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## **IGNORED RICHNESS OF TOURISM IN NORTHERN CYPRUS**

As a state policy the tourism sector in Northern Cyprus was identified as the locomotive sector for economic development. However, the tourism sector could not meet expectations due to internal and external factors. Even though its success is questionable, noteworthy improvements in gross output, net tourism revenues, and structure of the sector such as bed capacity have been observed. Despite the existing structural and managerial problems in addition to lack of direct flights from Europe, Northern Cyprus is an exceptional tourist destination providing a diverse range of tourism opportunities. This characteristic of the country, forming the basis of its competitive edge provides both domestic and foreign investors with a potential advantage to undertake feasible projects while making use of investment incentives designed to foster the economic development of Northern Cyprus.

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**Keywords:** Tourism Sector, Northern Cyprus, Opportunities

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## 1. INTRODUCTORY REMARKS

Tourism can be defined as the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. Tourism is different from travel. In order for tourism to happen, there must be a displacement: an individual has to travel, using any type of means of transportation (he might even travel on foot: nowadays, it is often the case for poorer societies, and happens even in more developed ones, such as in the case of pilgrims and hikers). But not all travel is tourism<sup>1</sup>. The purpose or motivational factors of tourism activities suggest various types of tourism and special interest tourism. These motivational factors are *recreational/pleasure*, *cultural* and *educational*, *ethnic* and *miscellaneous* (Foster 1985, pp. 1-4). As tourists become more sophisticated, they will increasingly seek tourist products that fulfill their particular needs. Accordingly, some visitors are attracted to a city primarily for customised special interest experiences, such as education, sport or business experiences. These special interest visitors are often referred to as niche markets<sup>2</sup>. The leading purposes or activities comprising the various types of tourism or special interest tourism are sport, business, events, study, health and wellness, youth culture, marine, regional, cultural, social, political, heritage, rural, educational, environmental, sex, senior, urban, rest and relaxation, exotic and unusual holidays, travel as a norm of behavior, sea, congress, thermal, yachting, caving, mountain and winter, trade, hunting, golf, religious and plateau tourism (Foster 1985, pp. 79-83; Douglas *et al* 2002; Bayer 1992, pp. 23-30; Kozak *et al* 2000, pp. 21-30; Olalı 1990, p. 13 ).

Due to the demographic and geographic characteristics together with the favorable climate and small size of Northern Cyprus, service sectors were selected through state policy as locomotive sectors to drive economic development. This makes sense as it would not be

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<sup>1</sup> <http://www.linkbc.ca/torc/downloads/WTODEfinitionTourism.pdf?PHPSESSID=ugcfittizdy>, November 21, 2009

<sup>2</sup> [http://www.goldcoast.qld.gov.au/attachment/tourism/ts\\_part3\\_12.pdf](http://www.goldcoast.qld.gov.au/attachment/tourism/ts_part3_12.pdf), November 23, 2009

possible for Northern Cyprus to choose a manufacturing industry as the locomotive sector because of lack of economies of scale. It can be argued that Northern Cyprus having a total area of 3,355 km<sup>2</sup> and a population of about 270,000 has comparative advantage in relation to its tourism potential. Its climate makes a season of “sun, sea, sand” tourism possible between the months of April and October, its topography is mostly flat, its environment is relatively unspoiled, peaceful and safe living environments prevail, and historical, cultural and religious riches give unique absolute and comparative advantage to Northern Cyprus compared to her rivals. Owing to these numerous positive characteristics it is possible for Northern Cyprus to provide various types of tourism as tourism alternatives. This is why the tourism sector was selected as a locomotive sector for the economic development of Northern Cyprus even though it has historically not adequately played this role due to uncontrollable external factors and internal factors. Particularly, absence of direct flights resulting from the internationally unrecognized position of the country is the primary reason of failure. Therefore, this reduces the travelers’ satisfaction and hence motivation of being a tourist in Northern Cyprus in terms of comfort and time. However, not only the unrecognized position of the country but also the structural, managerial and infrastructural problems that are under the control of state authorities are critical factors in hindering tourism from driving economic development.

This study firstly discusses the economic importance and structure of tourism. Then, current and potential tourism alternatives that are ignored as a result of the country’s unrecognized position will be tackled. Finally, necessary measures will be recommended so as to maximize the economic contribution of the tourism sector in Northern Cyprus.

## **2. STRUCTURE AND IMPORTANCE OF THE TOURISM SECTOR IN NORTHERN CYPRUS**

## 2.1 Main Indicators and Importance of the Tourism Sector

The tourism sector of Northern Cyprus carrying the characteristics of small island economies is given priority in the development of the country (SPO 1993, p. 2). However, even though tourism plays an important role in the economy, when tourism revenues and the balance of payments are considered its contribution has not been enough to carry the full responsibility of the locomotive position (Şafaklı 2006). The main indicators for the tourism sector of Northern Cyprus are shown in Table 1. However, tourism statistics consisting only of hotels and restaurants carry a limitation since they exclude guest houses, travel agencies and casinos. As can be understood from the table the tourism sector of Northern Cyprus has performed below the expectations of a locomotive status.

