-	1	140
Ayia Napa	1	150	-	-	-	-	-	46	-	-	2	194
Paphos	-	-	-	-	3	347	-	-	-	-	3	347
Hill resorts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL:	-	150	1	242	4	487	2	100	-	-	8	979

Source: C.T.O. Annual Report 1976

Under the law for classification of hotels and other tourist establishments, plans for the construction of all tourist establishments have to be approved by the Cyprus Tourism Organisation. During 1976 the hotels committee met three times and examined matters relating to the classification of 131 hotel units. It approved 8 applications for new hotels with total capacity of 869 beds and four applications for the construction of hotel apartments of a total of 609 beds.

(f) Loans and other government expenditures

The remarkable degree of activity in the tourist sector during 1976 can be partly attributed to the realisation that because of the continued occupation of the north the important resorts of Famagusta and Kyrenia were going to remain unavailable to their owners at least for the forseeable future; and that, if there was to be a tourist industry in Cyprus, a new one had to be developed in places like Paphos, Limassol, Larnaca and Ayia Napa. The availability to the private sector of government loans were also a significant factor. These loans were granted by the Loan Commissioners on the basis of the recommendations of the Cyprus Tourist Organisation. In approved cases for development in priority areas additional loans under favourable terms were granted by the Cyprus Development Bank. For an analysis of the loans granted by the Loan Commissioners and the Development Bank in 1976 for the construction of new hotels as well as for the extension of existing units, see Table 29.

TABLE 29

LOANS FOR THE CONSTRUCTION OF HOTELS IN 1976

	New Hotels	Existing Hotels	New Hotels	Existing Hotels
Loan Commissioners	£1,250,00 £ 1,346,000	£ 96,000	£ 432,000 £ 569,600	£137,600*
Cyprus Development Bank	£ 280,000 £ 460,000	£180,00	£ 52,000 £ 52,000	-
TOTAL:	£ 1,806,000		£ 621,800	

Source: C.T.O. Annual Report 1976

As can be seen from Table 30, loans provided by the Loans Commissioners to the hotel industry in 1974 and 1975 were substantially lower than those of the pre-invasion years. While the 1974 total of £254,800 against the amount of £750,900 provided in 1973 represents a drop in percentage terms of something like 66 per cent, even more staggering is the drop in the loans provided in 1975. During the year the amount provided was only £102,800 thus showing an 86.5 per cent from the 1973 figure.

TABLE 30

LOANS ISSUED BY THE LOANS COMMISSIONERS TO THE HOTEL INDUSTRY 1971-1976

Year	Loan Payments C£
1971	775,540
1972	686,560
1973	750,900
1974	254,800
1975	102,800
1976	569,600
TOTAL:	3,140,200

Source: Cyprus Tourism Organisation: Information for potential investors in the tourist industry of Cyprus. July 1977

In addition to these loans and as part of the annual development programme the Government provided sums to be spent direct on tourism and antiquities.

After the invasion it was inevitable that Tourism and Antiquities were going to loose their property status. The Government's attention was focused almost exclusively on a) to feeding, clothing and resettling the refugees and b) to the reactivation of economic and business activities in the south.

Government development expenditure as analysed in Table 31, shows that while in 1973 an amount of £2.2 million or 14.76 per cent of the total was spent on tourism and antiquities the figure dropped to £0.06 million and £0.4 million or 5.66 per cent and 3.36 per cent of the total for the years 1974 and 1975 respectively.

TABLE 31

GOVERNMENT DEVELOPMENT EXPENDITURE 1972-1975

Sector	1972	1973	1974	1975
Agriculture	3.7	4.7	4.3	4.7
Tourism & Antiquities	1.6	2.2	0.6	0.4
Roads	1.7	1.5	1.5	2.1
Ports & Airports	2.7	2.8	1.2	1.1
Education & other social services	0.8	0.8	0.6	0.3
Rural development	0.6	0.6	0.4	0.4
Commerce & industry	0.7	0.6	0.4	0.4
Other	1.4	1.7	1.6	2.5
TOTAL:	13.2	14.9	10.6	11.9

Soruce: Cyprus Tourism Organisation: Information for potential investors in the tourist industry of Cyprus. July 1977

Government expenditure for the sector in 1976 was £.051 million. This is slightly higher than 1975, but still a long way short of the £2.2 million spent in 1973[(46)].

One of the encouraging features of 1976 was that all new hotels as well as other tourist establishments that went into operation during the year achieved a high degree of occupancy in their very first year of operation. Arrivals from Arab and Gulf countries in 1976 exceeded the pre-invasion levels. This unexpected success provided not only the boost that the industry needed but, more important, it helped to project Cyprus once more as a safe and enjoyable tourist centre.

Accommodation and length of stay

Table 32 shows a large drop in the number of visitors staying in hotels during 1975. While in 1974 79,663 visitors or 63.9 per cent of the total stayed in hotels, the number dropped to 18,643 or 43.5 per cent in 1975.

TABLE 32

DEPARTURES OF TOURISTS BY TYPE OF ACCOMMODATION 1974-1976

Year	Hotel		Service Flat		Elsewhere		Total	
	No	%	No	%	No	%	No	%
1974	79,363	63.9	16,304	13.1	28,577	23.0	124,244	100.0
1975	18,643	43.5	1,285	3.0	22,912	53.5	42,840	100.0
1976	98,957	60.4	3,886	2.4	60,935	37.2	163,778	100.0

Source: C.T.O. Annual Report 1976

(46) Central Bank of Cyprus Annual Report 1976. p.34

This can be explained, to a large degree, by the substantial increase of the ethnic traffic. (See page 6 , Chapter II). As expected, this was a temporary phenomenon. The following year with 60.4 per cent of the visitors staying in hotels the situation had, largely, corrected itself. So far as hotel apartments are concerned the percentage of visitors staying in this type of accommodation in 1975 were substantially reduced. This trend was bound to continue beyond 1976. By far the great majority of service flats were to be found in and around the town of Famagusta and as the area had been occupied during the invasion the apartments remained unavailable.

(g) Other Factors

(1) Internal tourism:

The success of the tourist sector in attracting foreign tourists prior to July 1974 had caused the government and industry alike to neglect internal tourism. It was indeed tragic that the industry had to suffer the afflictions of an invasion before turning its attention towards its home market. During 1975 a campaign was mounted through press, radio and television, to persuade Cypriots to spend their vacation in their own country. These efforts were made more systematic in 1976. Thus, parallel to the continuation of advertising campaigns through the mass media by C.T.O. travel agents were persuaded to organise tours to popular resorts while promoting the slogan "Get to Know Cyprus". Other activities in this respect were the organising of many events such as the Ancient Monuments Week which was sponsored by the department of Antiquities, the Anniversary of St. Peter and Paul in Paphos, the Tennis Tournament at Troodos, etc.

(ii) Communications:

A key element in the reactivation of an islands tourism must surely be that of air communication. In the case of Cyprus before the invasion the overwhelming number of tourists used to arrive by air. The invasion resulted not only in the closure of the Nicosia International airport "the islands only functioning airport" - but also the loss to the Cyprus Airways "The National Carrier" of its entire fleet. This was either destroyed or damaged by the bombing. The Larnaca International airport did not open until February 1975. Between August 1974 and February 1975 the island was virtually cut off at least as far as the tourist trade was concerned.

(iii) Hotel rates:

An important consideration in the government's efforts to help the industry on the road to recovery was the competitiveness of the product vis-a-vis other competitor countries. Under the relevant legislation, Cyprus Tourism Organisation instigated a system for fixing minimum and maximum rates for all classified hotels, except the one with five star classification where only minimum rates are fixed. With the co-operation of hotel keepers the 1974 rates were retained up to and including 1976, thus helping to maintain the overall package at competitive levels. The rates fixed for 1977, as shown in Table 33, represent an average increase of about 7 per cent. These rates are inclusive of all services and charges.

TABLE 33

MINIMUM AND MAXIMUM HOTEL RATES BY CLASS OF HOTEL PER PERSON DAILY FOR THE YEAR 1977

Hotel Terms	5 stars		4 stars		3 stars		2 stars		1 star	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
	£		£		£		£		£	
1.Accommodation only										
(a) single room	5750	No limit	5000	5650	3700	4800	2200	3200	1750	2450
(b) double room	4500	" "	3800	4350	2750	3600	2000	2450	1250	1950
2.Bed & break fast(continental)	(+500)			(+450)		(+400)		(+350)		(+350)
(a) single room	6250	" "	3450	6100	4100	5200	2550	3550	2100	2800
(b) double room	5000	" "	4250	4800	3150	4000	2350	2800	1600	2300
3.Half board	(+1500)			(+1400)		(+1250)		(+1100)		(+900)
(a) single room	7750	" "	6850	7500	5350	6450	3650	4650	3000	3700
(b) double room	6500	" "	5650	6200	4400	5250	3450	3900	3500	3200
4.Full board	(+1200)			(+1100)		(+1000)				(+800)
(a) single room	8950	" "	7950	8600	6350	7450	4550	5550	3800	4500
(b) double room	7700	" "	6750	7300	5400	6250	4350	4800	3300	4000

Source: C.T.O. Annual Report 1977

The hotel apartments which until 1975 were unaffected by the price fixing were brought into line in 1976. That year, for the first time, their rates were fixed by class and type of accommodation as shown in Table 34 (below).

TABLE 34

MINIMUM AND MAXIMUM RATES FOR HOTEL APARTMENTS DAILY FOR THE YEAR 1977

Type of Flat	Category A Minimum	Category A Maximum	Category B Minimum	Category B Maximum
	£	£	£	£
1. Studio type	4,700	5,300	4,000	4,500
2. One bedroom	5,200	6,000	4,500	5,000
3. Two bedrooms	8,000	9,200	7,000	8,000
4. Three bedrooms	10,500	12,000	9,000	10,000

Source: C.T.O. Annual Report 1977

(iv) Hotel training and employment:

The serious blow suffered by the tourist industry as a result of the invasion had, inevitably, an adverse effect on hotel employment. A large number of skilled staff left the island for work in countries such as Greece, the U.K., Australia etc. One can only speculate as to how many would return to fill the positions created by the rapid reconstruction that has been taking place. During the year under review the staffing of existing hotels did not create a serious problem. Somewhere in the region of 1300 person of various skills and categories were employed in hotel industry[46] but taking into consideration the industries plans for future expansion the existing capacity of the hotel training schools is insufficient to produce the numbers of trained staff needed. Table 35 shows the number of students attending the two government Hotel Training Schools during the academic year 1976-1977.

(46) C.T.O. Annual Report 1976. p.28

TABLE 35

STUDENTS FOR 1976-1977 SCHOOL YEAR

Courses	Hotel & Catering Institute	Larnaca Vocational School
Basic level:		
1. Waiting	20	)
2. Cooking	22	) 35
3. Pastry	8	)
TOTAL BASIC LEVEL:	50	35
Middle level:		
1. Waiting	6	24
2. Cooking	11	21
3. Housekeeping	6	
4. Reception	11	
TOTAL MIDDLE LEVEL:	34	45
GRAND TOTAL:	84	80

Source: C.T.O. Annual Report 1976

(v) Tourist guides:

The proper training of hotel staff in adequate numbers is universally accepted as an essential element in a successful tourist industry. What perhaps is not readily recognised is the importance of the role of the tourist guides. In this instance the numbers involved are small by comparison but, the importance of providing carefully selected and highly trained personnel cannot be over emphasised. With excursions becoming progressively more popular, many thousands of tourists go on half or full day tours around the island every year. The coaches are, generally, full of tourists sometimes of two or three different nationalities, and they rely to a large degree on the advice and guidance of the guide. His knowledge of the subject, the languages of his group, his manner, his appearance, his personality, have a considerable influence on the success of the tour and an impact on impressions the tourist takes back home. During the year under review 41 new licences were issued under the provision of the relevant legislation to persons practising the profession of guide. At the same time with the co-operation of the Department of Antiquities C.T.O. organisated refresher seminars for qualified Cypriot tourist guides which was attended by 42 persons[47].

(vi) Activities by C.T.O. in promoting tourism:

On the basis of a realistic evaluation of the prevailing situation C.T.O. have mounted a two-pronged campaign. The first, as we have already seen

(47) Cyprus Tourism Organisation. Annual Report 1976. p.27 and p.34

took the form of an appeal to the national sentiments of the Cypriot ex-patriots and of Greeks in general. The second was directed towards the travel trade at large. On the assumption that a disinterested tourist would not readily spend his holidays on a recently war-torn island, C.T.O.'s second campaign was targeted on travel agents, tour operators and journalists as a public relations exercise "to assure them that Cyprus was, once again, safe for tourists". As a result of the campaign, more than 50 tour operators in the traditional markets of the U.K., Germany, Sweden, France, Greece and the U.S.A. have again included Cyprus in their brochures (48). In addition, several tour operators in the Gulf countries, Dubai and Bahrain, have, for the first time, issued programmes featuring Cyprus. Another campaign, vigorously pursued by C.T.O. with the full support of the government, was to inform the trade of the legal consequences from possible collaboration with the Turkish authorities in the North. It appeared that the authorities of the occupied part of the island were making efforts to re-open Greek owned hotels in Kyrenia and Famagusta without the owners consent. According to C.T.O. as a result of this campaign none of the well-known tour operators in the traditional European markets have advertised or featured the Turkish-held part of Cyprus.

PUBLICITY:

The very limited size of the available budget imposed the need for the utmost stringency. The activities of the Cyprus Tourism Organisation

(48) Cyprus Tourism Organisation Annual Report 1976. p.29

in the field of publicity can be divided in two - direct and indirect publicity - and they can be summarised as follows:-

a) Direct Publicity:

(i) Advertising

Limited advertising was carried out in the trade press in Britain and in the daily press of the Federal Republic of Germany and the Gulf countries. In Greece, large scale advertising in both the national and trade press was undertaken but most of this was free, courtesy of the newspaper proprietors and those of a number of periodicals. During the year many thousands of large coloured posters and leaflets in Greek, English, Arabic and Swedish were produced by C.T.O. Ten thousand copies of the Cyprus calendar for 1977 in four languages were distributed abroad. Special series of coloured slides for presentations and projection were produced. Two coloured tourist films, one in English and one in German, were also produced. Finally, C.T.O.'s own bulletin "Trade and Tourist News" was issued in five editions of 1,000 copies and was distributed mainly abroad[49].

(ii) International exhibitions

The Cyprus Tourism Organisation has, during the year under review, participated through its own pavilions, in two international exhibitions. The International Tourism Exchange in Berlin and the Tourist Fair in

(49) C.T.O. Annual Report 1976. p.30

Paris. On both occasions particular emphasis was given to the rebuilding of the confidence of foreign travel agents as well as the public in Cyprus. With the co-operation of some leading Cyprus hotel keepers, the organisation claims to have achieved good progress in projecting Cyprus as a peaceful and enjoyable holiday venue.

b) Indirect publicity:

In this respect C.T.O. with the co-operation of the hotel keepers association and the Cyprus Airways, have organised and hosted a number of visits by foreign tour operators, journalists and travel writers. As an advertising and public relations exercise the visits have become an important medium for Cyprus tourism. When one has confidence in the product one is marketing it is only logical that one would wish to make it available for the clients inspection. Here, for obvious reasons, the invitations went out to those who influence public opinion. According to C.T.O. during 1976 the organisation prepared and implemented hospitality programmes for 208 carefully selected journalists, 69 travel writers and personalities, 354 travels agents as well as representatives of T.V. and radio networks. All these guests, due to their personal role in the sphere of their professional activities or the importance of the newspapers, tourist agencies or T.V. networks on behalf of which they visited Cyprus, contributed considerably to the efforts of putting Cyprus again on the tourist map and most of them wrote favourable articles about Cyprus tourism in their influential newspapers and periodicals. For a detailed breakdown of the above numbers see Table 36 below.

TABLE 36

JOURNALISTS, PERSONALITIES AND TRAVEL AGENTS OFFERED HOSPITALITY IN CYPRUS IN 1976

Country of origin	Journalists	Travel Agents	Photographers	Person-alities
Arab countries	2	19	-	-
Belgium	-	15	-	-
West Germany	26	52	12	8
United Kingdom	115	151	14	52
Greece	17	43	-	-
France	20	24	5	6
Sweden	2	33	-	1
Austria	1	-	-	-
Switzerland	-	-	-	2
Israel	8	15	-	-
U.S.A.	17	2	-	-
Spain	-	2	4	-
TOTAL:	208	354	35	60

Source: C.T.O. Annual Report 1976

As can be seen from the above table the Travel Agents invited to Cyprus during 1976 came from 10 different countries. They included not only managers of travel agencies but also a large number of booking clerks and this, according to C.T.O, was a deliberate matter of policy because quote "our experience suggests that a personal knowledge of the tourist product by booking clerks who come into direct contact with the consumer can influence the latter to a large extent in the choice of his holidays and is one of the best and most effective ways in promoting a tourist destination.

The other mode of activity in this area was the organising of conferences, briefings etc for journalists and travel agents abroad attended by the Director General of the Organisation or senior members of his staff. Moreover, officials of the Publicity Section headed tourists delegations visiting the usual tourist generating countries as well as new candidates like Belgium and Ireland. It is perhaps remarkable that all this activity in direct and indirect advertising publicity have cost C.T.O. a mere £140,850 as per the following breakdown.

