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QUESTION OF CYPRUSSECURITY COUNCIL  
Thirty-seventh yearLetter dated 23 November 1982 from the Permanent Representative of  
Turkey to the United Nations addressed to the Secretary-General

I have the honour to enclose herewith a letter dated 22 November 1982 addressed to you by Mr. Nail Atalay, the representative of the Turkish Federated State of Kibris.

I should be grateful if this letter were circulated as a document of the General Assembly, under agenda item 37, and of the Security Council.

(Signed) A. Coskun KIRCA  
Ambassador  
Permanent Representative

ANNEX

Letter dated 22 November 1982 from Mr. Nail Atalay  
to the Secretary-General

Upon instructions from my Government I have the honour to bring to your kind attention the latest Greek Cypriot attempts aimed at grossly distorting the recent efforts of the Turkish Federated State of Kibris to establish an institution performing limited functions of a central bank and a development bank to promote the development and the stabilization of its economy.

The Turkish Federated State of Kibris, like any other administration, has the obligation to develop its economy and to improve the standard of living of its people.

An efficient monetary mechanism is indispensable for the steady development of economic resources and raising the standard of living. The central bank is the most important institution vested with the duty of implementing the monetary and credit policy of a country, which includes the regulation of the supply of money, adjustment of interest rates and controlling foreign exchange earnings and the banking system to facilitate orderly economic growth.

In fact, the proposed central bank in the Turkish Federated State of Kibris is intended to perform limited functions of a central bank because it will not issue currency, which is the most important function of a central bank.

Furthermore, the establishment of a central bank with limited functions should be considered as another institution in the Turkish Federated State of Kibris which could be used as a branch of the Federal Central Bank when a negotiated political settlement is reached and the Federal Republic of Cyprus is established. Therefore, it is most unfair and unjust to construe the proposed establishment of a central bank with limited functions in the Turkish Federated State of Kibris as a move in the direction of acquiring a new political status.

The proposed development bank, on the other hand, aims at meeting the medium- and long-term credit requirements of the public economic enterprises as well as the private sector, which are in great need of investment and working capital. This institution is essential for economic development because, in addition to providing finance, it has the very important function of channelling scarce financial resources to the most urgent and appropriate fields of investment.

The Greek Cypriot community in the south possesses a development bank in which the Turkish Cypriots had a certain percentage of ownership until they were forcefully ejected in 1963 from all the organs and institutions of the bi-national state of Cyprus. The tremendous contribution of this institution in the development of the economy of the south cannot be denied.

Under these circumstances, it is inconceivable that the Greek Cypriots should attempt to deny the Turkish Cypriots every opportunity to establish institutions or to take the necessary measures to promote the development of their economy while they themselves benefit from similar institutions.

The Greek Cypriot propaganda aims at distorting the true nature of economic and social actions taken by the Turkish Federated State of Kibris. The use of the Turkish lira in the Turkish Federated State of Kibris is another point which the Greek Cypriots are trying to present as a step in the direction of acquiring a new political status.

Any economy in the world which has advanced beyond the barter stage has to use money, which has the functions of a medium of exchange, unit of value and store of value. Thus, the Turkish Federated State of Kibris has to use some kind of a currency to run its economic life.

The Cyprus pound was used as legal tender and a means of exchange until the Bank of Cyprus confiscated the deposits of the Turkish Banks and deprived the Turkish community of a financial source and the use of the Cyprus pound.

Although officially the Cyprus pound is still legal tender in the Turkish Federated State of Kibris, it is not available for use as a means of exchange. Therefore, the Turkish Federated State of Kibris had to find an alternative medium to run its economy. As a result, Turkish currency was introduced in North Cyprus pending a final solution to the Cyprus problem. Thus, it can be easily observed that the Greek Cypriot community is responsible for the elimination of the Cyprus pound from the economy of the Turkish Federated State of Kibris.

Since 1974 the two communities have been living in two distinct zones, administering their respective autonomous communities. This state of affairs is also noted by the 1974 Geneva Declaration.

The Greek Cypriot attempts to add new dimensions to their economic embargo by unwarranted protests and interference with the purely domestic, economic and social life of the Turkish Cypriots - in other words meddling in the internal affairs of the Turkish Cypriot community - will cause still further widening of the economic gap between the two communities.

It is generally accepted that a stable and viable political solution to the problem of Cyprus will depend, among other things, on the establishment of a meaningful balance in the economic and social development between the two communities in the Island. It is disappointing that the Greek Cypriot community with a per capita income five times greater than that of the Turkish Cypriot community should have the audacity to protest and distort the efforts of the Turkish Cypriot community to bridge the vast economic disparity existing between the two communities in the Island.

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Thus, the decision of the Turkish Cypriot community to establish its own central bank, its development bank and the use of the Turkish lira is the result of fundamental economic conditions prevailing in North Cyprus. Such a decision is purely an internal affair of the Turkish Federated State of Kibris and Greek Cypriot allegations to the contrary are totally devoid of any legal or logical base.

I should be grateful if this letter were circulated as a document of the General Assembly, under agenda item 37, and of the Security Council.

(Signed) Nail ATALAY  
Representative of the  
Turkish Federated State of Kibris

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