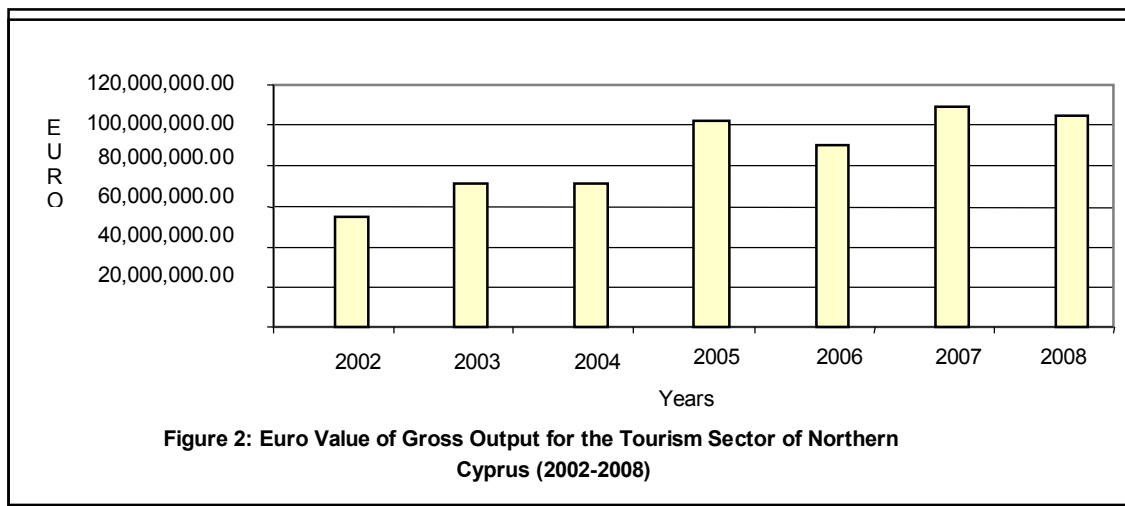
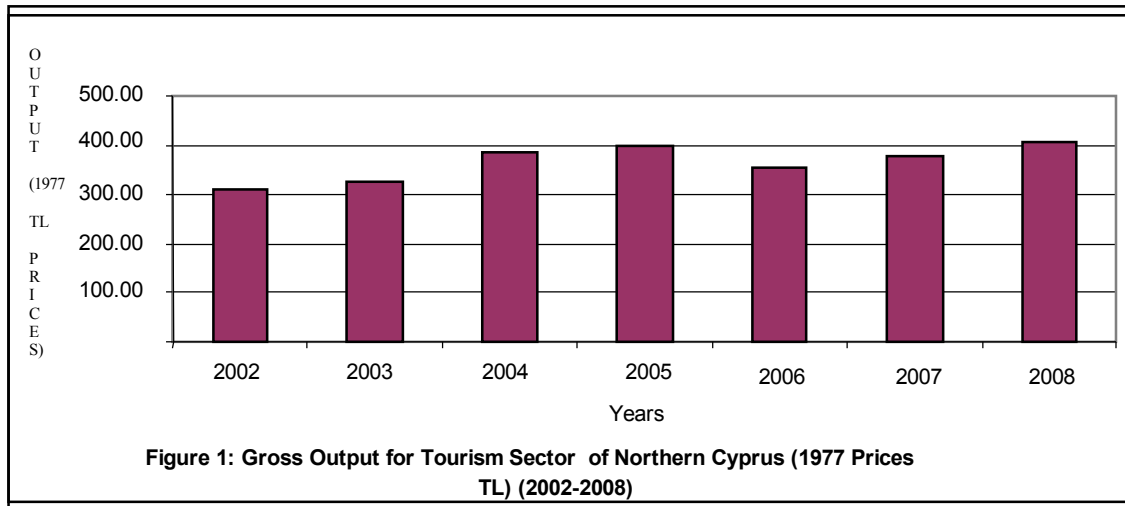
**Table 1: Main Indicators of Tourism Sector in Northern Cyprus (2002-2008)**

	2002	2003	2004	2005	2006	2007	2008
Gross Output (Current Prices TL)	81,170,181.30	120,441,772.30	126,990,580.00	170,759,321.70	162,480,504.60	194,782,498.70	199,937,353.40
Gross Output (1977 Prices TL)	309.50	325.00	386.30	399.00	354.10	379.10	408.30
Gross Output (Euro)	54,844,717.10	71,015,195.90	71,584,317.90	101,751,472.80	89,996,956.10	109,097,400.40	104,701,169.60
Growth rate (Euro) %		29.48	0.80	42.14	-11.55	21.22	-4.03
Growth rate (1977 Prices TL) %		5.01	18.86	3.29	-11.25	7.06	7.70
Share of Tourism in GDP (%) (1977 Prices)	3.42	3.24	3.38	3.07	2.41	2.51	2.75
Employment	4,742	4,752	4,800	5,611	5,699	5,684	6,388
Productivity (Output (Euro) per employee)	11,565.74	14,944.28	14,913.40	18,134.29	15,791.71	19,193.77	16,390.29