		£
(a) Printing of publications		16,000
(b) Press advertising		50,500
(c) Public relations		19,500
(d) Production of tourist films and purchase of copies of films		5,500
(e) Production of slides and photographs		550
(f) Expenditure on the organisation and participation in conferences, exhibitions and similar events in Cyprus and abroad		5,610
(g) Promotion of tourism to Cyprus through the Tourist offices in:-		
(1) London	15,485	
(2) Frankfurt	20,160	
(3) Paris	2,295	
(4) Stockholm	5,295	43,190
Total expenditure on Promotion & Advertising		140,850

(a) International conferences in 1976:

As a result of concerted efforts by government and private organisations, a number of conferences including some with major international significance, were held in Cyprus during the year. Perhaps the most notable at which a total of more than 2,000 persons participated[50] were:

1. The 5th Balkan Conference held by the International Architects Union.
2. The International Symposium on Political Geography.
3. The International Meeting on the promotion of Conferences.
4. The Regional conference of Alitalia.
5. The 1st World Congress of Cypriots Living Abroad.
6. The 14th Conference of the Commonwealth Telecommunications Council.
7. A Seminar on the subject "Survival of small states".
8. A world Conference of International Solidarity with Cyprus.
9. Annual Conference of Exchange Travel Managers.
10. Conference of Swedish Dentists and Nurses.
11. 14th European Conference of National Students Unions.

(b) State land for tourist development:

In the context of the government policy to provide leases on state land for tourist development and in order to make this more attractive to private capacital, C.T.O. has in 1975 made certain

(50) C.T.O. Annual Report 1976 p.33

suggestions for the revision of this policy. In September 1976 the Council of Ministers have approved the following:

(i) That state land should be leased for tourist purposes, i.e. for tourist projects which meet the requirements of the Hotels and Tourist Establishments Legislation as well as other ancillary facilities contributing to the development of both domestic and international tourism.

(ii) That the basis for fixing the rent should be the market value of the state land on the date of approval of the lease by the competent Ministerial Committee provided that either within two years of the date of approval of the lease the implementation of the project will commerce or the relevant agreement will be signed.

(iii) That the date of commencement of the lease should be the date on which the lease agreement was signed.

(iv) That the payment of the first rental should commence on the completion of five years after the signing of the agreement and should be revised every five years, the first revision being made on the completion of ten years after the date of signing the lease agreement.

The basis of revision of the rent now in force should continue to be applied[51].

In this respect and in order to ensure that all new leases conform with the guidelines an inventory was commissioned of all state owned coastal areas.

(c) <u>The protection of the natural environment:</u>

During the year under review C.T.O. have provided a total of £4,227 for such works as the cleaning of beaches, the removal of

(51) C.T.O. Annual Report 1976 p.35

refuse from areas of tourist interest, the protection of green belts, the creation of new ones and the provision of parking places around tourist areas and archeological sites.

(d) <u>Ancillary tourist projects and other infrastructural works: Tourist development of the "Dasoudi" at Limassol</u>

The Dasoudi meaning "little forest" is rather a unique feature for which Limassol and its citizens are proud of. It covers an area of approximately one square mile of woodland, and it has about three miles to the east of the town, it stretches between the main road connecting Limassol with Nicosia and the sea. The plan to develop this area for tourist purposes has sparked off a great deal of controversy. The Dasoudi Preservation Society was formed and together with other interested bodies has created a strong lobby for the preservation of this small but beautiful area. The preservationists who wanted to see the very idea of a development abandoned have succeeded in forcing a number of important amendments to the proposed development. The panel of experts set up to examine the original plans have declined to endore them and have entrusted the preparation of new plans to architects from Limassol with instructions that the natural environment is protected. During the year under review the new plans were approved by the Council of Ministers and work on basic infrastructure works was started. In the same year the construction of four quays for the purpose of controlling erosion and attracting sand to the Dasoudi was complete at a cost of £15,OO.[52]

(52) C.T.O. Annual Report 1976 p.36

Public Beach at Larnaca

On the basis of an outline plan prepared by the Town Planning Department work was commissioned for the preparation of plans for the creation of a public beach some three miles to the east of the town.

Tourist Pavilions

(i) The construction of a new pavilion at Petra-tou-Romiou was started during the year under review and was completed during the summer of 1977. At the same time a new access road from the main Limassol-Paphos road to the pavilion was completed. During the whole stretch of this service road trees were planted on either side.

(ii) By the first quarter of 1977 substantial works on extension and refurbishment of the pavilion at Fontana Amoroza were concluded. This included the construction of new toilets, changing rooms, extension of the verandah, change of the glassware, the improvement of electrical installations etc.

Picnic and Camping Sites

With the co-operation of the Forest Department and at a cost of £4,890 C.T.O. have created a picnic site at Platania and have extended existing sites at Pasha Livadhi, the Prodromos Dam and

Mandra tou Kampiou. The work carried out included, water supply, widening of access roads, the creation and enlargement of car parking sites, the provision of permanent tables and benches, the construction of hearths and grills for barbeque and the construction of refuse receptacles.[53]

Development of the Larnaca Marina area

The reclaimed land surrounding the Larnaca Marina became the subject of a great deal of interest by the private sector. Because of this and in order to attain a balanced development of the site, safeguarding at the same time the needs of the area, the Town Planning and the Housing Departments in co-operation with the C.T.O. undertook to prepare a land use study of the area. In the meantime and in the absence of legislation regarding the management of the marina, the Council of Ministers authorised the C.T.O. to take over the temporary management until such time as the relevant law making the C.T.O. responsible for the management of the marinas was passed. This law was subsequently enacted in February 1977.

Hill resorts

During the year under review the committee that was set up to study the problems of the revitalisation of the hill resorts have submitted to the government an interim report with proposals for certain projects to be included in the 1977 budget. The final suggestions of this

(53) C.T.O. Annual Report 1976. p.37

committee invovling projects and measures to be taken within the next five years were to be submitted the following year.

(e) Long term development of the coastal areas

By the end of 1976 it became obvious that the tourist sector was becoming once more an important source of foreign exchange. At the same time the loss of 40 per cent of the land and in particular the important coastal areas of northern Cyprus following the invasion have dictated the need for a comprehensive long term plan to co-ordinate tourist development on a national basis. With this in mind and on the basis of the technical co-operation programme of the Commonwealth fund, a firm of consultants were commissioned to prepare a ten-year plan of the tourist development of the islands coastal areas under the control of the state. This plan was expected to lay down the strategy for tourist development within the framework of the overall development of the island and would provide details concerning the type and design of hotel units, their rate of development, the creation of basic general and tourist infrastructural works and measures to be taken in order to achieve a balanced development without detrimental effects on the environment, or the archeolgical wealth and the social values of the island. This Study was completed in 1977. It was expected to form the basis of the future tourist development and also to serve as a guide to the private sector for investments in the tourist field, but it failed to receive government approval.

(f) Problems remaining at the end of 1976

The economic targets of the first emergency plan have to an appreciable degree been achieved. The Gross Domestic Product at constant 1973 factor cost rose to C£244.4 million in 1976. This was about 21 per cent lower than the 1973 level, but the overall growth rate attained over the same period was in the order of 15 per cent reflecting an impressive pace of economic reactivation[54]. However, the evidence collated in this chapter indicates an even more remarkable array of achievements in the tourist sector. Here all targets have been met and in some respects surpassed, nevertheless formidable problems remain and it is on the success of the government and the industry in solving these problems that the long term future of Cyprus Tourist Industry rests. The most important of these problems are:

(i) the revitalisation and reactivation of mountain resorts which have been declining over many years

(ii) the perennial problem of seasonability, a fact which impedes the optimum utilisation of investments

(iii) the continuing hesitation in some of the traditional markets to visit Cyprus since the invasion which is caused by a feeling of insecurity persisting in some quarters

(iv) the inability of the industry to break into a wider market and the continuing reliance on a small number of countries for the major part of the business

(54) Cyprus Industrial Journal. July 1977. p.148

(v) the premature shift of the bulk of the industry following the Turkish invasion towards new areas have found the country unprepared and this created a shortage of ancillary facilities and other infrastructure

(vi) the need to establish adequate connection with major tourist centres and also researching for ways to maintain Cyprus as a competitive contender in view of the high cost of transportation created by the islands distance from the major tourist exporting countries.

CHAPTER V

RECOVERY PHAS II - 1977-1978

SECOND EMERGENCY ECONOMIC ACTION PLAN

Following two years of intensive efforts by government and industry the foundations were laid once more for the restoration of the tourist sector to pre-invasion levels of development. The experience gained and the existing prospects led to the conclusion that tourism should take anew its place as a high priority sector in the Government programme. This was infact reflected in the aims, targets, policy and expenditure programmes of the second Economic Action Plan for 1977-78[55].

This plan was again of a two year duration and although the rational behind this short planning period was the same as in the case of the First Emergency Plan, individual targets of the new plan have been based on longer term perspective of development prospects[56].

The experience gained in the First Emergency Plan together with C.T.O.'s estimated prospects led the government to reappraise the priorities in the New Plan. Tourism became once again a priority sector and this was reflected in the policies the targets and the expenditure programmes of the Second Emergency Plan.

(55) Cyprus Industrial Journal. Nov-Dec. 1977 p.277

(56) The Cyprus Economy. Address by the Minister of Finance Mr A Patsalides at the International Symposium of Journalists in Nicosia. July 1977. p.10

(a) Objectives

The objections of this plan so far as the tourist industry was concerned can be summarised as follows:

(i) To attract a sufficient number of tourists so as to ensure a satisfactory occupancy rate in the existing tourist establishments and those to be created

(ii) To extend the tourist season

(iii) To diversify the sources of origin of the tourist traffic

(iv) To attract tourist traffic of a high income composition

(v) To create new tourist establishments in suitable areas for the purpose of attracting a larger number of tourists

(vi) To create the necessary works of a purely tourist infrastructural nature to ensure the comfortable stay of tourists in Cyprus

(vii) To maximise foreign exchange earnings from tourism

(viii) To develop domestic tourism by providing all facilities to Cypriots and by encouraging them to spend their vacations in Cyprus instead of abroad

(ix) To place the tourist development programme within the framework of the town planning schemes and regional development schemes of the country

(x) To maintain the competitiveness of Cyprus as a tourist country. As a result of the success of the tourism sector during the first Emergency Plan it was now inevitable that the government would adopt a far more ambitious programme. Whilst the objectives of the First Emergency Plan were no more than measures for survival those of the Second appear more enterprising and they covered a wider scope. They are in many respects similar to the objectives that existed before the 1974 invasion[57].

Targets

Expenditure

(a) Tourist beds: According to the planning bureau the number of tourist beds for the period 1977-78 were to a large degree predetermined by decisions taken during the period of the First Emergency Plan. Something like 2-3 years are required between decision for investment and the completion of a small to medium tourist project. As can be seen from Table 37 it was anticipated that a total of 6,805 beds were going to be available in 1978 as against 4,985 in 1976.

TABLE 37

HOTEL CAPACITY 1976-1978

	NUMBER OF BEDS	
	1976	1978
Seaside areas	2,434	4,162
Nicosia	1,144	1,444
Mountain resorts	1,107	1,199

Source: Planning Bureau, Planning Commission, Second Emergency Economic Action Plan 1977-78

(57) Cyprus Tourism Organisation Annual Report 1976. p.38

The breakdown of the bed capacity into three areas enables one to follow the government's thinking on the expansion of the tourist industry. It is interesting to note that while the plan provides for the near doubling of beds in seaside areas, the increase provided for in the mountain resorts is insignificant, and for Nicosia, no provision for increase was made.

In accordance with the proposed expansion it was estimated that the bed capacity for foreign tourists for 1977 and 1978 on the basis of 65 per cent occupancy would be 170,000 and 190,00 respectively[58].

(b) Expenditure for tourist development and projects:

The total expenditure planned for the period under review for the tourist sector was £3.0 million. Out of this it was expected that £2 million was to be provided in the form of loans. It was intended that the Cyprus Tourism Organisation as well as the government were to confine this expenditure to infrastructural works and ancillary tourist projects and that the creation of tourist accommodation establishments was to remain primarily the task of the private sector.

More specifically the expenditure programme of the C.T.O. during the period 1977-79 included among others the following:

(58) Planning Bureau, Planning Commission. Second Emergency Economic Action Plan 1977-78. p.123

(I) Tourist development of Dashoudhi. The main part of the first phase was completed. In addition to infrastructural works, the first phase includes the erection of an administrative unit, restaurants and bar, changing rooms and the commencement of work relating to sporting grounds.

(II) Creation of Public Beaches. It was planned to create such facilities at Larnaca and Paphos.

(III) The completion of the erection of the pavilion at Petra tou Rominou; It is anticipated that this pavilion will be completed and put into operation.

(IV) Development of the Troodos Square and Creation of a pavilion at the "Sun Valley" location. The previous plan for this square was revised and certain work, particularly parking places for vehicles was brought forward.

(V) Implementation of certain necessary works for the operation of the Larnaca Marina on a more organisation basis.

(VI) Creation of picnic sites and small tourist facilities, execution of minor embelishment works, improvement of the environment in sites of archaelogical interest etc.

(VII)Execution of other important infrastructural works of tourist significance for which provision is made was the development programmes of other sectors.[59]

(59) Planning Bureau, Planning Commission. Second Emergency Economic Action Plan 1977-78 p.124

(b) Policies

In the context of the severe competition prevailing within the tourist industry on an international level and given the fact that the distance between Cyprus and the tourist markets of Western Europe and Scandinavia is greater than that of its competitors with the ensuing problem of higher transport costs, measures had to be taken to mitigate this problem. In this respect the Second Emergency Economic Action plan identifies the following:

Efforts towards attaining higher aircraft occupancy rate, expanding charter flights, the offering of reduced air fares during periods of low traffic, extending air communications with more tourist exporting countries and keeping prices of hotels and other tourist services at competitive levels.

1) Promotion and Publicity

At the end of 1976 it became apparent that the effects of the 1974 invasion were still inhibiting progress in the tourist sector. The question of safety, coupled with the fear for renewed hostilities was still lingering in the minds of prospective visitors. Within this context the Government decided that more funds would have to be made available within the second emergency plan for advertising. According to CTO the money was to be spend as follows:

a) On direct publicity, by advertising in the daily press of traditional markets.

b) To public relations exercises directed towards travel agents and tour operators of both traditional and new markets, in order to remind them of the tourist attractions of the Island and to reasure them that Cyprus has again reverted to its usual peaceful, happy carefree self and to persuade them to issue special tourist programmes for Cyprus, and generally to contribute to the publicity and promotion of the Cyprus tourism.

A special category of tourists which as we have seen are of great significance for Cyprus, is that of Greeks living abroad and also that of tourists from Greece. Special efforts were made for increasing the tourist traffic from these sources. Particular emphasis was given to the attraction of tourist traffic connected with the organisation of conferences, congresses and seminars and to the encouragement of winter tourism. Other measures undertaken include the invitation to Cyprus of personalities connected with tourism, the participation in tourist fairs, the establishment of new Tourist Offices abroad etc.

II) <u>Loan Financing of Tourist Establishments</u>:

Available facts indicate that tourism would again play an important role in the development of the economy. On the basis of existing data and prospects, the attainment of about 12.4 per cent average annual increase of tourist arrivals from abroad during the years 1979-81 appears to be feasible. This means that by 1981 the number of tourists will exceed 270,000. However the task of creating the necessary hotel capacity and other ancillary tourist development facilities must start immediately.

The Government has decided that its Loans Financing Scheme for tourist establishment as well as the policy of leasing state land on a long term basis would be continued in order to encourage and facilitate the creation of the required number of beds. It was decided to expand the loan financing scheme so as to cover the provision on a restricted scale of loans for the improvement of houses for tourist development, for the supply of sea sports facilities and the implementation of other projects of general tourist development. It was also decided, for purposes of loan financing, to adopt the density ratio envisaged for those areas where town planning zones are in force. This measure constitutes a substantial relaxation of the relevant provision included so far in the loan financing policy. The limits for loans to be issued for each year of the Second Emergency Plan were set at £1 million as against £600,000 for 1976[60].

The provisions of the Special Funds for financing Priority Projects is a further indication of the emphasis the Government continues to place on the tourist sector and its further development. Under this scheme, loan applications for tourists projects during 1978 were of the order £2.3 million or 16.7 per cent of the total resources of the fund. In addition, the Government increased its spending, out of the

(60) Planning Bureau, Planning Commission, Second Emergency Action Plan 1977-78. p.123-124

development budget on tourism and antiquities from £0.67 million in 1977 to £0.74 million in 1978. The loan commissioners granted loans to the value of £1.2 million compared to £0.99 million in 1977. The bulk of the financing of the investments in tourists projects came however, mainly from the banking sector. The advances and loans by the commercial banks, to the tourist industry (including the fund for financing priority projects) rose to £18.8 million compared to £15.9 million in 1977[61].

