

**Talking paper  
on the Hydrocarbon reserves around the island of Cyprus  
(29 September 2012)**

The latest developments around the island of Cyprus and in the region have made it even more urgent that the two parties in Cyprus agree on a plan for the exploration and exploitation of the underwater hydrocarbon reserves around the island of Cyprus. Without prejudice to their legal and political positions on the Cyprus problem, the two sides will agree on the following plan, within the framework of the confidence building measures, which could also prepare the ground for a future political settlement:

1. The Secretary General of the United Nations appoints a facilitator regarding the activities related to hydrocarbon resources off the coastlines of the island of Cyprus (both North and South). This person will chair a technical committee to be established for that purpose to which the two leaders will appoint their own representatives.
2. The mandate of the technical committee will be:
  - a. Obtaining the written mutual consent of the two sides on the international treaties concluded and the licenses issued unilaterally by either side.
  - b. Determining the shares of the two sides related to hydrocarbon resources off the coast of the island of Cyprus.

3. The total revenue in the context of the above will be kept in a special account governed by the relevant technical committee and will be used primarily for financing the implementation of the provisions of the comprehensive settlement. It will also be possible for the two sides to decide conjointly through the technical committee mentioned above on the use of this revenue for different purposes. Under no circumstances will this revenue be used for any kind of military purposes (e.g. purchase of weapons, etc.)

If the above proposal is accepted by the Greek Cypriot side:

The Turkish Cypriot side proposes to have the hydrocarbon resources transported through a pipeline via Turkey. The Turkish officials, with whom we have spoken, have stated that they will be ready to do so if agreement is reached between the two sides of the island. Relevant experts have been stressing that this would be the most feasible and profitable, to transport these resources to the European and other markets. This would be to the benefit not only of the two sides in the Island but also the potential consumers. Other alternatives so far discussed, such as building an LNG plant or a pipeline via Greece, lack economic feasibility.