Source: Tourism Planning Office, State Planning Organization

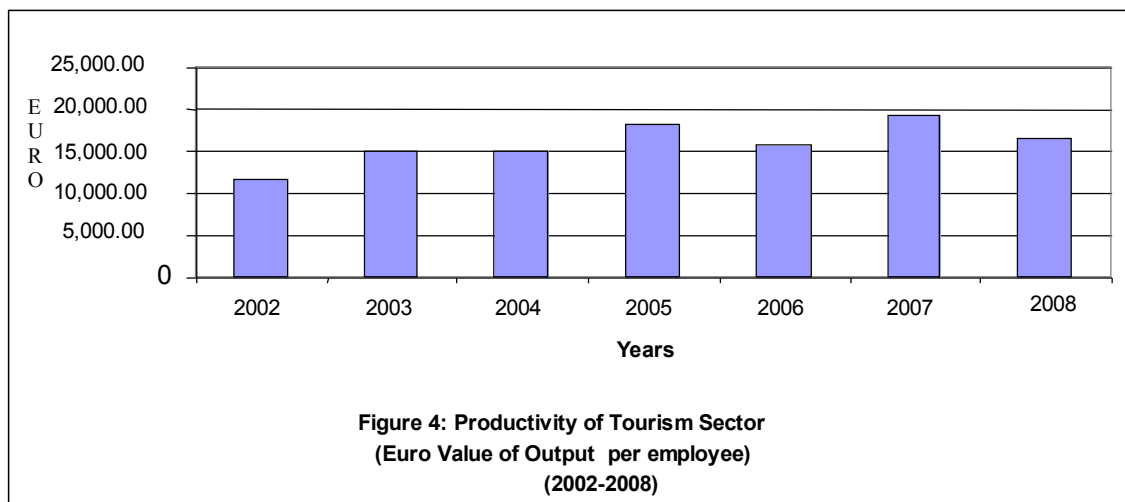
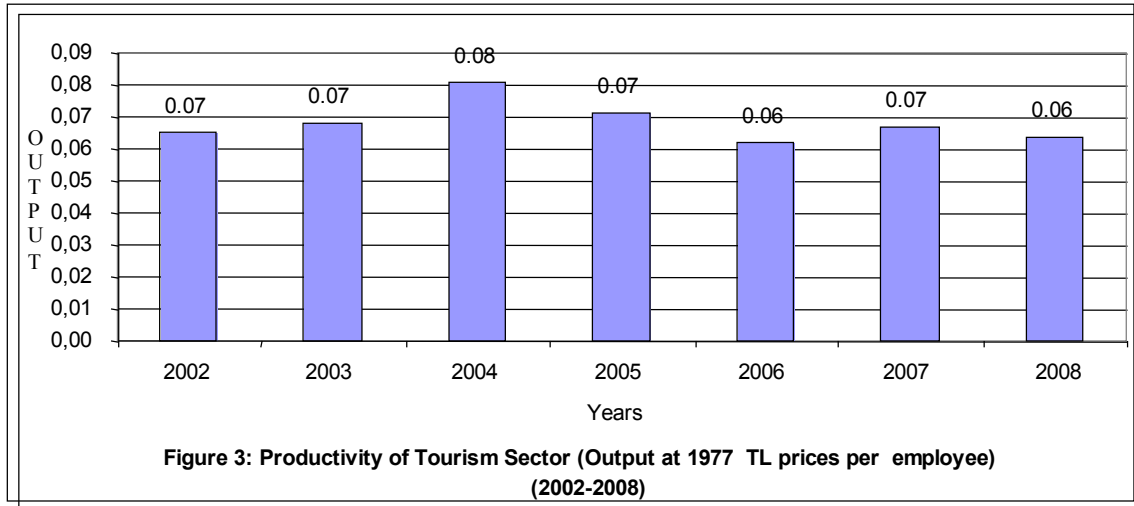
Real gross output of the tourism sector has shown instability during the years of 2002-2008. A continuous increase is observed until 2005. After a negative growth rate in 2006, the same trend of increase is realized again (Figure 1). When the Euro value of gross output for the tourism sector of Northern Cyprus is examined approximately the same trend is observed except for subtle differences. As seen in Figure 2, negative growth rates are realized in 2008 in addition to 2006. This difference is due to the real exchange rate figures because the

nominal exchange rate did not move in parallel to purchasing power parity. Furthermore, the share of tourism in Gross Domestic Product (GDP) decreased from 3,42 percent to 2,75 percent within this period (Table 1).