(c) Summary of results

In 1977 we saw a negative tourist growth in the region of 1.9 per cent. Tourist arrivals during the year reached 178,186 against 180,206 for 1976[62]. This is not surprising in view of the phenomenal increase in the previous year. Combined arrivals of tourists and excursionists during 1977 reached 252,695. This represents an increase of 17.7 per cent compared with 1976. See Table 38

(61) Central Bank of Cyprus Annual Report 1978 p.36-37
(62) C.T.O. Annual Report 1978 p.7

TABLE 38

ARRIVALS OF VISITORS 1973-1977

Category of Visitors	1973	1974	1975	1976	1977	Percentage change 1976-1977
Tourists	264,066	150,478	47,084	180,206	178,185	-1.1%
Excursion-ists	168,770	81,262	32,345	34,489	74,503	+116.0%
Total:	432,836	231,740	79,429	214,695	252,695	+ 17.7%

Source: C.T.O. Annual Report 1978

The year 1978 was very successful for the tourist industry of Cyprus, second only to 1976 where the special circumstances of the aftermath of the invasion have brought about a performance that cannot be expected to be repeated. The number of tourists visiting Cyprus during the year reached 216,679, i.e. an increase of 21.6 per cent over the 1977 figure of 178,187. Even more impressive is the increase in excursionist arrivals. The number of visitors in this category in 1978 reached 145,328 which compared with 74,503 in 1977 represents an increase of 95.1 per cent. If one looks at the total arrival of visitors the 1978 total of 362,007 represents a 43.3 per cent increase of the 1977 total of 252,688. It is therefore reasonable to describe 1978 touristically as the most significant year of the post-invasion era. With the 1978 success the tourist industry comes within reach of the 1973 all-time high performance. Furthermore the percentage increases in 1978 compared with the corresponding increase in the world tourist traffic of between 7 per cent and 9 per cent over 1977. 'Estimates of the World Tourism Organisation' (63) is indeed impressive.

In its report for 1978 C.T.O. analyses the most important achievements as follows:

(i) The very satisfactory development of our traditional markets of the United Kingdom, Greece, the Federal Republic of Germany, U.S.A., France and Sweden.

(ii) The satisfactory growth of the tourist traffic of Cypriots living abroad and

(iv) The spectacular development of the traffic of one-day excursionists which almost doubled compared with 1977.

(v) The bulk of the tourist traffic to Cyprus came from high income groups.

(vi) Foreign exchange receipts from tourism amounted to about £33.3 million compared with £23.8 million in 1977, i.e. there was an increase of 40 per cent.

(63) Cyprus Tourism Organisation. Annual Report 1978. p.7.

(vii) Cyprus has again become an attractive tourist country and the number of tour operators and travel agents around the world featuring Cyprus in their 1978 programme, increased considerably compared with 1977, rising from 100 in 1977 to 130 in 1978.

(viii) Domestic tourism has developed considerably through the revival of the social tourism system which expanded and extended particularly during the summer season, through subsidising excursions and also by the creation of basic tourist facilities such as, for example, picnic places, camping sites and tourist pavilions.

(ix) The tourist season has been lengthened covering almost 12 months.

(x) Hotels and other tourist establishments achieved very high occupancy rates.

(xi) The construction of new hotel units continued at a fairly satisfactory pace. Six star hotels with a capacity of 1,069 beds became operational, 81 beds were added to existing hotel apartments and a total of 16 hotels of one to five stars with a total of about 2,170 beds as well as 12 hotel apartment units with a capacity of 1,324 beds were under construction. Interest by the private sector in the construction of new hotels is increasing and the results of this interest will become more evident during the 1980-81 period when the hotels under construction will have been completed.

(xii) The construction of basis infrastructural and tourist works continued at a very satisfactory pace. Thus a public beach was completed at Larnaca which was put into operation in May 1978. Planning for the tourist development of Dasoudi Beach, Limassol, was completed and work started on the construction of infrastructural and superstructural works. A similar study was completed for the development of land near the Larnaca Marina. While a study for the creation of a camping site in Limni locality, Polis, is at an advanced stage. Finally new picnic places were created within forest areas and existing ones were expanded and improved.

(xiii) The competitiveness of Cyprus as a tourist country compared with other rival tourist countries in the Mediterranean has been maintained.[64]

d) Arrivals

It is evident that the degree of expansion of the tourist industry of Cyprus during the period of the Second Emergency Plan has been formidable. The targets set for each of the two years have been surpassed. Thus the 1977 arrivals reached 252,688 against the estimated figure of 170,000. Likewise the 1978 arrivals totalled 362,007 against 190,000 envisaged in the Emergency Plan.[65] Table 39 shows the

(64) C.T.O. Annual Report 1978. p.1-2
(65) C.T.O. Annual Report 1978. p.7

total arrivals of tourists and excursionists for the years 1973, 1975-1978 and Table 40 gives a month by month breakdown of tourist and excursionists arrivals for 1973, 1977-1978.

TABLE 39

ARRIVALS OF VISITORS 1973, 1975-78

Category of Visitors	1973	1975	1976	1977	1978	Percentage of change 1977-1978
Tourists	264,066	47,084	180,206	178,185	216,678	+21.6%
Excursionists	168,770	32,345	34,489	74,503	145,328	+95.1%
Total:	432,836	79,429	214,695	252,688	362,007	+43.3%

Source: C.T.O. Annual Report 1978

TABLE 40

ARRIVALS OF TOURISTS AND EXCURSIONISTS BY MONTH 1973, 1977-78

Month	Tourists			Excursionists		
	1973	1977	1978	1973	1977	1978
January	9,885	9,407	7,908	10,035	2,912	4,371
February	10,011	9,499	8,713	9,805	2,587	6,519
March	15,930	12,364	13,146	18,017	4,972	7,025
April	26,385	16,855	16,612	15,209	5,738	8,533
May	24,589	12,718	15,034	18,337	5,074	8,176
June	24,153	13,559	16,032	16,331	5,823	9,775
July	37,934	28,122	32,623	18,844	7,381	13,646
August	34,345	21,937	29,035	18,955	9,780	16,018
September	29,643	16,776	23,090	16,823	8,588	16,406
October	21,619	12,825	21,429	8,564	9,718	23,139
November	13,576	10,887	16,704	7,780	5,696	22,420
December	15,996	13,596	16,353	10,070	6,234	9,300

Source: C.T.O. Annual Report 1978

Arrivals of tourists by country of origin

Table 41 shows change in arrivals of tourists from the 20 most important destinations and the percentages from such arrivals vis-a-vis the total for the years 1977-1978.

TOURISTS ARRIVALS 1977-1978

TABLE 41

The 20 Most Important Countries (in 1978)

Country of usual	1977	1978	% change	Percentage on Grand total 1977	1978
U.K.	55,565	74,593	34.2	31.2	34.4
Lebanon	26,307	25,866	1.7	14.8	11.9
Greece	22,376	25,518	14.0	12.6	11.8
W. Germany	7,708	10,573	37.2	4.3	4.9
U.S.A.	7,477	7,049	5.7	4.2	3.3
Sweden	3,127	6,516	108.8	1.7	3.0
Israel	4,408	5,340	21.1	2.5	2.5
Jordan	3,240	4,682	44.5	1.8	2.2
Finalnd	1,189	3,770	217.1	0.7	1.7
C.S.S.R.	2,152	3,586	66.6	1.2	1.7
France	2,899	3,512	21.1	1.6	1.6
Kuwait	2,091	3,311	58.3	1.2	1.5
Syria	2,139	3,198	49.5	1.2	1.5
S. Arabia	1,894	3,148	66.2	1.1	1.4
Switzerland	1,118	2,606	133.0	0.6	1.2
Bahrain	1,971	2,287	16.0	1.1	1.1
Egypt	5,790	1,939	-66.5	3.2	0.9
Canada	1,831	1,700	-7.1	1.0	0.8
Italy	1,641	1,498	-8.7	0.9	0.7
Netherlands	1,106	1,231	11.3	0.6	0.6
Total:	156,029	191,922	23.0	87.6	88.6
Other countries	22,156	24,757	11.7	12.4	11.4
Grand total	178,185	216,679	21.6	100.0	100.0

Source: C.T.O. Annual report 1978

There has been a considerable increase in arrivals from the traditional markets, i.e. the United Kingdom, Greece, F.R. Germany and Sweden. Thus, arrivals from the U.K. rose to 55,565 in 1977 or 31.2 per cent of the total against 34,501 or 19.1 per cent during 1976 whilst in 1978 arrivals reached 74,593 or 34.4 per cent of the total.

Arrivals from Greece in 1977 rose to 22,376 or 12.6 per cent compared to 15,826 or 8.8 per cent in 1976. The 1978 arrivals reached 25,518 an increase of 3,142 on 1976. But on a percentage basis visitors from Greece during 1978 have shown a negative growth of 0.8 per cent. Visitors from the F.R. of Germany in 1977 reached 7,708 or 4.3 per cent compared with 4,278 or 2.4 per cent in 1976. Whilst in 1978 the total was 10,573 or 4.9 per cent of the total. Tourist arrivals from Sweden have increased substantially both in numbers and in percentage terms. Thus, 1977 arrivals reached 3,127 against 1961 in 1976 representing an increase of 59.5 per cent. An even more impressive increase was achieved during 1978 when the number of arrivals reached 6,516 an increase of 108.4 per cent on 1977. There is little doubt that the most significant factor, was the re-introduction of chartered flights from Sweden during 1977. Charters are also the principle contributor to the quadrupling of the number of arrivals from Finland where the 1978 total of 3,770 represented a 217.1 per cent increase against 1,189 in 1977. The 1978 percentage on the grand total was 1.7 per cent against 0.7 per cent in 1977.

Another area of first time success was Switzerland. Arrivals in 1975 reached 2,605 or 1.2 per cent of the total. This represents an increase of 13.3 per cent against the 1977 arrivals which stood at 1,118 or 0.6 per cent of the total. The success of this instance can be attributed to the introduction in April 1978 of a direct service by Cyprus Airways between Larnaca and Zurich.
With some exceptions Table 42 shows arrivals to be developing in a very satisfactory manner. The notable exception is Egypt. Arrivals from this country have dropped from 5,790 in 1977 to 1,939 in 1978 representing a negative growth of 66.5 per cent. The reason for this decline is the incident at Larnaca airport in February 1978 concerning the Palestinian hostages which resulted in the disruption of relations between Cyprus and Egypt and the suspension by Cyprus Airways and Egyptian Airways of the flights between Larnaca and Cairo.

Visits from Cypriots residing permanently abroad have registered a steady increase. Arrivals in this category in 1977 reached 28,507 or 16 per cent of the total. In 1978 the number was 34,389 or 15.9 per cent. Of this arrivals by Cypriots residing in the U.K. continue to show a very satisfactory growth. Arrivals in 1977 reached 22,305 or 41.6 per cent increase on the 1976 total of 15,747.[66]

Arrivals of tourists by continent

The composition of arrivals by continent is shown in Table 43. The percentage of arrivals from Europe in relation to the total rose substantially during 1977 and 1978.

(66) C.T.O. Annual Report 1978 p.8-10

Even more satisfactory is the situation in 1978 where arrival reached 26,916 i.e. an increase of 20.7% against 1977 (67)

Table 42 ARRIVALS OF TOURIST BY THE MAIN GROUPS OF COUNTRIES OF USUAL RESIDENCE 1973, 1976-1978

Country of usual residence	1973	1976	1977	1978
EEC & other European countries	200,156	64,818	100,682	134,189
U.K.	116,026	34,501	55,565	74,593
W. Germany	26,799	4,278	7,708	10,573
France	4,474	2,501	2,899	3,512
Belgium-Luxembourg	1,011	477	701	760
Netherlands	2,095	692	1,106	1,231
Denmark	2,554	457	683	743
Italy	2,193	1,386	1,641	1,498
Republic of Ireland	964	310	763	772
Greece	15,017	15,826	22,376	25,518
Sweden	21,605	1,961	3,127	6,516
Finland	2,308	384	1,189	3,770
Norway	831	136	146	152
Austria	1,038	508	800	1,020
Switzerland	2,233	736	1,118	2,605
Other countries	1,108	665	860	926
EAST BLOCK COUNTRIES	3,536	3,200	4,670	6,125
U.S.S.R.	608	1,026	1,019	991
C.S.S.R.	1,367	1,264	2,152	3,586
Bulgaria	629	245	356	362
Other countries	932	665	1,143	1,186
U.S.A. - CANADA	19,639	6,280	9,308	8,749
U.S.A.	14,808	4,967	7,477	7,049
Canada	4,831	1,313	1,831	1,700
ARAB COUNTRIES	15,863	90,323	45,141	45,807
Lebanon	10,067	77,887	26,307	25,866
Iraq	218	699	499	552
Kuwait	440	419	2,091	3,311
Bahrain	268	875	1,971	2,287
Jordan	800	1,958	3,240	4,682
Syria	971	2,275	2,139	3,198
S. Arabia	677	842	1,894	3,148
Egypt	2,121	3,209	5,790	1,939
Libya	301	2,159	1,210	824
Other countries	24,872	15,585	18,384	21,809
TOTAL:	264,066	180,206	178,185	216,679

Source: C.T.O. Annual report 1978.

(67) C.T.O. Annual report 1978. P.10.

TABLE 43

ARRIVALS OF TOURISTS BY CONTINENT AND PERCENTAGES 1973, 1975-1978

Continent	Arrivals	%	Arrivals	%	Arrivals	%	Arrivals	%	Arrivals	%
Europe	203,692	77.1	31,867	66.2	68,018	37.7	105,352	59.1	140,314	64.
Asia	27,587	10.4	9,805	20.8	93,384	51.8	47,608	26.7	54,856	25.
America	20,781	7.9	2,758	5.9	6,927	3.9	10,105	5.7	9,388	4.
Africa	8,277	3.1	2,342	5.0	8,692	4.8	11,557	6.5	8,288	3.
Australia	3,729	1.5	992	2.1	3,185	1.8	3,563	2.0	3,833	1.
TOTAL:	264,066	100.0	47,084	100.0	180,206	100.0	178,185	100.0	216,678	100.0

Source: C.T.O. Annual Report 1978

Arrivals on inclusive tours

As we can see from Table 44 the number of arrivals in 1978 within this category was nearly 52,000. This represented an increase of 24% against 1977's percentage of 17%[68].

TABLE 44

ARRIVALS OF TOURISTS ON I.T. DURING 1978

Country of usual residence	Total Arrivals	Arrivals on I.T.	% on total
U.K.	74,593	22,097	29.6
Greece	25,518	8,085	31.7
Israel	5,340	2,465	46.2
W. Germany	10,573	5,989	56.6
Sweden	6,516	5,059	77.6
Finland	3,770	3,621	96.0
Switzerland	2,605	1,382	53.1
Other countries	87,764	3,277	3.7
TOTAL:	216,679	51,975	24.0

Source: C.T.O. Annual Report 1978

(68) C.T.O. Annual Report 1978 p.12

Mode of travel

During the year under review arrivals of tourists by air remained almost at the same level as during 1977. As shown in Table 45 below 197,238 tourists or 91 per cent of the total came to Cyprus by air whilst in 1977 the number was 164,183 or 92.1 per cent of the total.

TABLE 45

ARRIVALS OF TOURISTS BY MODE OF TRAVEL 1973, 1976-78

Mode of Travel	1973	%	1976	%	1977	%	1978	%
By air	248,748	94.2	115,551	64.1	164,183	92.1	197,238	91.0
By sea	15,318	5.	64,655	35.9	14,002	7.9	19,441	9.0
Total:	264,066	100.0	180,206	100.0	178,185	100.0	216,719	100.0

Source: C.T.O. Annual Report 1978

Purpose of visit

Table 46 gives a breakdown of arrivals by purpose of visit. Here it is worth noting that during the peak tourist year of 1973 which was the last full year prior to the Turkish invasion, arrivals were almost almost exclusively monopolised by holiday-makers. Out of a total number of 264,066, 252,342, or 95.6 per cent were for holidays as against 11,385 or 4.3 per cent for business and only 339 or 0.1 per cent for other reasons. The percentage of business arrivals for the years under review rose from 4.3 per cent in 1973 to 11.5 per cent in 1978. It is perhaps an indication of the country's efforts towards an overall recovery after the economic collapse which followed the invasion that while the total arrivals dropped from the 1973 peak, business arrivals increased not only in numbers but also in percentage terms.

TABLE 46

ARRIVALS OF TOURISTS BY PURPOSE OF VISIT 1973, 1976-1978

	Holidays		Business		Other reasons		Total	
Year	No	(%)	No	(%)	No	(%)	No	(%)
1973	252,342	95.6	11,385	4.3	339	0.1	264,066	100.0
1976	129,349	71.7	15,178	8.4	35,779	19.9	180,206	100.0
1977	141,686	79.5	19,727	11.1	16,772	9.4	178,185	100.0
1978	171,141	79.0	24,928	11.5	20,610	9.5	216,679	100.0

Source: C.T.O. Annual Report 1973

Table 47 shows arrivals from the main countries of usual residence by purpose of visit for the years 1977-1978.

