

# Cement is no remedy for divided isle

## Euro Eye

### Helena Smith in Nicosia

FIRST lessons in economic greed are rarely forgotten. I was 12 and standing on a wooden jetty in the idyllic port of Paphos when the terrors of unbridled Mammon were laid bare. "Look very carefully at what you see," my father said as we looked out at the fishermen's calques bobbing on a silky blue sea, "because it won't be here for long."

That was three summers after the 1974 Turkish invasion of the island and it was the last year that the real Cyprus existed.

After that, places like Paphos, which had one sea-front bar and a smattering of fish taverns, got subsumed by cement and enmeshed in the developers' web.

Cyprus is a large island with a population of almost 700,000, whose memories tend to be vivid and long. As an adolescent growing up there, I was regaled with tales of how construction had ruined resorts like Famagusta, where the beach had been thrown into permanent shadow by the unruly growth of high-rise hotels.

At the time, Greek Cypriots said it was the only positive lesson they were willing to accept from the loss of their northern territory to the Turkish army.

But in the rush to replace their lost tourism infrastructure the same mistakes were made in the south. Now they pose a threat to the economic future of a country that meets all the Maastricht criteria for Economic and Monetary Union well in advance of joining the European Union.

No EU member depends on tourism as Cyprus does; the industry accounts for 22 per cent of its gross domestic product. A fourfold increase in tourist arrivals during the eighties saw the sector become the most important foreign-exchange earner. Tourism brings in 40 per cent of the island's invisible earnings and, with a quarter of the workforce involved, it remains the largest employer.

But tourists are staying away, put off by the cement and the strength of the Cy-

prus pound. Last year, arrivals sank 7.5 per cent to 1.85 million after some of the worst bi-communal friction on the island since 1974, according to the Association of Cyprus Travel Agents.

The exponential growth in tourist beds — there are 79,000, compared with 55,000 in 1990 — has made the decline seem greater. With bookings showing no sign of improvement, the central bank this year barred financial institutions from giving loans to developers wanting to create new hotels. The ban came as hotels in Limassol were transformed into office blocks or closed, amid disclosure of bank arrears amounting to 400,000 Cypriot pounds (£332,000) in the sector.

Cyprus boasts of being the Greece That Works and like Greece has been the beneficiary of emerging markets in eastern Europe. But the new tourists have not made up for the fall in Britons, the former colony's greatest market, or the fact that, in keeping with global trends, visitors spend less and stay less.

THE Cyprus Tourism Organisation (CTO) has started its greatest promotion campaign, spending 9.1 million Cypriot pounds on advertising the country abroad, not least in Britain.

This week, the CTO got President Glafcos Clerides to launch an island-wide Clean Up Litter campaign as part of its drive to increase the ecological awareness of young Greek Cypriots.

Like other Mediterranean destinations, Cyprus is trying to attract high-income visitors by marketing itself as a winter destination and offering specialised forms of tourism.

Instability following the failure of a political settlement on the island has often been blamed for Greek Cypriots' pursuit of short-term gains. But, with Cyprus due to begin EU accession negotiations next year, the penny, it seems, has dropped that fast-buck tourism is not the way forward.

Despite a robust economy, the island's growth rate does not look good. Shrinkages in industry, manufacturing and agriculture, brought on by low investment in technology, have made the indicators more wobbly still. Economists are looking at other sectors to offset the island's decline, such as offering business services beyond offshore financing.

Greek Cypriots know that northern Cyprus offers what growing numbers of tourists want: undeveloped coastline. Perhaps an instinct for economic survival will preserve the natural beauty that survives on their side of the island.