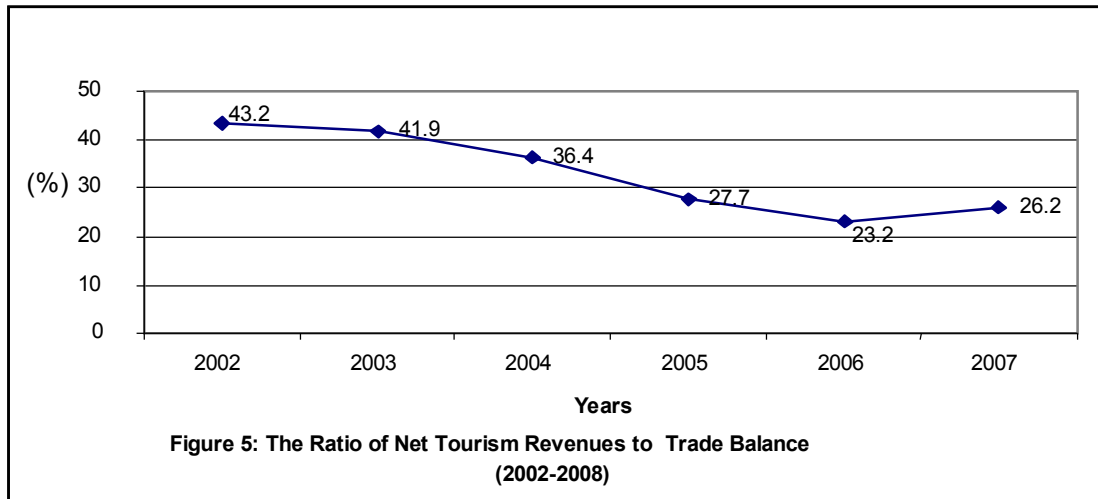


Competitiveness of the tourism sector is closely related to its productivity. Productivity can be evaluated in terms of constant prices (Figure 3) and Euro value of output (Figure 4). When Figure 3 reflecting the output at constant prices per employee is analyzed, productivity in 2002 is unfortunately greater than in 2008 even though fluctuations are observed within the period of 2002-2008. Because of the real exchange rate figures cited above productivities calculated according to Euro value of output (Figure 4) show a different pattern. As indicated in Figure 4, productivity in 2008 is greater than that of 2002. However

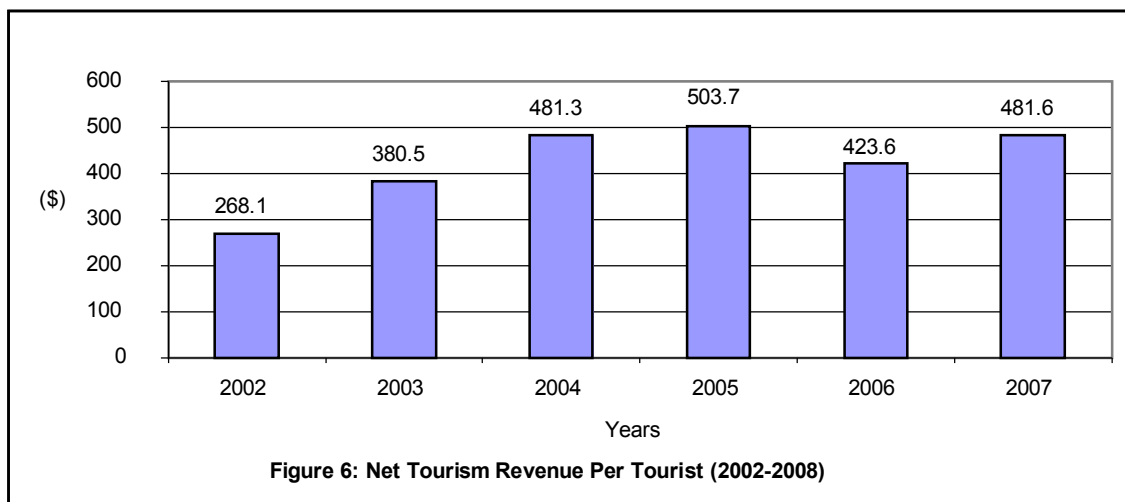
the highest productivities in this period are observed in 2007 and 2005 respectively rather than 2008.



In addition to the indicators above we can look at the performance of the tourism sector from the viewpoint of net tourism revenues. As an unenviable result, the potential of tourism revenues to cover the trade deficit decreased from 43.2 percent to 26.2 percent for the relevant period (Figure 5). On the other hand, tourism revenues per tourist almost doubled in this period even though the highest one belongs to the year of 2005 rather than 2007 (Figure 6).



Source: (SPO 2009)



Source: (SPO 2009)

## 2.2 Structure of the Tourism Sector

The Institutional and physical structure of the tourism sector in Northern Cyprus can be explained by referring to the main elements in Table 2. Except for last year tourist accommodation establishments and bed capacities exhibited an increasing trend. When the relevant period of 2002-2008 is considered the number of tourists showed a positive rate of growth each year. On the other hand, decreases are unfavorably observed in both average length of stay and occupancy rate. Average length of stay decreased from 4.4 to 3.3, while occupancy rate decreased from 37.8 percent to 33 percent.

**Table 2: Basic Structure of the Tourism Sector in Northern Cyprus (2002-2008)**

	2002	2003	2004	2005	2006	2007	2008
Tourist Accommodation Establishments	110	115	116	121	127	130	119
Bed Capacities	10,611	11,550	11,926	12,839	13,453	15,832	15,440
Number of Tourists	291,198	279,244	314,470	341,446	375,224	430,108	482,976
Average length of Stay	4.4	4.7	4.9	4.6	3.7	3.5	3.3
Occupancy Rate (%)	37.8	37	40.7	40.2	33.2	32.2	33

Source: Tourism Planning Office, State Planning Organization

### **3. TOURISM ALTERNATIVES OF NORTHERN CYPRUS AS A TOURIST DESTINATION**

Considering especially the natural, cultural, geographical, climate, human capital, religious and historical aspects of Northern Cyprus, we can assert that Northern Cyprus has either absolute or comparative advantage in providing a variety of tourism alternatives rather than solely concentrating on the basis of “sun”, “sea” and “sand” which reflect the traditional production structure of tourism (Şafaklı and Erkut 2002). In this respect, the existing and potential tourism alternatives are as follows.