TABLE 47

ARRIVALS OF TOURISTS FROM THE 11 MAIN COUNTRIES OF USUAL RESIDENCE BY PURPOSE OF VISIT 1977-1978

Country of usual residence	Year	Holidays		Business		Other reason		Total	
		No.	%	No	%	No	%	No	%
U.K.	1977	46,985	84.5	4,321	7.8	4,259	7.7	55,565	100.0
	1978	62,927	84.4	5,823	7.8	5,843	7.8	74,593	100.0
Lebanon	1977	18,960	72.1	4,322	16.4	3,025	11.5	26,307	100.0
	1978	17,368	67.1	5,380	20.8	3,118	12.1	25,866	100.0
Greece	1977	16,692	74.6	2,856	12.8	2,828	12.6	22,376	100.0
	1978	19,070	74.7	3,131	12.3	3,317	13.0	25,518	100.0
W.Germany	1977	6,582	85.4	754	9.8	372	4.8	7,708	100.0
	1978	9,138	86.4	947	9.0	488	4.6	10,573	100.0
U.S.A.	1977	5,872	78.5	798	10.7	807	10.8	7,477	100.0
	1978	5,260	74.6	944	13.4	845	12.0	7,049	100.0
Sweden	1977	2,823	90.3	137	4.4	167	5.3	3,127	100.0
	1978	6,097	93.6	150	2.3	269	4.1	6,516	100.0
Israel	1977	3,498	79.4	522	11.8	388	8.8	4,408	100.0
	1978	4,275	80.0	528	9.9	537	10.1	5,340	100.0
Jordan	1977	2,776	85.7	317	9.8	147	4.5	3,240	100.0
	1978	3,899	83.3	584	12.5	199	4.2	4,682	100.0
Finland	1977	1,056	88.8	62	5.2	71	6.0	1,189	100.0
	1978	3,637	96.5	71	1.9	62	1.6	3,770	100.0
C.S.S.R.	1977	1,973	91.7	112	5.2	67	3.1	2,152	100.0
	1978	3,253	90.7	163	4.6	170	4.7	3,586	100.0
France	1977	2,160	74.5	502	17.3	237	8.2	2,899	100.0
	1978	2,519	71.7	688	19.6	305	8.7	3,512	100.0
TOTAL	1977	109,377	80.2	14,703	10.8	12,368	9.0	136,448	100.0
	1978	137,443	80.4	18,409	10.8	15,153	8.8	171,005	100.0
Other countries	1977	32,309	77.4	5,024	12.0	4,404	10.6	41,737	100.0
	1978	33,698	73.8	6,519	14.3	5,457	11.9	45,674	100.0
GRAND TOTAL	1977	141,686	79.5	19,727	11.1	16,772	9.4	178,185	100.0
	1978	171,141	79.0	24,928	11.5	20,610	9.5	216,679	100.0

Source: C.T.O. Annual Report 1978

e) Seasonability and length of stay

During the period under review, the problem of uneven seasonal arrivals remained. If one compares arrivals during the first six months of 1978 with those of the same period in 1977 the seasonality problem had if anything worsened slightly, with arrivals in 1978 amounting to 35.7 per cent of the total against 41.6 per cent for the same period in 1977[69]. The same problem is evident from a straight comparison of the peak quarters of the year under review. Here arrivals in 1978 reached 39.1 per cent of the total against 37.5 per cent during 1977. On the other hand, if one takes the period of the second emergency plan as a whole, there appears to be a small improvement against 1976. Arrivals during the third quarter of 1977-1978 averaged 38.3 per cent of the total against 42.5 per cent during the same period of 1976[70]. From Table 48 we can see an increase in arrivals during the months of January, February and March but surprisingly there was a drop in arrivals during November and December.

The problem of the uneven seasonal arrivals is to a degree common to all tourists importing countries, but be that as it may, it cannot be ignored. The tourist industry is both capital as well as labour intensive. Large sums of money have to be expended for hotels to be built and to be maintained. The same goes for the supporting infrastructure and even with a good occupancy rate it is not possible to

(69) Central Bank of Cyprus Annual Report 1978. p.35-36
(70) Planning Bureau, Planning Commission, Third Emergency Economic Action Plan. 1979-1981. p.252

operate profitably unless the season is extended to the winter months. Furthermore, hotels particularly those within the 3-5 star range require a large complement of skilled staff who have to be paid irrespective of the rate of the hotels occupancy.

For years C.T.O. has been working towards extending the tourist season to the full twelve months but it is obvious from previous experience that January and February are the most difficult months for the tourist industry. C.T.O. have recognised this problem as early as 1976 and have thus sought the co-operation of the Hotel Keepers Association and the Cyprus Airways towards finding a solution. Measures proposed by the organisation this time, were similar to those of 1977, and they included the offering of the Cyprus Tourist product at competitive prices, attracting more conferences and developing winter sports tourism in the hill resorts[71].

TABLE 48

ARRIVALS OF TOURISTS AND PERCENTAGES BY MONTH 1973, 1976-1978

	No of Arrival				Percentages			
Month	1973	1976	1977	1978	1973	1976	1977	1978
January	9,885	3,875	9,047	7,908	3.7	2.1	5.1	3.6
February	10,011	3,998	9,499	8,713	3.8	2.2	5.3	4.0
March	15,930	6,674	12,364	13,146	6.0	3.7	7.0	6.1
April	26,385	11,346	16,855	16,612	10.0	6.3	9.5	7.7
May	24,589	11,626	12,718	15,034	9.3	6.5	7.1	6.9
June	24,153	16,568	13,559	16,032	9.2	9.2	7.6	7.4
Jan-June	110,953	54,087	74,042	77,445	42.0	30.0	41.6	35.7
July	37,934	28,337	28,122	32,623	14.4	15.7	15.8	15.1
August	34,345	27,113	21,937	29,035	13.0	15.1	12.3	13.4
September	29,643	21,080	16,776	23,090	11.2	11.7	9.4	10.7
October	21,619	17,686	12,825	21,429	8.2	9.8	7.3	9.9
November	13,576	15,885	10,887	16,704	5.1	8.8	6.2	7.7
December	15,996	16,018	13,596	16,353	6.1	8.9	7.6	7.5
Jul-Dec	153,113	126,119	104,143	139,234	58.0	70.0	58.4	64.3
Total:	264,066	180,206	178,185	216,679	100.0	100.0	100.0	100.0

Source: C.T.O. Annual Report 1978

(71) C.T.O. Annual Report 1978. p.14

TABLE 49

ARRIVALS FROM THE MAIN ELEVEN COUNTRIES OF USUAL RESIDENT BY QUARTER 1978

Country of usual residence	Jan-Mar No	%	Apr-June No	%	July-Sep No	%	Oct-Dec No	%	Total No	%
U.K.	8,622	11.6	16,313	21.9	35,763	47.9	13,895	18.6	74,593	100.0
Lebanon	3,048	11.8	3,280	12.7	8.148	31.5	11,390	44.0	25,866	100.0
Greece	2,736	10.7	7,150	28.0	9,540	37.4	6,092	23.9	25,518	100.0
W.Germany	1,392	13.2	2,912	27.5	3,975	37.6	2,294	21.7	10,573	100.0
U.S.A.	1,210	17.2	1,675	23.8	2,759	39.1	1,405	19.9	7,049	100.0
Sweden	1,329	20.4	1,348	21.2	885	13.6	2,918	44.8	6,516	100.0
Israel	2,273	42.6	779	14.6	1,371	25.7	917	17.1	5,340	100.0
Jordan	541	11.6	798	17.0	1,776	37.9	1,567	33.5	4,682	100.0
Finland	988	26.2	1,021	27.1	78	2.1	1,683	44.6	3,770	100.0
C.S.S.R.	201	5.6	1,256	35.0	1,387	38.7	742	20.7	3,586	100.0
France	459	13.1	750	21.4	1,606	45.7	697	19.8	3,512	100.0
TOTAL	22,799	13.4	37,318	21.8	67,288	39.3	43,600	25.5	171,005	100.0
Other countries	6,968	15.3	10,360	22.7	17,460	38.2	10,886	23.8	45,674	100.0
GRAND TOTAL	29,767	13.7	47,678	22.0	84,748	39.1	54,486	25.2	216,679	100.0

Source: C.T.O. Annual Report 1978

From Table 50 we can see that the concentration of arrivals in the months of July and August is mainly due to arrivals of Cypriots permanently residing abroad, but welcome as arrivals within this category must surely be, for their contribution to the country's exchange revenue they have for years been helping to aleviate the seasonability problem. Table 50 shows the monthly arrivals of Cypriots living abroad during 1977 and 1978.

TABLE 50

ARRIVALS OF CYPRIOTS LIVING ABROAD BY MONTH 1977-1978

Month	1977 No	1977 % on total	1978 No	1978 % on total	(%) Change 1977-1978
January	392	1.4	695	2.0	77.3
February	442	1.5	509	1.5	15.2
March	988	3.5	958	2.8	- 3.0
April	1,763	6.2	2,112	6.1	19.8
May	1,162	4.1	1,464	4.3	26.0
June	2,067	7.2	2,198	6.4	6.3
July	10,304	36.2	12,115	35.2	17.6
August	5,965	20.9	7,769	22.6	30.2
September	1,980	7.0	2,324	6.7	17.4
October	1,381	4.8	1,405	4.1	1.7
November	484	1.7	774	2.3	59.9
December	1,579	5.5	2,066	6.0	30.8
	28,507	100.0	34,389	100.0	20.6

Source: C.T.O. Annual Report 1978

Types of accommodation used by tourists

Table 51 shows the types of accommodation chosen by tourists during the years 1975-1978. The number of tourists who stayed in tourist establishments (hotels and hotel apartments) in 1978, increased to 124,408 against 99,722 during 1977, i.e. there was an increase of 24.8 per cent and their percentage on the total number increased from 57.1 per cent during 1977 to 59.7 per cent. It should be noted that a large number of Cypriots living abroad, mainly in the United Kingdom, stayed with relatives or friends and not in hotels or other establishments licensed by the C.T.O.

TABLE 51

DEPARTURES OF TOURISTS BY TYPE OF ACCOMMODATION 1975-1978

	Hotel		Hotel Apartment		Other		Total	
Year	No	%	No	%	No	%	No	%
1975	18,643	43.5	1,285	3.0	22,912	53.5	42,840	100.0
1976	98,957	60.4	3,886	2.4	60,935	37.2	163,778	100.0
1977	96,243	55.1	3,479	2.0	74,829	42.9	174,551	100.0
1978	117,601	56.5	6,807	3.2	83,844	40.3	208,252	100.0

Source: C.T.O. Annual Report 1978

DEPARTURES OF TOURISTS BY TYPE OF ACCOMMODATION
AND BY COUNTRY OF USUAL RESIDENCE 1978

TABLE 52

	No of departures				Percentages			
	Hotel	Hotel Apart.	Other	Total	Hotel	Hotel Apart.	Other	Total
U.K.	27,472	2,888	42,015	72,375	37.9	4.0	58.1	100.0
Lebanon	14,944	906	8,102	23,951	62.4	3.8	33.8	100.0
Greece	12,202	350	11,678	24,230	50.4	1.4	48.2	100.0
W. Germany	8,803	187	1,375	10,365	84.9	1.8	13.3	100.0
U.S.A.	3,604	107	6,746	6,746	53.4	1.6	45.0	100.0
Sweden	4,599	896	871	6,366	72.2	14.1	13.7	100.0
Israel	4,570	40	806	5,416	84.4	0.7	14.9	100.0
Jordan	4,066	122	529	4,717	86.2	2.6	11.2	100.0
Finalnd	3,384	176	105	3,665	92.3	4.8	2.9	100.0
C.S.S.R.	2,874	153	147	3,174	90.5	4.8	4.7	100.0
France	2,357	32	999	3,388	69.6	0.9	29.5	100.0
Total:	88,875	5,856	69,662	164,393	54.1	3.6	42.3	100.0
Other Countries	28,726	951	14,182	43,859	65.5	2.2	32.3	100.0
Grand Total:	117,601	6,807	83,844	208,252	56.5	3.2	40.3	100.0

Source: C.T.O. Annual report 1978

An analysis of these figures shows that while the number of tourists staying in Hotel Apartments in 1977 and 1978 represents a mere 2% and 3.2% of the annual total respectively, visitors from Sweden for the same period represent 10.6% and 14.1% of the respective totals. In view of the potential of the Swedish Market this is an interesting phenomenon.

The average length of stay during 1978 for the category of tourist who stayed less than one month increased to 10.3 days against 9.6 during 1977 and 5.6 in 1976 (see Table 53). This increase is attributed to the increase in the inclusive tour traffic.

TABLE 53

AVERAGE LENGTH OF STAY BY TOURISTS BY MONTH 1977-78

Month	Category of up to 30 days			Category of up to one year		
	1977	1978	% Change	1977	1978	% Change
	1977	1978	1977-1978	1977	1978	1977-1978
January	9.5	9.5	0.0	24.8	24.0	- 3.2
February	7.1	6.9	-2.8	23.3	16.1	- 30.9
March	7.4	7.0	-5.4	20.5	17.0	- 17.1
April	8.8	9.4	6.8	16.4	17.0	3.7
May	8.5	9.7	14.1	19.8	16.1	- 18.7
June	9.2	10.3	12.0	22.8	23.2	1.8
July	10.2	10.9	6.9	22.5	21.6	- 4.0
August	13.3	13.9	4.5	23.0	22.	- 0.9
September	11.4	12.0	5.3	23.2	21.8	6.0
October	9.7	10.1	4.1	18.5	17.0	- 8.1
November	7.8	8.9	14.1	15.3	15.8	3.3
December	7.0	7.0	0.0	19.8	23.9	20.7
Total	9.6	10.3	7.3	21.0	19.7	- 6.2

Source: C.T.O. Annual Report 1978

Table 54 shows changes in the average length of stay of tourists from the main countries of usual residence for the category of tourists who stayed up to 30 days during the years 1977 and 1978.

TABLE 54

AVERAGE LENGTH OF STAY OF TOURISTS BY COUNTRY OF USUAL RESIDENCE (MAIN COUNTRIES) 1977-1978

Countries	1977	1978	% change 1977-1978
U.K.	13.9	13.9	0.0
Lebanon	6.8	6.8	0.0
Greece	7.8	8.4	7.7
W. Germany	12.2	13.5	10.6
U.S.A	6.9	7.7	11.6
Sweden	10.5	10.3	-1.9
Israel	5.7	5.0	-12.3
Jordan	6.5	6.8	4.6
Finland	8.6	9.3	8.1
C.S.S.R.	13.7	13.7	0.0
France	9.6	9.0	-6.2

Source: C.T.O. Annual Report 1978

Receipts from tourism

Receipts from tourism in 1977 reached £23.8 million i.e. there was an increase of 15 per cent as against 1976 , while in 1978 receipts reached £33.3 million representing an increase of 39.9 per cent on 1977 [72]. The importance of receipts from tourism to the balance of payment is evident from Table 55. It is underlined that receipts from tourism during 1978 accounted for 27.2 per cent of the total exports compared with 19.2 per cent during 1977 and 20.1 per cent during 1976.

(72) C.T.O. Annual Report 1977. p.23

down on 1973. After allowing for the effects of inflation the substantial discrepancy between tourists arrivals and receipts can only be explained by the increase in expenditure per tourist and probably the persence of Lebanese, a number of whom have stayed in Cyprus for months at a time.

TABLE 56

TOURIST ARRIVALS. RECEIPTS FROM TOURISM AND PERCENTAGE RECEIPTS ON EXPORTS 1973-1978

	No. of tourist arrivals	Receipts from tourism	% of receipts from tourism on exports
1973	264,066	£ 23.8m	41.6%
1978	216,679	£ 33.8m	27.2%

Source: Planning Bureau, Planning Commission. Second Emergency Economic Action Plan 1977-78
C.T.O. Annual Report 1978

f) Infrastructure

1) Road network

Road transport is the only means of inland transport in Cyprus. During the period of the first emergency plan an effort was made towards the construction of new roads to restore the road network of the part of the island which was cut off by the 1974 invasion. the continuation of existing road schemes as well as new schemes in areas of high unemployment was also given special emphasis. During this period the Public Works Department, District Administrators and the Forestry Department contracted 128 miles of asphalted roads and a total of 216 miles of earthen roads. These figures do not include schemes executed by the municipalities, farm roads and village streets. Government spending in the implementation of the road development programme during the period 1975-1976 reached £3.6 million thus exceeding the provision of '£3.4 million' by £0.2 million[(74)].

Objectives of the second emergency plan on road transport

The basic objectives set out in the Second Emergency Plan are:

a) The reduction of transportation costs through construction and improvement works on roads that have a higher level of traffic congestion.

b) The construction of asphalted access roads serving a greater number of villages that do not have such roads.

c) The introduction of new design standards.

d) The encouragement of development in general through the implementation of road schemes which serve other purposes including tourist developments.

e) Greater emphasis on road maintenance.

(74) Planning Bureau, Planning Commission, Second Emergency Economic Action Plan 1977-1978 p.130

The increase in traffic owing to the population increase in the areas controlled by the State has caused problems of congestion and has highlighted the need for improvements as well as regular maintenance of the road network and this makes an increase in the relevant expenditure necessary.

