

CYPRUS

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Sadly, despite the incentive of being able to sign the Treaty of Accession to the European Union (EU) as a whole country and the best efforts of many people, Cyprus did not achieve re-unification in 2002. This process requires agreement between the Republic of Cyprus, effectively the majority Greek Cypriot community that now occupies the southern part of the island, and the breakaway Turkish Republic of Northern Cyprus (TRNC). It is sponsored by the United Nations, encouraged by the EU and the US, and supported by many on either side of the 'Green Line' dividing the island. In November 2002, the UN Secretary-General put forward a Plan to establish the United Republic of Cyprus, within which the two communities would be largely self-governing. But the proposed Foundation Agreement was not agreed by the end-February 2003 deadline in time for the EU Accession Treaty, nor had it been signed by the time of writing.

This lack of progress did not, however, hinder 'southern Cyprus' as regards economic growth in general, and harmonisation with the EU in particular, as projected by the Five Year Development Plan covering 1999 to 2003. GDP growth in the final quarter of 2002 was on target at 4% and the Republic of Cyprus signed the Treaty of Accession in April 2003 - as the EU had agreed it could if unification was not achieved. Actual accession is scheduled for May 1, 2004.

The mineral industry within the Republic makes a small but useful contribution to both the domestic construction and manufacturing sectors and export earnings. Apart from a dip in 1997, the value of gross mining and quarrying output rose from C£19.7 million in 1995 to about C£28 million in 2001. Sand, gravel and lime rock for construction comprise by far the greatest proportion of the tonnage extracted by more than 200 quarries and also account for the biggest share by value.

Bentonite mining and processing, mainly for export, is also important and underwent a notable ownership change at the start of 2002: Peletico took over Bentex Minerals Co. Ltd, reportedly adding 100,000 t/y to Peletico's 150,000 t/y capacity at the Pentakomo mine. The Hellenic Mining Group and C&A Quarries also mine calcium bentonite, while Hellenic is the main shareholder in the Vassiliko cement manufacturing operation. And Peletico is the main company mining the island's third most important industrial mineral, gypsum: production from Aradipou is partly calcined, some is used in-house to make plasters and some is sold for plasterboard and cement manufacture. Another mineral category produced largely for export is umber/ochres, the main producers being Drapia Mining Co.Ltd and Feo Quarries Ltd, both also bentonite suppliers.

The main recent foreign investment in the minerals sector has been in the re-birth of copper mining. The Hellenic Mining Group joined forces with Australia's Oxiana Resources to form Hellenic Copper Mines (HCM) and recover copper from previous mine dumps by a leach-solvent extraction-electrowinning process. Subsequently, the Greek company Mytilineos Holdings has taken a stake and provided capital for cost reduction steps, so that Hellenic Mining and Mytilineos now each have 39.16% interests and Oxiana Europe has 14.15%. Mytilineos handles copper marketing. HCM had a trying start to 2002, depressed copper prices leading to operating losses in the first six months. Exchange gains in the second half the company to end the year at breakeven.

Meanwhile, East Mediterranean Minerals (Oxiana Europe 60%) is continuing studies of the island's volcanic-hosted massive sulphide mineralisation.

Republic of Cyprus: Mining and Quarrying

	1999		2000		2001	
	'000 t	C£'000	'000 t	C£'000	'000 t	C£'000
Total Value		24,486		26,394		25,250
Non-metallics						
Gypsum	181.5	572	138.1	435	144	454
Ochres	9.17	229	12.3	306	7.8	195
Building materials, Clays						
Building stone	63.0	519	91.6	660	85.5	667
Marble	1.6	11	2.1	15	2.4	16
Sand & aggregates	9,150.0	18,300	9,570.0	20,097	9,980.0	20,060
Lime rock	4,735.0	2,841	5,020.0	3,012	2,930.0	1,758
Clay	393.8	354	371.8	335	367.2	330
Bentonite	140.1	1,555	126.3	1,534	115.5	1,770

Source: RoC, Statistical Service, Ministry of Finance.