#### **3.1 Existing Tourism Alternatives**

##### **Casino Tourism**

At the present day, in Northern Cyprus there are 25 casinos working at different scales and the customers are Turkish tourists who benefit from national holidays, New Year and weekend holidays and prefer Northern Cyprus. Since the public is against casinos and the contribution of casinos to the economy is unclear, it is argued that the future of “casino tourism” in Northern Cyprus is not bright.



## **Golf Tourism**

A new venue for special interest tourism in Northern Cyprus is golf brought to north Cyprus courtesy of Korineum golf course. Located at a 15 minutes driving distance from Kyrenia in the picturesque valley of Esentepe with views of wooded green slopes of the five Finger Mountains on one side and the clear blue waters of the Mediterranean on the other. The golf course is of an international standard with a country club catering to golfers both novice and professionals alike. Its international standards are a first on the island and serve not only the sport of golf but also maintain the beauty of the area in general. The 21 holes course has been professionally designed with the overall length from the tee off to the end being 6,600 yards with water and sand pits. The club offers professional training on 3 holes and the rest for an enjoyable round of 18 holes games. For the more relaxed or lazy golfers there are 37 carts available<sup>3</sup>.

## **Natural and Sea Tourism**

In Cyprus with its mild Mediterranean climate that brings a long lasting summer from the middle of May to the middle of October and a mild winter from December till February, on average there are 340 sunny days in a year. In summer the temperature on average fluctuates between 30-35 degrees Celsius, while in the winter there is quite often rain of about 500 mm of precipitation and the average winter temperature is 12-17 degrees. Water temperature in the sea fluctuates from the lowest in January (+16) to +28 in August. The sea is crystal-clear, and sea life remains largely undisturbed. The sea depths conceal a lot of living creatures, coral, remains of ancient ships and ancient monuments. Nature in Northern Cyprus wakes up in November when in reply to the first rain the fields become covered by fresh greens. In the autumn, in the winter and in the spring the outlook reveals a charming,

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<sup>3</sup> <http://www.holidaysinnorthcyprus.com/golf.htm>, November 30, 2009.

multi-colored magnificent vegetation. Anemones, cyclamens, narcissuses, hyacinths, irises, wild orchids, wild tulips and almond trees – all blossom before the end of March. In the Mediterranean region there is no other place which can brag about featuring more than 30th kinds of wild orchids!<sup>4</sup>

### **Scuba Tourism**

Scuba diving in Northern Cyprus provides the advantages of clear visibility (30 meters plus), warm waters, the chance to see turtles, octopus, grouper, numerous other fish, fascinating coral and plant life. You can see the remains of amphora and other pottery all over the area dating back several thousand years lying undisturbed on the seabed of Mediterranean. The oldest wreck in the world (carbon dated to 300 BC) was found just off Girne (Kyrenia). She sank in heavy seas and now complete with her cargo is housed in a special museum at the castle, but there remain on the seabed many artifacts where she went down. North Cyprus has one of the longest dive seasons in the world, running from April right through until almost Christmas. The lack of tides mean even beginners can learn in safety in the warm waters of the Mediterranean, and dive amongst rocks and fish on their very first lesson. Great dive sites in Northern Cyprus include wrecked ships, reef formations, caves, cuts and canyons that team with wildlife. There are ancient sites to explore too, featuring Roman remains<sup>5</sup>.

### **Turtle Watching**

There are two types of turtles “*Caretta Caretta*” and “*Chelonia Mydas*”. Both of them prefer the beaches of Northern Cyprus for laying eggs. Approximately 300 – 400 of *Caretta Carettas* which are today almost extinct in the Mediterranean and whose population is

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<sup>4</sup> <http://constantia-property.com/eng/how/sub/why/Nowember> 30, 2009

<sup>5</sup> [http://www.cyprus-holidays-hotels.com/Scuba\\_Diving/index.html](http://www.cyprus-holidays-hotels.com/Scuba_Diving/index.html), November 30, 2009

thought to be 2000, lay eggs on Alagadi Beach in Northern Cyprus. The other type of turtles *Chelonia Mydas* lay eggs on the Karpaz beaches. Tourists who are on holiday in Northern Cyprus are interested in the days on which turtles release their eggs<sup>6</sup>.