Road construction programme 1977-1978

During the period of the Second Emergency Plan £5.7 million has been provided for road development. The main reason given for this large increase of nearly 59 per cent against the 1975-76 expenditure of £3.6 million is the starting of the construction of the Nicosia-Limassol Road.

The construction of the new Nicosia-Limassol road which is the largest scheme ever to have been undertaken in Cyprus began during 1977. The estimated cost of this project is £14.7 million, part of this will be financed by the World Bank and the Development Fund of Kuwait. The project includes the construction of almost 75 kilometres, consisting of 65 kilometres of main roads, part of the new Limassol By-pass, and a number of access roads. Construction was scheduled over about three years and completion was programmed for 1980[75].

(75) Planning Bureau Planning Commission. Second Emergency Econ. Action Plan 1977-1978. p.13

The government justifies the project because of the inadequacy of the existing roads in relation to the volume of traffic and the high economic return as a result of the anticipated savings in transport costs. Other road works provided for in the Second Emergency Plan include continuing road projects such as Paphos-Polis, Limassol-saittas, Nicosia-Palechori, Evrychou-Prodromos and the Platres-Troodos scheme which was programmed for completion in 1978. All these projects are to varied degrees important to the development of the tourist industry. The first one, the Paphos-Polis project is designed to bring the inaccessible tourist attraction of the Baths of Aphrodite to within easier reach and the others to facilitate the touristic development of the mountain resorts. Other schemes of significant importance to the tourist sector are the Nissi-Xylophagou road and the Paphos-Akamas coastal road.

II Development of Tourist Accommodation - Hotel Establishments

As shown in Table 57, at the end of 1978 there were in operation 61 hotels of 5-1 star and a total capacity of 6032 beds as against 55 hotels in the star category of a total capacity of 5056 beds on 31.12.1977

TABLE 57 NUMBER OF HOTELS & BEDS OF 1-5 STAR IN 1978

Area	5 stars		4 stars		3 stars		2 stars		1 star		Total	
Nicosia	1	300	2	172	6	603	5	309	4	171		1,555
Ayia Napa/												
Paralimni	1	228	-	-	1	326	1	132	-	-	3	686
Limassol	2	649	2	244	3	322	2	148	3	123	12	1,486
Larnaca	-	-	1	144	2	294	2	44	1	13	6	495
Hill resorts	1	160		160	2	111	4	206	9	579	16	1,056
Paphos			1	316	2	260	2	140	1	38	7	754
Total:	4	1,177	7	1,036	16	1,916	16	980	18	924		6,032

TABLE 58 NUMBER OF HOTELS & BEDS OF 1-5 STAR IN 1977

Area	5 stars		4 stars		3 stars		2 stars		1 star		Total	
Nicosia	1	300	2	172	6	603	5	309	4	181	18	1,565
Ayia Napa/												
Paralimni	-	-	-	-	1	326	-	-	-	-	1	326
Limassol	1	306	3	587	3	322	1	70	3	123	11	1,408
Larnaca	-	-	1	122	1	83	1	15	1	29	4	249
Hill resorts	-	-	1	160	2	111	5	311	8	494	16	1,076
Phaphos	-	-	1	218	1	100	2	85	1	38	5	441
Total:	2	606	8	1,259	14	1,545	14	790	17	865	55	5,065

Source: C.T.O. Annual report 1977 -1978

A comparison between the above two tables shows that duirng 1978, a total of 967 beds in hotels of the 5-1 star category were put into operation. However, the actual number of the new beds put into operation is 1069 of which 137 represented extensions to existing hotels.

A comparison between Table 57 and 58 shows that during 1978, a total of 967 beds in hotels of the 1-5 star category were put into operation. However, the actual number of new beds put into operation is 1069 of which 137 represented extensions to existing hotels.

The difference of 102 beds is due to :

a) the demolition of 20 beds of TROODOS hotel at Troodos

b) the cessation of operation of AVEROF hotel (Nicosia) (37 beds) and

c) the renovation of 45 beds at NEW OLYMPUS hotel (Paphos) which are not included in Table 58 as not yet operational.

Hotel Apartments

At the end of 1978 there were in operation seven registered hotel apartment Units with a total capacity of 219 flats or 751 beds, as follows:

Limassol:	157 flats	-	547 beds
Ayia Napa:	23 flats	-	64 beds
Paphos:	31 flats	-	109 beds
Platres:	8 flats	-	31 beds

Table 59 below shows the hotel apartments in operation during 1977 and 1978 respectively.

TABLE 59

HOTEL APARTMENTS BEDS 1977-1978

Area	1977 Units	1977 Apart-ments	1977 Beds	1978 Units	1978 Apart-ments	1978 Beds
Limassol	4	138	530	4	157	547
Ayia Napa	1	12	36	1	23	64
Paphos	1	31	109	1	31	109
Platres	1	8	31	1	8	31
Total:	7	189	706	7	219	751

Source: C.T.O Annual Report 1977-78

Capacity in Hotels 'Without Star' and Guesthouses

In addition to the hotel capacity referred to above there was in operation on the 31.12.1978 another 61 hotel units without star and guesthouses with a total capacity of 1575 beds as shown in Table 60.

TABLE 60

BEDS IN HOTELS WITHOUT STAR AND GUESTHOUSES

31.12.1977/31.12.1978

	Without star				Guesthouses				Total			
Area	1977		1978		1977		1978		1977		1978	
Nicosia	5	138	5	138	8	160	6	123	13	298	11	261
Limassol	5	107	5	107	10	180	9	166	15	287	14	273
Larnaca	-	-	-	-	1	13	1	13	1	13	1	13
Paphos	4	140	4	140	2	30	2	30	6	170	6	170
Hill resorts	27	798	26	791	3	67	3	67	30	865	29	841
Total:	41	1,183	40	1,176	24	450	21	399	65	1,633	61	1,575

Source: C.T.O. Annual Report 1977-1978

According to C.T.O. during the year under review 17 new beds in one hotel without star were put into operation while one hotel without star (24 beds) and three guesthouses (51 beds) suspended their operation. Thus, the total capacity of new beds which were put into operation during the year under review in star hotels, hotel apartments, hotels without star and guesthouse reached 1167.

Hotels under construction

New Hotels and Hotel apartments under construction and extensions to existing hotels on 31.12.1978

To complete the picture of the islands hotels capacity given through tables 45, 47 and 48, it should be stated that at the end of 1978 16 new hotel units 1-5 stars of a capacity of 2170 beds as shown in Table 61 were under construction. At the same time extensions commenced on 9 existing hotels involving a total capacity of 640 beds. Moreover there were under construction 12 hotel apartment units with a capacity of 469 flats or 1384 beds, of which 27 flats or 75 beds constitute an extension to two existing enterprises. See Table 62. Thus the total number of beds under construction at the end of 1978 was 4194[76].

(76) C.T.O. Annual Report p29

TABLE 61

NEW 1-5 STAR HOTELS UNDER CONSTRUCTION AND BEDS BY CATEGORY AND AREA ON 31.12.1978

	5 stars		4 stars		3 stars		2 stars		1 star		Total	
Area	H	Beds	H	Beds	H	Beds	H	Beds	H	Beds	H	Beds
Larnaca	-	-	1	274	2	467	-	-	2	36	5	777
Ayia Napa Paralimi	-	-	-	-	1	168	-	-	-	-	1	168
Limassol	-	-	2	482	3	425	2	82	-	-	7	989
Paphos	-	-	-	-	1	150	1	168	-	-	2	218
Hill resort	-	-	-	-	-	-	-	-	1	18	1	18
Total:	-	-	3	756	7	1,210	3	150	3	54	16	2,170

Source: C.T.O. Annual Report 1977-1978 p.29

TABLE 62

NEW HOTEL APARTMENT UNITS UNDER CONSTRUCTION ON 31.12.1978

	No of Units	No of apartments	No of beds
Nicosia	1	19	66
Paphos	*	15	39
Ayia Napa	*	12	36
Limassol	7	251	682
Larnaca	4	172	561
Total:	12	469	1,384

* Extensions to existing enterprise

Source: C.T.O. Annual Report 1977-1978

Classification of Hotel Units and Approval of Plans for New Units

Under the existing hotels legislation, architectural plans for the construction of hotels and also the classification of existing hotels have to be approved by the competent Committee of the Cyprus Tourism Organisation. Thus, during 1978 the Hotels Committee held four meetings and examined matters relating to the classification of 7 hotel units, the reclassification of one hotel unit and 1 hotel apartment unit, approved 18 applications for new hotels with a capacity of 2472 beds, 8 applications for extensions and improvements to existing hotels "540 beds", one application for the extension of one hotel apartment unit "39 beds", as well as 22 applications for the construction of hotel apartments of a total capacity of 764 flats or 2141 beds[77].

Loans to the Hotel Industry

During 1978 the provision of Government loans through the Loan Commissioners, for investments in the hotel industry continued at a reasonable level. The said loans are granted by the Loan Commissioners on the basis of recommendations made by the Cyprus Tourism Organisation in accordance with the loan policy approved by the Council of Ministers.

(77) C.T.O. Annual Report 1977-78. p.30

Loans for the same purpose were also granted by the Cyprus Development Bank and by other commerical Banks. Table 63 gives details of the loans granted by the Loans Commissioners, the Development Bank and the Commercial Banks during 1978 for the construction of new or extensions to existing hotel units:

TABLE 63

LOANS TO HOTELS DURING 1978

	Amount of loans approved in 1978	Level of payments effected in 1978
Loan Commissioners	£ 979,000	£ 1,150,000
Cyprus Development Bank	£ 800,00	£ 763,000
Commercial Banks	Not available	£ 1,818,203
Total:	£1,779,000	£ 3,731,203

Source: C.T.O. Annual Report 1977-78

Hotel rates for 1979

Under the relevant legislation, C.T.O. continued in 1978 the system of fixing minimum and maximum rates for hotel establishments of the category one to four stars and minimum rates only in respect of five star hotels. The continuation of this system was considered necessary for the purpose of maintaining the competitiveness of Cyprus, vis-a-vis

Other countries, particularly neighbouring tourist countries, and for ensuring price stability and as far as possible, uniformity, in the relation between costs and the services offered to the tourist (accommodation and food). It appears that the Hotel Keepers have given C.T.O. their full co-operation in this respect and that competitive Hotel rates were maintained. These rates are always fixed in March for the period from 1st January to October 31st of the following year, and are notified abroad, particularly to the large Tourist Organisations and Tour Operators in order to enable them to prepare in time their programmes and brochures and to conclude agreements with hoteliers and tourist agencies.

Table 64 gives the fixed minimum and maximum hotel rates by class and person daily for 1979. These rates include all charges and services rendered by the hoteliers. The rates fixed for 1979 represent an average increase of about 17 per cent compared with 1978 rates.

During 1978 the Cyprus Tourism Organisation issued the hotel guide for 1979 which contained all the hotel establishments in Cyprus operating in the government controlled areas, details about the hotels establishment and also the rates charged by each individual hotel establishment. The Hotel Guide for Cyprus for 1979 was printed in 30,000 copies and contained also information about Travel Agencies licensed by C.T.O. and the companies supplying self drive cars.

MIMIMUM AND MAXIMUM HOTEL RATES IN £CY BY CLASS PER PERSON DAILY FOR THE YEAR 1979

TABLE 64

Hotel Terms	5 stars Min.	5 stars Max.	4 stars Min.	4 stars Max.	3 stars Min.	3 stars Max.	2 stars Min.	2 stars Max.	1 star Min.	1 star Max.
Accommodation only										
(a) Single room		No limit			4650	6050	3250	4050	2450	3200
(b) Double room	6200	"	5000	5750	3700	4700	2700	3100	2000	2550
Bed & Breakfast (Continental Breakfast)										
(a) Single room		"			5150	6550	3650	4450	2850	3600
(b) Double room	6900	"	5600	6350	4200	5200	3100	3500	2400	2950
Half Board										
(a) Single room		"			6800	8200	5150	5950	4100	4850
(b) Double room	8900	"	7500	8250	5850	6850	4600	5000	3650	4200
Full Board										
(a) Single room		"			8300	9700	6450	7250	5250	6000
(b) Double room	10.750	"	9200	9950	7350	8350	5900	6300	4800	5350

Source: C.T.O. Annual report 1977-1978

Under the relevant law the rates for hotel apartments by class and type of hotel apartment were also fixed as shown in Table 65.

The rate for hotel apartments do not includ, the following charges:-

(a) C.T.O. Tax

(b) The municipal tax

(c) The Service Charge, and

(d) The air conditioning charge (78)

(78) C.T.O. Annual Report 1978 p.31

TABLE 65 MINIMUM AND MAXIMUM RATES IN £CY FOR HOTEL APARTMENTS AND TOURIST VILLAS PER FLAT DAILY FOR THE YEAR 1979

Type of Flat	Category A		Category B	
	Minimum	Maximum	Minimum	Maximum
1. Studio type	5,500	6,500	4,500	5,500
2. One bedroom	6,500	7,500	5,000	6,000
3. Two bedrooms	10,000	12,000	8,000	9,000
4. Three bedrooms	13,500	16,000	10,000	12,000

Source: C.T.O. Annual report 1977-1978

Travel Agencies

As shown in Table 66 at the end of the year, 1978, 82 licensed central travel agencies, and 40 sub-offices were in operation.

TABLE 66 TRAVEL AGENCIES IN 1978

Area	Central offices	Sub-offices
Nicosia	48	9
Limassol	25	14
Larnaca	5	12
Parphos	3	3
Kakopetria	1	-
Paralimni	-	2
TOTAL:	82	40

Source: A C.T.O. Annual report 1977-1978

Guides

The number of licences issues in 1978 under the provision of the relevant legislation reached 74 as against 53 in 1977 and 41 in 1976

Hotel Training

Once again, most of the training was provided by the Government Hotel Training Schools. The Hotel and Catering Institute of Nicosia and the Vocational School at Larnaca.

In 1980 seventy nine students graduated from the Hotel and Catering Institute, Nicosia and 31 from the Vocational School, Larnaca as follows: (79)

		Hotel & Catering Institute, Nicosia	Vocational Institute Larnaca
(a)	Cooks, basic level	-	-
(b)	Cooks, middle level	21	14
(c)	Waiters, basic level	16	-
(d)	Waiters, middle level	20	17
(e)	Housekeepers	12	-
(f)	Reception	10	-

Table 67 gives the number of sutdents attending the above institutions during the 1978-1979 school year, and also of the new Paphos School.

(79) C.T.O. Annual Report 1977-78. p.32

TABLE 67

STUDENTS FOR 1978-1979 SCHOOL YEAR

Courses	Hotel & Catering Institute	Larnaca Vocational School	Paphos School
Basic level:			
1. Waiting	14	-	40
2. Cookery	24	-	29
3. Housekeeping	9	32	8
4. Reception	31		18
TOTAL BASIC LEVEL	78	32	95
Middle level:			
1. Waiting	18	16	-
2. Cookery	24	12	-
3. Housekeeping	-	-	-
4. Reception	11	-	-
TOTAL MIDDLE LEVEL	53	28	-
GRAND TOTAL	131	60	95

Source: C.T.O. Annual Report 1978-79

Employment in hotel industry

During 1978 more than 1850 person of various skills and categories were employed in the hotel industry. A number of skilled staff who left the island following the Turkish invasion to secure employment in other countries returned to Cyprus, but not in sufficient numbers to meet the needs of the hotel industry.

Laws and regulations

In 1978 C.T.O. prepared the following legislations:

(I) A Bill and Regulations on Tourist Restaurants and other related professions. Both the Bill and the Regulations were approved by the Council of Ministers. The Bill was subsequently introduced to the House of Representatives for enactment into Law.

(II) A Bill amending the Travel Agencies Legislation. In this respect C.T.O. prepared amendment bills and regulations to replace the existing Legislation on Travel Agencies. The draft of the proposed legislation was submitted to the Ministry of Commerce and Industry for submission to the Council of Ministers.

(III) A Bill amending the Hotels and Tourist Establishments Legislation 1969 to 1974.

Reactivation of the Displaced Hoteliers

A scheme by C.T.O. providing for the leasing of state land and the granting of long-term low interest loans for the construction of hotel units by displaced hoteliers, owners of 1-5 star hotels situated in the Turkish occupied areas, has been approved by the Council of Ministers. A special Committee of Ministers has been nominated to select the displaced hotel owners, meeting the necessary criteria and also the state land to be granted. The Committee of Ministers in the first instance selected 15 displaced hoteliers who satisfied the criteria set by the Committee. With the implementation of the said decisions a total of about 2,000 beds will be constructed in coastal areas

g) Publicity

The success attained during the period of the first Emergency Plan was bound to influence the authorities to adopt similar marketing policies for the Second Plan. The main instrument for the implementation of these policies was publicity.

