

# UN sets out new peace plan for Cyprus

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By Carola Hoyos in New York,  
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The United Nations yesterday presented a new peace plan for Cyprus to leaders of the divided island, just one month before the European Union is set to decide if it can be admitted as a member state.

Diplomats involved in the decades-old dispute think the plan represents the best chance in many years for a settlement to resolve the conflict between the Greek Cypriots and the smaller Turkish community on the island.

The key to the plan is for substantial devolution of power to two separate administrations, under the umbrella of a single state, drawing on the constitutions of both Belgium and Switzerland as models.

It also involves the transfer of some territory from the Turkish-administered northern Cyprus to the Greek-ruled south of the island.

Turkish and Greek troops will remain on the island for a period to support the UN peacekeeping force.

The peace plan was presented yesterday by Alvaro de Soto, the UN under-secretary general responsible for Cyprus, to Glafkos Clerides, the Greek Cypriot president, in Nicosia.

It was simultaneously handed to Rauf Denktash, the Turkish Cypriot leader, who is recovering from a heart operation in New York. Greece, Turkey and the UK, as guarantor powers in Cyprus, also received copies.

Kofi Annan, the UN secretary general, was due to discuss the plan later with the Security Council. He hopes the 150-page document will settle the dispute within the coming weeks, UN officials said yesterday.

"The secretary general hopes that this initiative will help the parties focus on the decisions that they should take in the next few weeks," a UN spokesman said. But he stressed that Mr Annan did not intend the plan as a "take it or leave it" option.

European Union leaders will meet in Copenhagen to ratify EU enlargement on December 12, creating an informal deadline for a settlement.

Diplomats hope that both Ankara and Athens will use their good offices to persuade the Greek and Turkish Cypriot leaders to settle their differences, to ensure that a united island can be admitted to the EU.

Mr Clerides has been invited to visit Athens for talks with Costas Simitis, the Greek prime minister, on Saturday. Recep Tayyip Erdogan, leader of the Justice and Development party that won the recent Turkish elections, is due there next week.

# 'Hire and fire' is no recipe for Europe, says EU jobs chief

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Employment commissioner insists there are more pressing issues than labour market rigidity, writes **George Parker**

Europe has a strong record in creating jobs and does not need a US-style "hire and fire" labour market, according to the European Union's employment commissioner.

In spite of German unemployment above 4m and sclerotic EU growth, Anna Diamantopoulou insisted a rigid labour market was not the main problem facing the European economy.

Ms Diamantopoulou says new employment figures, out tomorrow, show the EU economy produced a net 12m new jobs over the last six years, and that overall employment rates were up.

She said that although further labour reforms were needed, the EU economy was being hindered by more important problems, such as a failure to fully open up Europe's internal market.

Ms Diamantopoulou's comments are likely to provoke claims of complacency at the European Commission, which co-ordinates employment policies at EU level.

The European seasonally adjusted unemployment rate currently stands at 8.3 per cent, compared with 5.6 per cent in the US, and the US growth rate has constantly outstripped that of the EU over the last decade.

Last week Wim Duisen-

berg, president of the European Central Bank, defended the decision not to cut interest rates, arguing that Europe's economic problems were not down to fiscal or monetary issues.

"You might find the answer if governments finally embark on ambitious structural reform programmes across the eurozone," he said. Ms Diamanto-

**Of the 12m jobs created between 1995 and 2001, about 60% were taken by women**

poulou, a Greek socialist, believes it would be wrong to jettison Europe's social model in favour of US-style labour policies, although the Commission itself has largely abandoned attempts to introduce new labour market legislation.

In an interview with the Financial Times, she said: "It is a very simplistic approach to say that we are not flexible enough to hire and fire people."

Tomorrow's annual EU

Employment Report will show that of the 12m jobs created between 1995 and 2001, about 60 per cent were taken by women. The employment rate increased from 59.9 per cent to 63.9 per cent over the same period.

Although Ms Diamantopoulou admits more needs to be done, particularly in bringing older workers back, she says the EU labour market functioned well in the second half of the 1990s.

She also insists that a high level of social protection does not necessarily equate to high unemployment. The Netherlands, with an unemployment rate of 2.9 per cent, is an example she likes to cite. She concedes Germany's labour market and social net do need reform, a process which started with the return of Chancellor Gerhard Schroder's new government in September.

Ms Diamantopoulou also suggests that government spending on education and training should be treated as investment and excluded from deficit calculations under the EU's stability and growth pact, although finance ministers are unlikely to agree to such a hefty exemption.

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Anna Diamantopoulou: sees the EU social model as preferable to US-style labour policies *Charlie Bibby*