### **Bird Watching**

It is possible to watch 347 different species of bird in Cyprus. However, only 46 of these are native of Cyprus, and 7 of these are endemic sub-species (only found in Cyprus). 119 out of the 347 birds that can be observed on the island are of winter-migrant breeder type, and 90 of these migrate to Cyprus regularly every winter. 29 of these winter-migrants migrate to the island less regularly than others. Together with the native Cypriot birds 27 of them migrate to Cyprus for breeding purposes. Apart from these, there are 220 other species of birds that use Cyprus in transit while migrating to other lands. 200 of these 220 species regularly pass in transit from Cyprus during their migration season. These are mostly the birds breeding in Europe, and migrating to the Middle East and Africa. There are also birds that occasionally come to Cyprus by mistake, when they lose their groups, or their way. There have so far been 51 of this latter type recorded<sup>7</sup>.

### **Camping**

There are several official camping sites in the Kyrenia and Famagusta areas which offer services such as washrooms, toilets, restaurants, bars, etc. However the more intrepid visitor may wish to venture out into the wild where there are no such facilities. There are no restrictions on such activities except that lighting fires in forest areas is an offence<sup>8</sup>.

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<sup>6</sup> [http://www.cyprus-holidays-hotels.com/InterestTourism/turtle\\_watching.html](http://www.cyprus-holidays-hotels.com/InterestTourism/turtle_watching.html), November 30, 2009

<sup>7</sup> [http://www.cyprus-holidays-hotels.com/InterestTourism/bird\\_watching.html](http://www.cyprus-holidays-hotels.com/InterestTourism/bird_watching.html), November 30, 2009

<sup>8</sup> <http://www.cyprus-holidays-hotels.com/InterestTourism/camping.html>, November 30, 2009

## **Go - Karting**

The ZET International Karting Circuit, which exceeds the highest European standards and has one of the best racing surfaces in the region, has become a frequent stop for the fans of the sport since its opening on the 20th of May 2000. This remarkable structure which is un-matched even in Europe and is expected to contribute immensely to the Karting sport, provides drivers with 5 different racing distances, namely 300, 600, 900, 1100 and 1200 meters. The asphalt platform is 7 meters wide and has sand and earth barriers<sup>9</sup>.

## **Horse Riding**

Currently there are two riding clubs offering tours and training. These are Cyprus Gardens Holiday Village and TunacRiding Club. Among the other facilities of the Cyprus Gardens Holiday Village, horse riding is another attraction to both tourists and locals. One can learn horse riding or just make guided tours around the village itself. The total number of horses is 17. TunacRiding Club is situated in Karaoglanoglu-Girne. With 42 horses it gives certificated courses to both locals and tourists. During these courses, one can learn how to ride a horse and to wander around with a horse<sup>10</sup>.

## **Flora**

North Cyprus has more to offer than its sun and sea, natural beauties and historic sites. One surprising attraction is the North Cyprus herbarium, which charms lovers of our wild flowers as well as providing a research center for botanists<sup>11</sup>.

## **Culture, History and Belief Tourisms**

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<sup>9</sup> <http://www.cyprus-holidays-hotels.com/InterestTourism/go-karting.html>, November 30, 2009

<sup>10</sup> [http://www.cyprus-holidays-hotels.com/InterestTourism/horse\\_riding.html](http://www.cyprus-holidays-hotels.com/InterestTourism/horse_riding.html), November 30, 2009

<sup>11</sup> <http://www.cyprus-holidays-hotels.com/InterestTourism/flora.html>, November 30, 2009

The effects, historical inheritance and cultures belonging to Egypt, Hittites , Finike, Greeks and from Greek, Byzantines, Venetians, Lusignan, Ottoman and English influences are still found in Cyprus. They provide a rich mosaic of culture and history (Hakeri 1993, pp. 40-87).

Today, Salamis, the administrative and religious center of the island during the Byzantine period (395-1191), is within the borders Northern Cyprus, and is an attractive place for tourists. St. Barnabas, in a visit to Palestine met Jesus and worked for the spreading of Christianity. Today, there exists a church and a monastery built under the name of Saint Barnabas, one of the 12 Apostles of Jesus, where his tomb was found. Within this enormous building, antiquities from that period are exhibited (Gurkan 1982, pp. 15-16).

One of the capitals of the 9 kingdoms present in Cyprus in the 4<sup>th</sup> Century BC was Lapithos, which consists of present day Kyrenia's villages Lapta and Karava. Lapithos gained its fame and importance from the richness of its people during the first years of Christianity and the ancient Byzantine period. In the meantime, its name has been changed to "Lambousa," meaning "shiny." Today, in Lambousa, famous for its richness, are an ancient church and a monastery (Gurkan 1982, pp. 16-17). The Cathedral of St Nicolas, built by Guy d'Ibelin between the years 1298 and 1312, is a good example of Middle Age Gothic architecture. Within the cathedral are the tombs of the Lusignan Kings, James II and his son, James III (Metin 1959, pp. 218-219).

Some of the historical buildings that can be seen in the North of Cyprus were built by the Venetians and are frequently visited by tourists. What is today the symbol of Nicosia, the Dikilitas, is a Venetian construction and a long time ago carried the emblem of the Venetian Republic and a lion's sculpture. The historical bridge in Gocmenkoy, the Museum of Stone Goods, some parts of the walls around Nicosia and Famagusta, and some parts of the Kyrenia castle were built by the Venetians.