(i) Direct Publicity

During 1978 C.T.O. carried out advertising campaigns aimed at the consumer either in collaboration with Cyprus Airways and others or by itself, through the daily press and periodicals in the U.K, the Federal Republic of Germany, France, Greece, Sweden, Switzerland, Finland and some Arab countries. The organisation also conducted special advertising compaigns through the trade press in the U.K, the United States, the F.R. of Germany, Switzerland and France. During 1977 C.T.O. produced and distributed

a) Posters in English, French, German, Greek, Swedish and Arabic
b) Pamphlets and brochures in English, French, German, Russian Arabic and Finnish

c) In co-operation with the Handicraft Service a special Folk Art pamphlet has been published in several languages aimed at the promotion and development of Cyprus handicrafts.

d) A pamphlet on hill resorts in 36,000 copies in English.

e) A new illustrated 32-page brochure.

f) A hotel guide for 1979 in 30,000 copies which contains information on travel agencies and car rental firms.

g) The annual Cyprus calendar in Greek, English, French and German in 12,000 copies.

h) A booklet headed 'Information for potential investors in the Tourist Industry of Cyprus'.

i) The map of Cyprus in 30,000 copies and also 90,000 copies of the town maps of the major towns and the Troodos area.

j) Tourist films, slides and photographs and a number of articles in Greek and English on various subjects on various aspects of Cyprus tourism and its future developments

(II) Indirect Publicity

In this field with the collaboration of the Cyprus Tourism Organisation, Cyprus Airways, the Cyprus Travel Agents Association and Hotel Keepers, travel writers and tour operators were invited and hosted.
These proved to be very useful exercises and were, to a large degree,

responsible for creating and expanding foreign tourist interest in Cyprus and also increasing the number of tour operators, featuring Cyprus in their programmes. In this respect the number of journalists and writers hosted in 1978 reached 175 against 238 tour operators and T.V. and radio network crews.

(III) Participation in tourist exhibitions

During 1978 the organisation particpated through its own pavilions and senior officials in the following exhibitions abroad:

a) 'VAKANTIE' 78' in Utrecht
b) 'Semaine Mondiale du Tourisme' in Paris
c) I.R.M. Fair in Munich
d) 'MIVICO' in Paris
e) C.M.T. Fair in Stuttgart
f) The international Tourism Exchange in Berlin
g) The Tourism Exhibition 'XENIA' 78 in Athens

Conferences and other international meetings in Cyprus during 1978

During 1978 C.T.O. became a member of the European Federation of Conferences and participated with its own pavilion in a special exhibition for the projection of conferences held in Paris. From Table 68 it can be seen that a total of 68 International conferences were held in Cyprus in 1978. These conferences were organised through the co-operation of government ministries and Departments including C.T.O., and private organisations. A total of 3059 persons have participated and it is estimated that the foreign exchange earnings from these conferences amounted to £500,000 [80].

(80) C.T.O. Annual Report 1978 p.33-39

Table 68 INTERNATIONAL CONFERENCES HELD IN CYPRUS DURING 1978

	Name of Conference	Date of Conference	Number of Participants
1)	International Symposium on Homer	4-9 1. 1978	20
2)	Commonwealth Science Council Meeting	22-27 1. 1978	40
3)	A.A.P.S.O. Conference	16-20 2. 1978	88
4)	Dentist conference	9-11 3. 1978	120
5)	International Tax Planning Association	10-11 3. 1978	25
6)	Schering conference	27-31.4.1978	10
7)	BATA Conference	1-8 4.1978	8
8)	Schering conference	2-9.4.1978	12
9)	Escombe GWYN and Co. Limited	3-7.4.1978	32
10)	European Christian Democrats Youth	14-16 4.1978	45
11)	General Motors	16-21 4.1978	38
12)	ASTA-BERGER	15-22 4.1978	25
13)	UNI-ROYAL	16-23 4.1978	27
14)	ARCHAELOGICAL SYMPOSIUM	17-21 4.1978	80
15)	Paedratic conference	28.4-4 5.1978	20
16)	Schering	29.4-6 5.1978	30
17)	Institute of travel managers	2-4 5.1978	23
18)	9th Helenic Pedodontic Conference	3-4 5.1978	80
19)	Smith-Klein	5-14 5.1978	28
20)	Ortho-Pharmeceutical	5-12 5.1978	17
21)	Commonwealth Communication Symp.	8-12 5.1978	140
22)	Bridge conference	11-25 5.1978	40
23)	European Travel commission	11-14 5.1978	40
24)	Mobil Oil conference	13-20 5.1978	28
25)	Mediterranean Teachers Conference	22-27 5.1978	190
26)	Arthur Young conference	27.5-2 6.1978	15
27)	Bostik Conference	29.5-2 6.1978	15
28)	Engineers of South-Eastern Europe conference	2-9 6.1978	25
29)	Arthur Young conference	4-8 6.1978	15
30)	Atlas Copcp Conference	4-10 6.1978	11
31)	Arthur Young Conference	11-14 6.1978	10
32)	Linotype conference	14-17 6.1978	10
33)	Arthur Young conference	17-23 6.1978	18
34)	International law conference	23-27 6.1978	9
35)	SABA conference	28 6.7 7.1978	51
36)	Middle east Navigators Conference	1-4 7.1978	22
37)	Beecham conference	7-23 7.1978	16
38)	A' Overseas Cypriots Scientists	25-27 8.1978	80
39)	B' Overseas Cypriots Conference	28-30 8.1978	80
40)	American Life Insurance M.E.	9-16 9.1978	73
41)	UNDP conference	11-22 9.1978	26
42)	IPPF conference	11-13 9.1978	45
43)	SABA Conference	15-26 9.1978	40
44)	Birmingham Chamber of Commerce	15-22 9.1978	11

Table 68 (continued)

	Name of Conference	Date of Conference	Number of Participants
45)	Arthur Young conference	16-21 9. 1978	11
46)	German Forestry seminar	18-26 9. 1978	45
47)	Hoechst conference	30.9- 5 10.1978	25
48)	Berlite conference	30.9- 5 10.1978	20
49)	SABA Conference	6-17 10.1978	50
50)	Blaw Knox conference	15-19 10.1978	11
51)	World Federation Trade Unions	18-20 10.1978	140
52)	Schering conference	20-29 10.1978	13
53)	Whinnet Murray	20-27 10.1978	35
54)	Langston conference	25-29 10.1978	20
55)	SABA Conference	27-10-3.11.1978	20
56)	Whinnet Murray	27-10-3.11.1978	35
57)	European Stevedoring Council	28.10-2.11.1978	90
58)	Whinnet Murray	3-9.11.1978	35
59)	OY HAKANIT Seminar	3.10.11.1978	120
60)	Veterinary Symp. Middle East	6.9.11.1978	45
61)	OY HAKANIT Seminar	10-17.11.1978	120
62)	Binder Dijke	12-17.11.1978	12
63)	LEO Pharmaceutical Conference	13-20.11.1978	30
64)	Brit. American Tobacco Conf.	18-23.11.1978	11
65)	International Trade Union Conf.	22-24.11.1978	160
66)	Charles Frostt Seminar	19-24.11.1978	30
67)	Episcopal Church Seminar	27-11-2.12.1978	23
68)	International Union of Students	10-14.12.1978	180
			3,059

Source: CTO Annual Report 1978

The Archaelogical Symposium 17-21 April, the Conference of the Institute of Travel Managers 2-4 April and the Commonwealth Communication Symposium 8-12 May are of particular interest to the tourist industry but the most significant conference of the year was the annual meeting of the European Travel Commission 11-14 May. This was a unique opportunity for the Islands Tourism Organisation to brief the top executives of the National Tourist Organisations of Europe on all aspects of the Cyprus Tourism and for the same executives to familiarise themselves not only on the quality and variety of the Cyprus Tourist product but also on the prevailing political situations. It appears that the importance of this conference was not lost and both the CTO as well as other interest like the Hotel Keepers Association and the Cyprus Travel Agents Association have all availed themselves of the presence of such an influential gathering to project the interest they represented.

Expenditure on publicity and advertising

Total expenditure by the Cyprus tourism organisation during 1978 on direct and indirect publicity and advertising amounted to £252,250 as follows:

(a)	Printing of Publications	£ 22,000	
(b)	Press advertising	105,400	
(c)	Public relations	31,500	
(d)	Production of tourist films and purchase of copies of films	13,150	
(e)	Production of slides & photographs	850	
(f)	Expenditure on the organisation and participation in conferences, exhibitions and events in Cyprus and abroad	10,800	£183,700
(g)	Promotion of tourism to Cyprus through tourist offices		
(i)	in London	23,450	
(ii)	in Frankfurt	27,000	
(iii)	in Paris	9,100	
(iv)	in Stockholm	9,000	68,550
			252,250

Table 69 gives a more detailed analysis of the expenditure concerning press advertising during 1978 which, as mentioned, amounted to £105,400.

PRESS ADVERTISING 1978

TABLE 69 Expenditure on advertising & subsidies

	U.K.	F.R.of Germany	Scandinavian countries	Greece	France	Middle East	Other c/trys	Total
Description of expenditure	C£	C£	C£	C£	C£	C£	C£	C£
Advertising in the daily press	30,000	23,000	21,600	4,000	4,500	1,615	7,200	91,915
Advertising in the Travel tourist press	2,540	2,230	1,150	1,275	1,635	-	4,655	13,485
Total	32,540	25,230	22,750	5,275	6,136	1,615	11,855	105,400

Source: Nat. Tourist Organisation Annual report 1978

(h) Tourist development projects

During the year under review the C.T.O., in co-operation with other government departments, encourage the creation and further improvement of tourist infrastructure and the provision of the most essential facilities which contribute to a considerable extent to the development of domestic and foreign tourism. The most important tourist projects promoted by the Organisation during 1978 include the following:

(i) Dasoudi project-Limassol

During the year under review the work started on the creation of the road network, the parking places and basic services. This work was expected to be completed during the first half of 1979. Work has also commenced on the construction of the building complex which includes changing cabins, a restarant and an open-air bar/ cafeteria. Landscaping and general improvement of the site and the adjacent coastal area have also started. Some of the installations are expected to be completed before the coming summer season and it is anticipated that the whole development of Dasoudi will be completed before the end of 1980 with the completion of the restaurant.

II Larnaca Beach

The creation of the Larnaca Public Beach situation between Larnaca and Dhekelia was completed during the first quarter of 1978 and started operating in May of the same year. During the year under review embellishment works considered necessary for the smooth operation of the public beach and the improvement of the services, were effected. The green areas were enriched through the planting of more trees. The changing cabins of the Larnaca Beach which has filled a long existing need came into operation in May.

III Changing cabins in the Coral Bay

During the year under review work was completed on the construction of changing cabins on a site leased by the C.T.O. in the Coral Bay region in Paphos. The area was improved through tree planting and the construction of stairs facilitating the public to use the beach. The building of which, apart from changing cabins, includes also sanitary installations which was due to start operation in 1979 and was expected to meet the needs of a large number of Cypriot and foreign holiday-makers in the summer months.

IV Larnaca Marina

During the year certain improvements were effected including the enlargement and further enrichment of the green areas around the Pavilion.

V Tourist pavilions

Pavilion at the baths of Aphrodite

The above pavilion was supplied with electricity and its sewerage system was radically modified.

Pavilion at Curium

The green was further enriched in the area near the Pavilion through the planting of more trees.

'Dolphin' Pavilion at Troodos

The Dolphin Pavilion at Troodos started operating and received visitors throughout the year. The road leading to the pavilion was provided with electricity and additional improvements were effected to the building.

Creation of Picnic and Camping sites

During the year under review the C.T.O. made available from its budget funds to the Forest Department for the improvement and extension of existing picnic sites at Mandra tou Kampiou, Kionia, Ayia and Profiti Elia. The amount allocated by the Organisation was spent largely on the construction and improvement of sanitary installations, water supply, the creation of parking places, the construction of hearths for barbecues, tables and benches etc.

The Study undertaken by C.T.O. in co-operation with the competent departments and local authorities for the creation of camping sites in an area near Polis, Paphos, reached a fairly advanced stage and it was expected that a camping site, the first to be created in accordance with the relevant legislation, will go into operation during the next summer season. This is a pilot project and it is designed to test an apparently growing demand for a new kind of Tourism as far as Cyprus is concerned. The Organisation also co-operated with the Improvement Boards of Amathus and Troodos which have undertaken the creation and further improvement of the primitive camping sites at Governors' Beach and Troodos, respectively.

Activities relating to the protection of the natural environment

(i) Embellishment works in archaeological sites.

The CTO allocated from its budget funds for the illumination of the ancient castle at Kato Paphos, as well as for minor embellishment and cleaning works in various archaeological sites.

(ii) Minor embellishment works and cleanliness of areas of tourist interest. During 1978 funds from the Organisation's budget amounting to more than £8,000 were made available for the carrying out through local authorities and the Forest Department of minor embellishment works such as the cleaning of beaches of various areas of the island, mainly of tourist interest.

(iii) The Organisation, acting in an advisory capacity, was consulted in connection with 261 applications for the issue of quarry, prospecting and mining permits. In this connection it is stated that the Organisation's role regarding the maintenance of high cleanliness levels and generally the protection of the environment is merely an advisory one and its activities are confined to providing financial assistance to the authorities and departments concerned.[81]

(81) C.T.O. Annual Report 1978. p.41-44

(i) <u>The Tourist Industry at the end of the Second Emergency Plan</u>

We have seen in previous chapters that tourism constitutes an improtant element in the country's economy and in particular the balance of payment. As a result of the 1974 invasion the industry has been one of the hardest stricken sectors both from the point of supply of tourist facilities and the demand for its services. The continued occupation of the touristically developed districts of Famagusta and Kyrenia remains a serious impediment to the development of the islands tourist industry. However, with the co-operation of the public and private sectors during the period of the first two Emergency Plans, recovery from the effects of the Turkish invasion has been remarkable. The total number of beds available in hotels with 1-5 star category, hotels without stars, guest houses and hotel apartments in 1975 was 5405. By 1978 this number of beds increased to 8,358 and at the same time a further 3,554 beds were under construction in hotels with stars and hotel apartments. In 1975 arrivals dropped to 47,087 while in 1978 they peaked 216,679. This is a staggering performance under any circumstances and it becomes more impressive when one considers the post-invasion situation in Cyprus and the international climate prevailing. Substantial credit belongs to the private sector whose vision, spirit and the willingness to take risks have played the major part in the re-activation of the Cyprus tourist industry. From the public sector as we have seen in previous chapters the major body with the responsibility of charting and implementing tourist policy, was the Cyprus Tourism Organisation.

During the post-invasion period and in an atmosphere of uncertainty and indecision, C.T.O. has taken the initiative and within the constraints of a very restricted budget, succeeded in motivating the private sector and in particular the islands hotel owners of the North to rebuild a whole new tourist industry in the South, and in convincing the Travel Agents and Tour Operators of the major tourist exporting countries of Europe and Scandinavia that Cyprus had returned to normality and that it was, once again, safe and peaceful venue for their clients.

Tables 70-75 show the expenditure and revenue of C.T.O. for the years 1976-1978.

TABLE 70

STATMENT OF REVENUE FOR 1976

Head	Description of Revenue	ESTIMATED Revenue C£	Actual Revenue C£
1.	State subsidy	435,000	330,000
2.	Revenue from hotel guestnight charges	26,000	42,000
3.	Revenue from issue of licences for Hotels & other Tourist Establishments. Tourist & Travel Agencies etc.	1,700	3,300
4.	Revenue from any other sources	2,500	3,000
5.	Revenue from the management of Tourist Pavilions and other moveables	2,184	4,700
	Grand total:	467,384	383,000

Source: C.T.O. Annual report 1976

TABLE 71

STATEMENT OF EXPENDITURE FOR 1976

Head	Description of Revenue	Estimated Revenue C£	Actual Revenue C£
1.	Personal Emoluments	120,439	109,270
2.	Allowances and honoraria	6,220	5,650
3.	Other Administrative Expenditure	25,250	24,350
4.	Promotion & Publicity	171,820	140,850
5.	Organisation & Development of Tourism	137,655	37,545
6.	Tourist training	1,500	1,005
7.	Miscellaneous Expenses	2,500	1,400
8.	Larnaca Marina	2,000	1,500
	Grand total:	467,384	321,570

Source: C.T.O. Annual report 1976

TABLE 72

STATMENT OF REVENUE FOR 1977

Head	Description of revenue	Estimated Revenue C£	Actual Revenue C£
1.	State subsidy	560,273	490,000
2.	Revenue from hotel guestnight charges	45,000	53,000
3.	Revenue from issue of licences for hotels & other Tourist establishments, Tourist & Travel Agencies etc	3,512	2,780
4.	Revenue from any other sources	1,000	2,150
5.	Revenue from the Management of Tourist pavilions and other moveables	6,500	10,200
	Grand total:	616,285	558,130

Source: C.T.O. Annual report 1977

TABLE 73

STATEMENT OF EXPENDITURE FOR 1977

Head	Description of expenditure	Estimated Expenditure C£	Actual Expenditure C£
1.	Personal Emoluments	146,417	137,360
2.	Allowances and honoria	4,870	4,060
3.	Other Administrative Expenditure	27,852	26,623
4.	Promotion and Publicity	238,190	196,455
5.	Organisation & Development of Tourism	189,489	159,945
6.	Tourist training	1,300	1,270
7.	Larnaca Marina	8,000	6,500
8.	Miscellaneous expenses	167	43
	Grand total:	616,285	532,256

Source: C.T.O. Annual report 1977

TABLE 74

STATMENT OF REVENUE FOR 1978

Head	Description of Revenue	Estimated Revenue C£	Actual Revenue C£
1.	State subsidy	678,580	545,000
2.	Revenue from hotel guestnight charges	91,434	129,000
3.	Revenue from restaurants and other Tourist Entertainment Establishments	15,000	-
4.	Revenue from the issue of licences for hotel & other tourist establishments, tourist & travel agencies etc.	3,786	4,750
5.	Revenue from any other sources	2,000	4,500
6.	Revenue from the management of tourist Pavillions and other moveables	18,500	31,750
	Grand total:	809,300	715,000

Source C.T.O. Annual report 1978

TABLE 75

STATEMENT OF EXPENDITURE FOR 1978

Head	Description of Expenditure	Estimated Expenditure C£	Actual Expenditure C£
1.	Personal Emoluments	184,575	178,000
2	Allowances and Honoria	5,400	3,850
3.	Other Administrative Expenditure	21,975	20,800
4.	Promotion and publicity	301,700	252,250
5.	Organisation & Development of tourism	269,608	157,300
6.	Tourist training	1,620	1,200
7.	Larnaca Marina	11,950	10,400
8.	Miscellaneous expenses	12,472	12,200
	Grand total:	809,300	636,000

Source: C.T.O. Annual report 1978

CHAPTER IV

CONSOLIDATION AND LONG TERM PROSPECTS

We have seen in the last two chapters how the recovery programmes were successful in re-establishing the tourist industry. It must be recognised, however, that the industry still has numerous problems which must be faced if prosperity is to be sustained in the long run. These problems relate to (I) seasonality (II) diversification (III) competitiveness.