Buildings such as the Kantara and Bufavento castles, and the Apostle Andreas Monastery, which is a favorite of the Christian visitors to the Karpaz, are potential tourist attractions that provide living examples of the history and an alternative product to its competitors in the tourism sector that are attracting believers.

### **3.2 Other Potential Tourism Alternatives**

With its multicultural history and heritage, Northern Cyprus is foreseen to be one of the main special interest tourism destinations in the region. There are tremendous potentials for investors in Health tourism, Yacht tourism, Sport tourism together with Eco\Agro tourism areas<sup>12</sup>.

#### **Health Tourism**

With its unspoiled nature, warm weather, and the local hospitality together with other facilities, Northern Cyprus provides a suitable environment for developing various health tourism products, for instance care homes for elderly tourists. Convenient airports, the availability of health care services, and qualified multilingual human resources enable both local and foreign guests to spend some of their precious time in serenity and joy.

#### **Yacht Tourism**

Due to its geographic location, rich cultural heritage, its fascinating nature and its strong will Northern Cyprus is a promising candidate to become an important destination in the Mediterranean. As one of the two accepted yachting regions, the Mediterranean has the best climate, suitable winds, natural bays, and a rich multicultural heritage.

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<sup>12</sup> [http://www.investinnorthcyprus.org/Inv\\_opportunities%20prioritysector\\_dwn.html](http://www.investinnorthcyprus.org/Inv_opportunities%20prioritysector_dwn.html), December 1, 2009

### **Eco-Agro Tourism**

Gaining wide popularity as an alternative to mass tourism, tourists have been exhibiting a greater tendency to travel to experience different lifestyles, cultures, and cuisines in different countries. Northern Cyprus as a mosaic of numerous civilizations and cultures possesses and offers various creative investment opportunities for eco and agro tourism products. Northern Cyprus has recently started experiencing better diversity in special tourism through numerous events such as a Tulip Festival, Famagusta Culture and Arts Festival, Büyükkonuk eco-village eco-day, Mehmetcik Grape Festival, Bellapais Music Festival, and an orchid-walk.

### **Conference Tourism**

Conference Tourism has been gaining significant popularity within the last couple of years signaling a growing potential for Northern Cyprus to become one of the favorite conference tourism destinations and a hub in the region. 5-star hotels providing a full range of conference and casino gaming facilities have been a complementary package and a major attraction for the prospects of the sector (Nadiri 1999, pp. 489-498). In addition to hotels, universities also have high potential in serving congress tourism.

## **4. ANALYSIS OF THE TOURISM SECTOR IN NORTHERN CYPRUS**

The tourism master plan study was started in 1996 by the Deputy Prime Ministry and the State Ministry and was finalized with revisions in November 1999 under the title of “Tourism Development Plan”. The plan was submitted to the State Planning Organization, which is the legal body to introduce the necessary law for the implementation of the plan. This legal procedure is still pending. However there have been Strategic Plans based on the

Development Plan implemented by the relevant ministry especially in the years 2000-2001 (Kanol, 2005).

The main strategy of the Master plan was based on a SWOT Analysis (Table 3).

**Table 3: SWOT Analysis Results**

<u>STRENGTHS</u>	<u>OPPORTUNITIES</u>
<p>*With the expansion of Famagusta and west of Kyrenia there is little large scale tourism development unlike many other areas of the Mediterranean</p> <p>*High quality environmental resources for tourism</p> <p>-area of outstanding natural beauty eg Karpaz</p> <p>- sites of historical and archaeological interest eg Salamis, St Hilarion</p> <p>- Culturally different from other destinations in the Mediterranean</p>	<p>* To learn from over-concentration of tourism development on beach resources in other Mediterranean areas</p> <p>* To develop a form of tourism that is economically, environmentally and socially sustainable</p> <p>* To develop a distinctive area in the Mediterranean with a reputation for caring for its environment and being an example of 'green low- scale tourism development</p> <p>* To market these green credentials to growing niche markets in the West.</p>
<u>WEAKNESSES</u>	<u>THREATS</u>
<p>* Lack of direct flights from Europe</p> <p>*Lack of product image</p> <p>*Accommodation facilities are outdated and food and general service need to be more customer oriented</p> <p>* Lack of self catering accommodation such as 'country cottages</p> <p>* Inability to develop a tourism product to reflect changing market trends</p> <p>* Need for improved public transport</p> <p>* Highly visible military presence adjacent to tourist sites.</p> <p>* Political isolation and lack of public finances</p> <p>*Need for tourism planning experts in the relevant ministry and general institutional strengthening</p> <p>* Limited infrastructure development for tourism</p>	<ul style="list-style-type: none"> <li>• Competition from other countries such as Spain promoting 'Rural Spain'</li> <li>• Increasing pressure on the environment (quarries, water pollution, new Modern-style houses next to traditional ones, garbage waste)<sup>13</sup>;</li> <li>• Dominating development of mass tourism products in many areas ;</li> <li>• Lack of pro-active approaches and dependence on "outside" action (e.g. donors) as well as investment opportunities;</li> <li>• Lack of intermediate structures at regional level able to foster co-operation between key players for rural tourism development;</li> <li>• Lack of a strong image of TCc as a tourist destination/product;</li> <li>• Underestimation of the potential of rural tourism as revenue/employment generator both at national/local level;</li> <li>• Training and awareness needs to be addressed in a very short timeframe;</li> <li>• Because of the isolations, not having direct transporting opportunities;</li> <li>• Uncertainty in Cyprus dispute, property titles situation and political issues prevent long term investment decisions;</li> <li>• The financial isolations is creating insufficient credit opportunities</li> </ul>

<sup>13</sup> <http://www.tccruraldevelopment.eu/rdst/images/stories/documents/zoran25sept.doc>



In order to overcome the transportation problem as the vital weakness of the sector there are daily scheduled flights from major European capitals and from the major cities of Turkey to Ercan Airport in Northern Cyprus. Regular scheduled and charter flights to Northern Cyprus are provided by Pegasus Airlines, Cyprus Turkish Airlines, Turkish Airlines, Atlas Jet and Anadolu Jet. There are also ferryboats running from the Turkish ports of Istanbul, Antalya, Alanya, Mersin and Taşucu; from Haifa, Israel; and Lattakia, Syria to the North Cyprus ports of [Famagusta](#) and [Kyrenia](#). Closely related to the transportation problem, a helpful approach is used regarding Passport & Visa Requirements. The citizens of European Union (EU) nations, Turkey, USA, Canada, Mexico, Israel, Japan, Singapore, Switzerland, Iceland, Norway, Australia, New Zealand do not require a visa<sup>14</sup>.

Encouragement of foreign investment is among the primary objectives of the Northern Cyprus' development policy. Among these investments tourism as the locomotive sector plays the major role. In this regard, priority is given to those projects that facilitate transfer of modern technology, know-how, and new management techniques into Northern Cyprus that provide highest value added. The major incentives for investors are investment allowance, exemption from custom duties and funds, zero rate vat, state owned land and building leases, fund credits, exemption from construction licence fees, reduction of stamp duty for capital increase and reduction of fee on mortgage procedures (SPO 2009).

Main Strategies developed according to the SWOT analysis above for the tourism sector of Northern Cyprus can be summarized as follows:

- Creating differentiated tourism products based on comparative advantage over competitors.
- Develop tourism based on regional differentiation
- Adoption of Special Interest Tourism besides Mass Tourism<sup>15</sup>.

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<sup>14</sup> <http://www.cypnet.co.uk/ncyprus/tourism/tourist.html>, December 1, 2009

<sup>15</sup> [http://www.investinnorthcyprus.org/Inv\\_opportunities%20prioritysector\\_dwn.html](http://www.investinnorthcyprus.org/Inv_opportunities%20prioritysector_dwn.html)

- Developing tourism to benefit from the natural and manmade environment for a long period. Tourism types such as golf tourism, natural and sea tourism, scuba tourism, turtle watching, bird watching, camping, horse riding and flora are designed so as to maximize the utilization of natural and manmade environments.
- Developing tourism based on SMEs. Almost 99 % of businesses in Northern Cyprus are SMEs. Therefore, tourism strategies should consider these SMEs either producing and/or trading tourism products unique to Cyprus. Furthermore, tourism cooperatives like in Italy can be recommended in order to strengthen financial and institutional structures of these SMES.
- Developing tourism in coordination with the NGOs, local authorities, private sector and the universities. Especially, existence of medical faculty and other facilities in universities will positively contribute to conference and health tourism.
- Adopting a tourism development model in harmony with other sectors.
- Adopting appropriate models to meet the social, economic and physical transport facilities. As know by everyone, viewing and navigating the country is one of the main goals of the potential tourists. Therefore, transportation and going around the country should be facilitated and making it more comfortable. In this regard, public transport should be broadened and the construction and implementation of vehicles like train, subway, tram and metrobus should be begun.
- Structure of tourism industry and policies free from political influences. In this respect, an autonomous tourism organization should be founded just like the countries experiencing development in their tourism sectors.

## **5. CONCLUSION**

Northern Cyprus is a small island economy, suffers diseconomies of scale, and is dependent on economic development in the service sectors. Among these service sectors, tourism is supposed to play the main role. When the relevant period is considered it can not be concluded that the performance of the tourism sector of Northern Cyprus has been sufficient even though the structure of the sector, gross output of the sector and net tourism revenues per tourist exhibited an absolute improvement in the period under investigation.

However, the productivity of the sector, the ratio of net tourism revenues to trade balances, share of tourism in GDP, average length of stay and occupancy rate moved in a negative way.

Even though the success of the tourism sector in Northern is questionable due to factors resulting from the unrecognized status of the country and the domestic structural and managerial problems, Northern Cyprus has a very high potential of providing a lot of tourism alternatives categorized as special interest tourism or niche markets.

As a state policy of Northern Cyprus, development of the tourism sector is actively sought. In this regard, the transportation problem is indirectly solved via Turkey and important incentives are given to both domestic and foreign investors that can manage to put forward feasible investment projects potentially contributing to the economic development of Northern Cyprus. However, despite these positive approaches serious structural and managerial issues such as lack of institutional planning, physical planning, environmental planning, professional marketing, autonomous management structure, and coordination among relevant authorities still wait to be settled.

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