The first two are externally orientated whilst the third is related to internal as well as external factors.

(I) Seasonality

The Government's intention to extend the tourist season to the full twelve months, are, too ambitious, at least for the foreseeable future. The winter months, and in particular January and February cannot be expected to show any substantial improvement in the present climate because the largest percentage of foreign visitors to Cyprus are sunshine seekers. During the winter months Cyprus cannot compete with places like the Canary Islands, North Africa or even Israel in this respect. It is therefore to special interest groups that C.T.O. should be looking if substantial improvement in arrivals during the winter months is to be achieved. This is the best that one can, realistically, hope for, because there is still the potential for further substantial increase in the volume of summer traffic which is bound to aggravate still further the seasonality problem. Further development of the amenities of mountain resorts can be expected to be of limited help because the main attraction, skiing, cannot be guaranteed at any one particular month.

Within the special interest groups an obvious target are the people interested in antiquities. In this respect C.T.O. should solicit the active co-operation of the Department of Antiquities in order that programmes with special appeal to this group could be developed. Ornithological groups and groups interested in flora could also be attracted. Cyprus lies in the path of bird migration and during the migrating seasons Cyprus could be an ornithologists paradise but unfortunately the trapping and shooting of birds is a national sport and for this reason Cyprus is not very popular at present amongst the ornithological world.

Golf is a very popular sport amongst Europeans. A number of tour operators are featuring golfing holidays in their programmes while others bring out special golfing brochures. Spain and Portugal are leading the field with their excellent facilities. Golfers are prepared to travel as far as Florida for their holidays. The travelling golfing fraternity is made up of people in the middle and upper income bracket, the very people that Cyprus has been trying to attract. At the moment there are no golf courses in Cyprus. Plans were prepared for an 18-hole course in Famagusta but, like other tourist projects, this became a casualty of the 1974 invasion. Due to the perennial problem of water shortage several would-be developers have been discouraged to develop facilities for this popular sport but it now appears that an 18-hole golf course is planned by Lanitis E.C. Estates Limited as part of their Aphrodite project.(82)

(II) Diversification

As we can see from Table 74 arrivals from the U.K. continue to dominate the market, the exemptions being 1976 and, to a small degree 1977, which have been distorted by the mass exodus from Lebanon following the civil war.

TABLE 76

PERCENTAGES OF TOURIST ARRIVALS FROM THE SIX MOST IMPORTANT COUNTRIES 1973, 1975-1979

Year	U.K.	Lebanon	Greece	W. Germany	U.S.A.	Sweden
1973	43.9	3.8	5.7	10.2	5.6	8.2
1975	37.1	9.2	15.9	2.4	4.4	1.3
1976	19.1	43.2	8.8	2.4	2.7	1.1
1977	31.2	14.8	12.6	4.3	4.2	1.7
1978	34.4	11.9	11.8	4.9	3.3	3.0
1979	34.8	8.9	11.3	6.7	2.7	3.9

Source: National Tourist Organisation Annual Reports 1973/6/8/9

(82) Aphrodite Resort Development: International Planning Collaborative April 1981 p.3

This dominance of the British visitors within the Cyprus Tourist industry has been achieved in spite of the fact that no chartered flights are allowed to operate. It is based on the traditional links between the two countries as well as the presence in England of a large Cypriot ethnic community which forms a substantial part of the visitors from the U.K. According to the Director General of the C.T.O., Mr A Andronicou, some 28 per cent out of the 36,000 arrivals from Britain during 1981 were of Cypriot origin.

III Competitiveness:

There are two main constituents to the overall cost of the product:

(a) Local costs (e.g. accommodation, food, entertainment, and inter-island transport). In this respect Cyprus appears to have no serious problem. We have already mentioned the close co-operation between the hotel keepers and other interested parties, in keeping prices low, but perhaps the most important factor controlling prices is the prevailing low inflation level.

(b) The cost of the flight from the tourist centres of Europe, and in particular the United Kingdom. Chartered flights are generally recognised by tour operators, as the cheapest method of transporting their clients to and from the various holiday centres. The government of Cyprus has since 1974 resisted pressure to grant operating licences for such flights. Chartered flights from the United Kingdom have been the subject of long debates and arguments between conflicting interests in the island and abroad, they have been allowed to operate progressively from Sweden, Finland, and West Germany but the government has been resisting pressure to allow charters from Britain. This ostensibly is to protect the National Carrier from unfair competition. Nevertheless, arguments continue unabated and they have been prominently featured amongst the popular as well as the trade press.

Since this factor is of crucial important a substantial proportion of the rest of this chapter is devoted to the issue.

<u>The case for introducing charter flights from the U.K.</u>

Those supporting the introduction of these flights are basing their case on a number of grounds. Perhaps the most important is the need to improve the occupancy rate of hotels particularly of non luxury category. As it stands at the moment the island has 15,770 beds (including those under construction). Assuming an average 12 day holiday duration and 75 per cent occupancy of accommodation year round, each bed constructed brings about the need to attract an additional 22.8 tourists. The bed capacity when complete will be only 7.5 per cent below the pre invasion level.

Another important factor at least as far as the Cyprus Hoteliers Association is concerned, is the nature of the U.K. tourist, who as we have seen in the previous chapter has been consistently spending more than his counterparts from other countries. Moreover they are easier for hoteliers to handle as most staff speak English.

The following points are set out in a memorandum dated November 1980 by Mr Peter Drew, Chairman of the British Tour Operators Study Group, stating why U.K. tour operators need charters to increase the number of British tourists visiting Cyprus and also why charters from the U.K. will be good for the Cyprus Tourist Industry.

> "Cyprus has less than 1% of the U.K. market. Under 50,000 tourists. TOSG believes that the 106,000 tourist arrivals, referred to by the Cyprus Authorities, is inflated by business and/or Ethnic arrivals holding British Passports. The Cyprus share of the British market is so small that the British Media Research Bureau do not report Cyprus separately".
>
> "Cyprus does particularly poorly in Winter. Probably because four of the U.K.'s largest tour operators (including the market leader with 35% share in winter) representing 64% of the Winter market do not offer Cyprus".

"Charter costs for a year round series are cheaper than current scheduled fares and irrespective of the actual charter costs, tour operators can make cost savings by using full aircraft; loads of 130/170 passengers viz:"

Hotels:-	"Confident that the tour operator has a financial interest in filling the aircraft and keeping it flying year round, on a back to back basis, hoteliers will be able to offer lower prices as a result of better occupancy (particularly in winter).
Coach Transfers	Tour operators with 20/30 seats allocation on scheduled flights split between several hotels have often to use taxis instead of coaches. With full 130/170 passenger loads and 50/65 seat coaches costs can be reduced.
Represen-tation	Staff representation spread over a small volume is uneconomic.
U.K. over-head and marketing costs:	Tour operators just cannot spend money promoting a destination with low volume sales. Advertising and promotion is expensive and a significant volume is required to make it worthwhile. Over 100 seats per week spread between London, Birmingham, Manchester and Scotland is thought by many operators to be a minimum economical volume.
	Without charter capacity and associated costs, few large operators can become fully committed to selling Cyprus."

"Heathrow, Gatwick and Manchester represent only 57% of the U.K. market. 43% (Over 2m people) prefer to travel from their local airport and scheduled flights do not serve Luton, Birmingham East Midlands, Cardiff, Bristol, Newcastle, Glasgow and Edinburgh."

Will Charters Affect Scheduled Services and Cyprus Airway

"Charters create new business and book early. 60% of the U.K. tour operators bookings for a Summer season are taken by the end of January.

Existing tour operators will continue to use their scheduled seats from Heathrow as this is a major catchment area i.e. many people live close to Heathrow and choose to fly from their local airport. Charters are not permitted from Heathrow because of airport congestion. From Manchester there is much more demand than can possibly be met by existing scheduled services. National airlines - Iberia, Air Malta, Alitalia and TAP - sell substantial volumes of seats to tour operators even though charters are permitted.

Many smaller tour operators are not licenced to use charter flights and do not wish to take the financial risks as they do not have the marketing strength if problems occur. These operators prefer scheduled service seats.

It is argued that a good scheduled service to the U.K. is a necessary lifeline and that charters would damage and even jeopardise this lifeline."

The Cyprus Hotel Association have been very active in favours of charter flights from the U.K. To this end they petitioned the Minister of Communications and Works to the effect that the industry is suffering from a chronic excess capacity in the form of under utilisation of beds. And that the European tourist generating countries, currently suffering from a protracted recession, would need the stimulus of charter flights to provide the extra traffic in order that optimum capacity of beds is attained.

Arguments in favour of chartered flights are voiced regularly in Cyprus as well as in Britain. From Cyprus Mr G.Georgiades the Manager of the Amathus Beach a luxury class hotel in Limassol, maintains that Cyprus will not survive touristically without chartered flights. In support of his argument that the occupancy of the hotels is falling year by year, the Amathus manager said that while in 1979 it stood at 60.2%, in 1980 and 1981 it stood at 59.1% and 55.8% respectively, and that the 1982 figures was anticipated to fall around 50.0%. As further evidence, Mr Georgiades compares traffic from Sweden and the U.K. and says that with chartered flights, arrivals from Sweden reached 9% and 15.8% for 1980 and 1981 respectively against 3.9% in 1979, while British arrivals with scheduled flights only dropped from 36.2 in 1979 to 31% in 1980 and 30% in 1981. On the question of the effects chartered flights might have on the National Carrier, Mr Georgiades, maintains:

> "The tourist industry of Cyprus is in the midst of a battle. We have to consider as first priority Cyprus as a whole and not our National Carrier, we have to see the subject as part of our national economy because it is not in our interests to allow hotel beds to remain empty because our National Carrier may lose some percentages. Let the government subsidise it for the benefit of the National Carrier".

The main opposition to Charter Flights comes from Cyprus airways who believe that the routes from the U.K. are already well catered for. The airline believes that"the introduction of charter flights would provide a mass inflood of tourists which might well have adverse effects on the natural environment, would increase the cost of living and place an intolerable strain on the local culture. Additionally the rapid growth, usually associated with the uncontrolled introduction of Charters could lead ultimately to the Cyprus tourist industry falling under the control of large foreign interests. Cyprus airways claims that the island and its economy has a great deal to gain by continued regular air communications throughout the year and in particular the Winter months. These, the company maintains, benefit the Tourist industry as well as the expatriate Cypriots, and visitors who arrive for business or other reasons. For this purpose Cyprus airways operates regular routes with 22 points in Europe, the Middle East, and the Gulf. Furthermore, reasonable fares are being made available to Tour Operators in sufficient numbers, to fulfill their requirements." Finally, the company rests its case on the danger of their whole operation becoming unprofitable, if their most profitable route, that of the U.K. is eroded by the private operators using charters.

Ironically, Cyprus airways appear to have found an unlikely ally in the Cyprus Tourism Organisation, who seemed greatly concerned about the anticipated large increase in arrivals. The following are interesting extracts from an interview given by the CTO manager George Michaelides to Derek Baber.[83]

(83) Euromoney: Supplement 'Mass Tourism and Quality' July 1982 p.13

"Some of our popular areas are already highly developed and there is resistance to further development there. At other locations there are infrastructural difficulties, and the Central Bank has been asked to use the Tourism Development Insensitive Scheme to direct new development to other areas."

"Catering for an anticipated extra 270,000 visitors by 1984 would call for a further 5,000 workers, besides the 45,000 already employed in the industry. 'The number of trained staff would not be available, and this would be detrimental to the quality of the product we have to offer, particularly at a time when we are trying to upgrade accommodation to make it meet minimum standards'".

"'Just as the source of tourists has changed, so have our aspirations,'. 'We are not so concerned with the number of tourists as with the amount each one spends. Our intention is to keep the product up market, and keep per capital expenditure rising faster than the number of visitors'".

No doubt the arguments on the merits of introducing charter flights from Great Britain will continue. The one thing that is certain is the importance of the British market to the Cyprus tourist industry, because after allowing for the ethnic traffic, Britain remains by far the biggest tourist generating country for the island whilst at the same time projecting an even bigger potential.

There seems to be little doubt that chartered flights will reduce the cost of flights from the U.K. to Cyprus and as this is a major component of the cost of package holidays the total cost of holidays will be reduced proportionally. This in turn will attract more visitors and thus the aim of the pro-charter lobby will be achieved. Excluding the National Carrier and at least in the short term, benefits will be felt throughout the tourist industry. But what is at stake is the long term effects, not only on the industry but the island and its people and it is on this criteria that charters in general, but more so from Britain, should be judged.

One should look at the Swedish example where, within two years from the introduction of charter flights, arrivals have almost doubled. As we can see from Tables 39 and 40 the proportion of Swedes staying in hotel apartments is considerably higher than any other country. There is no reason to believe that if charters are allowed from the U.K. that the situation will be different, except that, because the British market is much larger the problem will multiple, in proportion.

In the short term there will be a shortage of hotel beds and an even greater shortage in hotel apartments. Holiday accommodation will become a sellers market with the prevailing competitive hotel rates becoming one of its first casualties. Perhaps more serious would be the inevitable building explosion that will follow the creation of a demand for new beds. This would result in the islands limited resources being stretched to breaking point. The natural environment would be destroyed and an antagonism will be introduced between the local population and the arriving tourists. The normally friendly and hospitable Cypriots who, according to one of C.T.O.'s posters is the island's biggest treasure, would find themselves competing with the visitors for things like water, beaches, the countryside, the roads etc. In such conditions the tourists would no longer be treated as welcomed visitors but as aliens invading their privacy and depriving them of the enjoyment, of their land and generally overwhelming them with their presence. Another inevitable result of the introduction of charters from Britain would be the serious aggravation of the problem of diversification.

Cyprus is a small island covering an area of 3,572 square miles.(84) Some 40% of this remains occupied since 1974 without any indication that it will be returned to the main body. We have seen what over-development in the tourist industry has brought about in other countries. It is inevitable that unless due care is taken the same

(84) Statistical abstracts 1976 No.22. Issued by the Statistics and Research Department of the Ministry of Finance. p.2.

thing will happen to Cyprus. We have already seen visible evidence of this deterioration, the actual destruction of the environment, in places like Famagusta before the invasion and Limassol and Ayia Napa in the last few years. The dangers are overwhelmingly evident and it is perhaps more for this reason that the Government of Cyprus should continue to resist the pressure of the charter lobby.

Nevertheless, it does not seem possible to continue refusing the granting of licences for charter flights forever, particularly after 1984 when the airport at Paphos opens. It is therefore necessary to consider the matter very seriously and decide such matters as the timing, the points of departure, the number of licences to be issued, and to act in accordance with a well thought and prepared policy. Otherwise it will find itself pushed into fragmented decisions which could prove harmful to the national interest, as well as the long term interest of the tourist industry.

The economic system of Cyprus, traditionally based on free enterprise has been suited to the character and temperament of the people. Free market conditions such as those prevailing in Cyprus have provided the right climate for the Cypriot entrepreneur to develop his talents and to create the post-invasion economic miracle. In such circumstances and always under constraints from the law, one should expect that building, like other sectors of the economy, should be left to market forces, which normally find their own equilibrium.

The problem here is that the damage to the environment could be beyond redemption. It is not within the terms of reference of this study to examine the economic system of Cyprus except those aspects that are connected with the tourist industry, but it is precisely in this connection that in certain areas like the building sector it is not always possible to separate tourist and non-tourist development.

Besides the apparent difficulty of the authorities to enforce the law on tourist developments, and there are many examples before as well as after the Turkish invasion, where matters like building regulations and plot development ratios have been blatantly ignored and abused by developers. Other problems created by the apparent lack of zoning as we know it in this country. It is not uncommon in Cyprus to find next to each other or even within the same building dwellings, offices, shops and even manufacturing. The amount of construction since 1978 is reaching alarming proportions. Flat development, particularly in Limassol, must be curbed. A substantial proportion of this does not appear to fulfill its proper function, that of providing residence for Cypriots or holiday accommodation for their overseas owners. They are instead advertised for sale as investment properties bringing lucrative profits to their owners by being let to tour operators for accommodating tourists mainly from Scandinavia. This is a very dangerous situation because most of these developments do not meet the C.T.O. criteria, they are unlicensed and outside of any controls and they cater for the kind of tourist whose expenditure per head is considerably below the average.

In this context, both zoning and planning must be examined at National as well as the Regional level, and consistent, clearly defined enforcible laws should be enacted if the natural environment, the heritage and the way of life in Cyprus are to be preserved.

Tourist capacity and composition will have to be examined in order that correct decisions can be made on numbers, capacities, classifications and locations of all future developments. This will have to be undertaken as part of a wider review so as to enable the Government to formulate a comprehensive tourist policy. Areas to be covered should include the protection of the seashores, the green, forests and the wealth of Cyprus Antiquities.

As we have seen before ex-patriot Cypriots and people with Cypriot origins constitute a substantial part of the country's tourist inflow. The majority of these come from England. Although it is impossible to quantify from statistical sources, it is clear that many Cypriot ex-patriots come from places as far as America, Australia and Africa. They do not visit Cyprus as often as their counterparts from the U.K. Nevertheless, they provide a very useful contribution to the island's foreign exchange. It is commonly accepted that this kind of visitor is pro-rata the biggest source of foreign exchange within the tourist industry. Furthermore, after several visits, a number of them are so attracted to the place of their origin, that they bring in substantial amounts of foreign exchange and buy their own house or flat or building plots or, where possible, they repair and modernise their ancestral homes. This gives them an additional impetus to make their visits more frequent and longer lasting. Eventually some have settled or are intending to return to Cyprus for their retirement with their pensions. It is therefore evident that the Cypriot ex-patriot, and in particular those from the U.K., are an invaluable part of the island's tourist industry.

In the circumstances the Government would do well to heed to the ever increasing pressure from Cypriot organisations of the U.K. to reduce the cost of the flights for the ethnic community from England.

The image of a divided island still lingers in some quarters and this is bound to continue to inhibit a section of the tourist market, particularly in Europe. Here the government is facing a real dilemma. In its desire to bring about the withdrawal of the Turkish troops and the end of the occupation of its northern lands the government continues at every opportunity to highlight the problems and the injustices brought about by the 1974 Turkish invasion. This is clearly not conducive to the peaceful and carefree image which the C.T.O. and the tourist sector wish to cultivate.

In a special report on Cyprus in the Business Traveller, Chris Drake writes,

> "For several years the government of Cyprus has been spending millions to tell the world of the horrors inflicted upon its people by the presence of the Turkish mainland army. For a similar length of time a smaller but equally determined group of organisations and individuals have been attempting to tell the world what a remarkably peaceful place Cyprus is - ideal for cheap holidays, perfect as a regional business headquarters and an earthly haven for those seeking somewhere to retire".(85)

As we have already seen the image is not the only problem. There are a number of other difficult problems like the distance of Cyprus from the major tourist generating countries. The inherent problem of shortages of rainfall - a problem which, in the last ten years, appears to be worsening. But, problems apart, Cyprus is an island blessed with many natural assets. The National Tourist Board has been doing good work in projecting and promoting Cyprus amongst the European and Scandinavian countries. If therefore, the correct decisions are made and measures taken for a planned and controlled growth based on long as well as short term criteria and provided that political problems remain under control the future of the tourist industry of Cyprus looks very promising.

(85) Business Traveller, May 1982. p.74

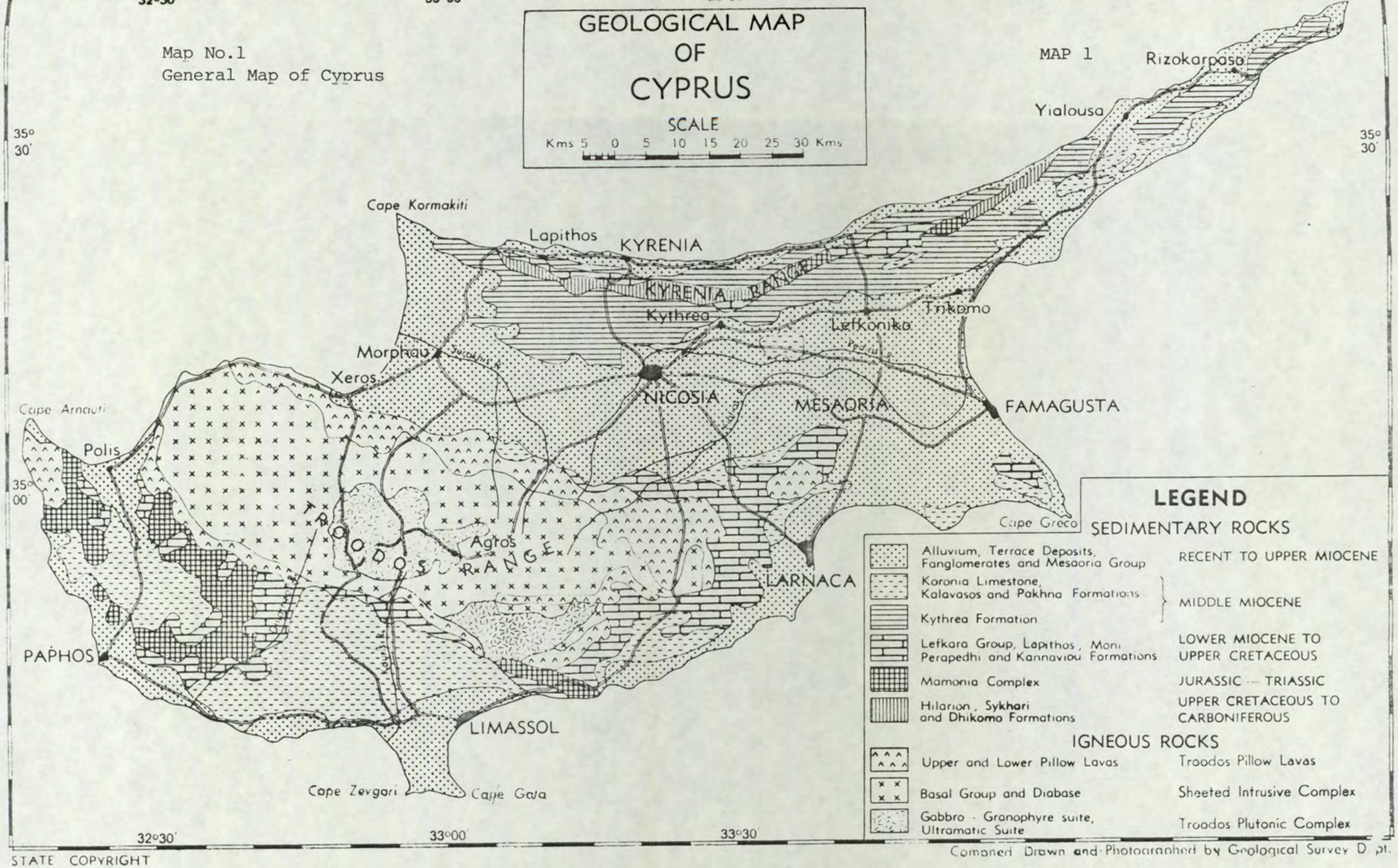
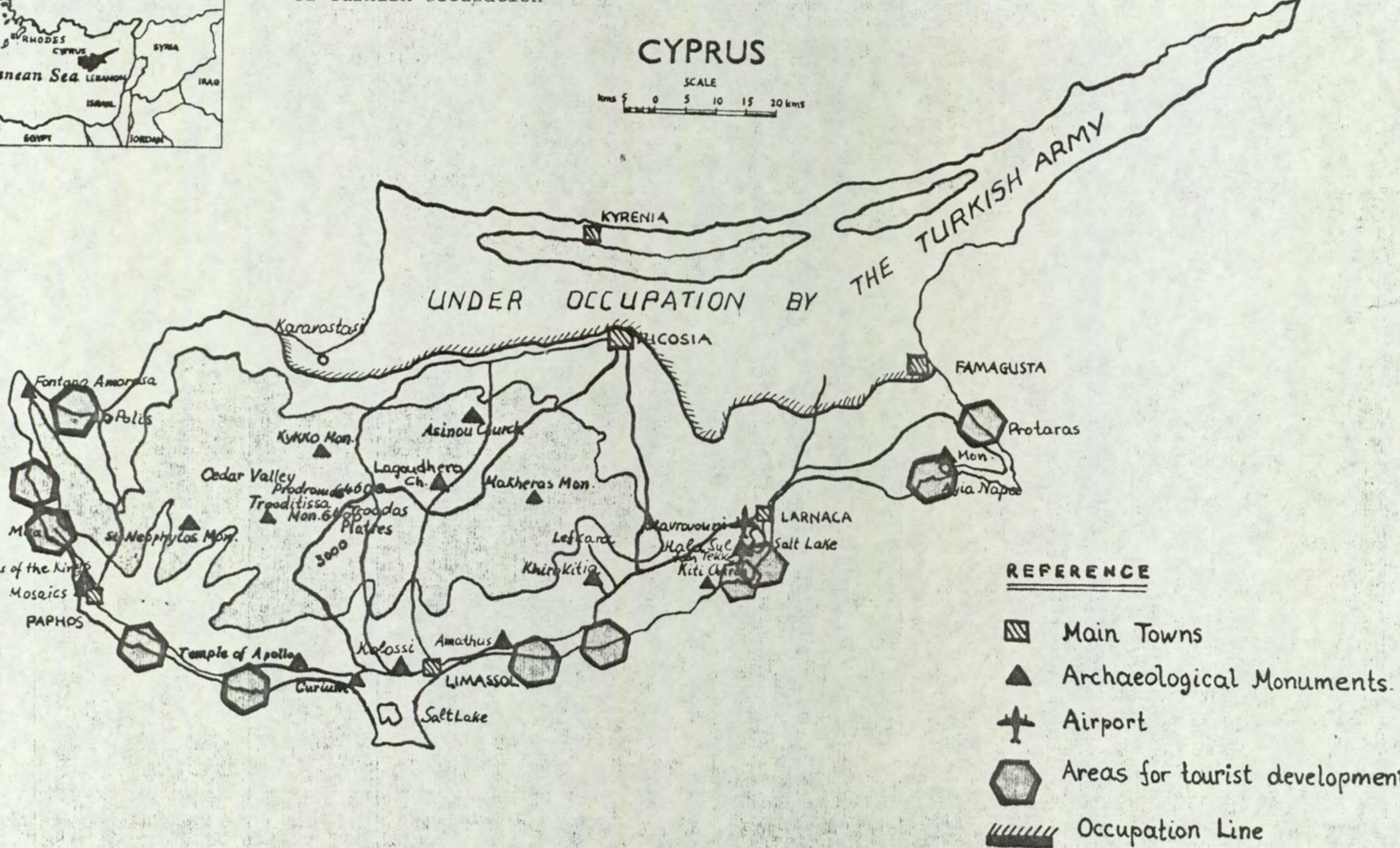


Fig. 1 Geological Map of Cyprus.

Map No.2
Cyprus, showing areas
of Turkish Occupation

MAP 2



CHAPTER VII

SUMMARY AND CONCLUSION

The recovery of the tourist industry of Cyprus in the years following the Turkish invasion represents a major trimph of free enterprise working within the framework of two national Economic Programmes. The immediate pull back from disaster stemmed from an appeal to the nationalism of Cypriots living abroad and an unexpected bonus was received from the misfortunes of nearby Lebanon. These factors could not, however, be relied upon to provide a substained and permanent recovery. For the latter to be achieved the traditional European markets had to be recovered. The two major problems were the lack of confidence in the stability of a divided island, and the loss of accommodation capacity in the Turkish occupied part of the island. The willingness of the Government to provide financial assistance to make good the latter, was undoubtedly a major factor in the return to prosperity. An important part was played by the Cyprus Tourist Organisation by means of loans through the Cyprus Development Bank to areas where quick results could be expected, and also by the Government which provided direct financial assistance to improve communications and to promote tourism. In particular the opening of Larnaca International Airport as an effective substitute to Nicosia was an essential prerequisite to attracting visitors. The Government also proved effective in two other areas (a) the classifications of hotels and the control of charges, and (b) the recruitment of students to the two hotel training schools to replace the skilled staff which left the island. These in turn have helped to maintain standards in the Hotel Industry at levels for which Cyprus can justly be proud of.

Another area where the Cyprus Tourist Organisation proved potentially effective was in overseas promotion. A vigorous publicity campaign was undertaken to reestablish the image of the island as a tourist centre; whilst astute public relations exercises complimented the more direct advertising activity. It was also recognised that the losses of tourists amenities in the Turkish occupied part of Cyprus had to be made good, accordingly a substantial programme of work to improve the infrastructure of the new tourist centres was undertaken. The overall results were an outstanding success, and there can be no doubt that the enterprise of the Cyprus Tourist Organisation was a major factor in the recovery of the tourist industry.

Like the tourist industry in many other countries, that of Cyprus suffers from seasonal peaks and troughs. Therefore, it has been imperative to lengthen the season in order to avoid overcrowding in the summer and excess capacity in the winter. The rapid degree of development to-date has been channelled almost exclusively towards the needs of sunshine seekers. Nearly all new accommodation has been built in the coastal regions of Ayia Napa, Paphos, Larnaca, and Limassol. Urgent efforts must be made to control this type of development and to channel future developments towards the needs of the special interest tourist who is prepared to visit the island during off peak periods. It is essential that C.T.O. must address itself with some urgency to this problem. This is also the case on the question of diversification of the sources of tourists. In both respects government and industry alike should look to expand their activities further to the industrial countries, to attract more conferences and incentives and also to the northern European countries where their people wish to escape from the heavy winter to milder climates.

Pertinent to the above is the re-introduction and the build up of the charter business to cover the United Kingdom, but as we have seen in Chapter VI this has been a subject of considerable dispute between the various interests on the island and overseas. It is therefore essential that the government must approach this problem with utmost care, because the issues here are fundamental to the future well being of the Cypriot people and also the protection and preservation of the islands heritage and natural environment.[1]

The contributions and the role played by the authorities in general has been underlined in this thesis as a major factor in the recovery of the tourist industry. It should also be emphasised, however,

(1) Since this research was completed it has been announced that Britannia Airways was granted a licence to operate charter flights, from Newcastle, Edinburgh, Cardiff, Bristol and Glasgow. No further information is available at present, it is not therfore, possible to comment on either the reception this announcement will receive within the trader nor on the actual effects it will ultimately have on the flow of tourism from the U.K. to Cyprus

that the enterprise of the individual, although more difficult to document, has been just as crucial a factor. In fact the outburst of energy in re-constructions by the private sector cannot be explained alone by the operation of the profit motive or the desire to avoid economic demise. Part of the explanation must lie deeply in the entrenced attitudes of the people of Cyprus towards survival, probably engendered by many generations of foreign dominance. Indeed, some of the enthusiasm for re-construction needs to be curbed by the authorities to avoid too rapid expansion in an unplanned manner which in the end would prove to be self defeating.

Business travel is also an area of major importance. Since the ascent of the Gulf Countries and their acquired importance in the world markets, and following the tragic events of Lebanon, Cyprus is uniquely placed to take the role of the principal banking and business centre in the area. Communications to and from the island, and also within the country are good, telecommunications are excellent and hotels of the highest standards can be found in all towns. As an excolony, Cyprus continues to base its laws on the British example. The majority of lawyers, accountants, bankers, E.C.T. have had their training in this country. Everything appears to be conducive to Cyprus acquiring a major role in the region with all the accruing benefits, not least to the tourist industry, the only problem being the continuing political uncertainties. If the government addresses itself, to this very important issue with the appropriate determination and vigour, success should not be beyond reach.

Within this remarkable achievement, one could say, the formula for recovery can be found in the successful interaction of public and private enterprise.

It was a combination of:

a) Government policies.

b) Intelligent promotion and marketing by C.T.O. and

c) The enthusiastic participation of the private sector "a rather uniques breed of "entrepreneurs" who rose to the challenge and took all the risks necessary in such circumstances."

The third major element, in this success are the Cypriot people, whose friendliness and warm personality never fail to captivate the visitors. John Graham Hust, the Editor of Travel Agency on his return from a recent visit to the island commented

> "much of the success of Cyprus since the tragic invasion of 1974 has been due to a strange but unmistakable affinity between the Cypriot and British people".

According to Nicos Cofou, the Director of the London Office of C.T.O. than 50 per cent of the British traffic to Cyprus is repeat business, with some people returning almost every year. Mr Kofou's statement continues as follows:

> "And although I would not like to denigrate the natural beauty of the island or its general tourist infrastructure, the prime reason for the British keep coming back is the people".

In conclusion one would anticipate that the recession in the late 1970's and early 1980's notwithstanding, the combination of public and private enterprise is likely to provide a basis for consolidation and expansion for the remaining of the decade.

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