

## **Distillate of Life: Letters – Writings - Articles [Απόσταγμα Ζωής: Επιστολές – Κείμενα – Αρθρογραφία]**

**Photos Ia. Photiades**

**Rizes Books**

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*Distillate of Life* largely includes a series of past articles and letters the author of the book had written, as well as speeches and interviews he had given in the past. In this book the author, the late Photos Ia. Photiades, covers a long period of roughly 60 years. Reading through this sizeable book that was published single-spaced covering roughly four hundred pages, one forms a clear impression of the author's mindset and his vision of the future of his country, the island of Cyprus. He emerges as a concerned patriot who worries about the future of his country and its people. His concerns drive him to formulate a series of recommendations on how the country can reach its potential and how it can come out of the quagmire of foreign occupation of part of its territory. He offers well thought out ideas and makes striking recommendations on how to build a better future for all.

On careful reading one sees the life and aspirations of a highly successful business man who fascinatedly and at a young age started his business career in a very modest way. At 22 he was operating a very ordinary and undistinguished small trading house in the (then small) city of Nicosia. At that time (early 1940s) the town hardly had 40,000 -mainly poor- residents. Cyprus was then occupied by the British and boasted a meagre CY£50 per capita GDP. From those modest business beginnings in a poor and occupied country he grew to become one of the island's principal business leaders. Practically anything he tried in business, during his long life, proved a success. His passion for quality and good management lay at the centre of his endeavours. The Photos Photiades Group continues to operate successfully in the brewery business, in real estate development, in distribution and in numerous other activities. He was the first to establish a private insurance company which is a leader in its field to this day. His competitors, were mainly subsidiaries of financial institutions which benefited greatly from cross-selling to borrowers that needed to have insurance cover.

Reading through the book, one quickly realises that the author's overarching con-

cern in life was not just his business ventures. He was most concerned about the future of his under-threat country. As such, he expressed his concerns, spoke and wrote about them, and took an active role in making his views known. His views covered: social issues, economic matters that were of concern to the country in general, and -most importantly- political issues that centred around the future and the survival of his fatherland. Nearly 40% of Cyprus' land continues to be occupied to this day, as is more than 52% of its coastline.

The book is a contrast between how the author as a leader envisioned the future of his country and how things ultimately turned out. Through his writings the author comes out as an achievement<sup>1</sup> driven leader and a man of vision and dreams on how his country can reach its full potential. We now know that what ensued did not fully realise the dreams of this author-patriot. The book is about original ideas, and mostly disappointing outcomes. It brings out the best in constructive and imaginative designs. Its main thrust centres around the management of the economy and the national issue. Both are laudable themes and are in many ways closely interconnected seeing that without a thriving economy there is little a country can achieve in other spheres. In this way the author captured the two main concerns of the people of the country, considering the dangers the country has long faced on account of the presence of some 40,000 occupation troops and hundreds of thousands of colonists.

The author placed considerable trust in the willingness and abilities of outsiders to solve the national issue. These outsiders by and large failed the people of Cyprus, though Cyprus' EU membership provides the island with some confidence. Such foreigners include the European Union (formerly the European Economic Community), the major EU member-states, the UN (and its leadership), Britain and the US. The author seems to have misplaced his trust in the ability of the Greek diaspora and its organisations to influence major American decisions on Cyprus' political stalemate. Reading the book, one also witnesses the author's dashed hopes as regards the country's offshore energy reserves. He suggested that these energy finds be shared with strong EU countries, in the hope that this would lead to the building of alliances that would defend Cyprus' Exclusive Economic Zone against Turkish threats.

In his writings the author expressed his great concern about the two economic evils, inflation that can ruin economies and recession, whose remedy, the author rightly asserts, can only be economic development and investment. The author was bold enough to even come up with radical ideas, a trait characteristic of practical-

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<sup>1</sup> Aris Petasis, *Leadership Triumphs & Failures*, Nicosia: Arion Publishing, 2019.

ly-minded smart persons. One such idea was the abolition of direct taxation on profits and income that push people to find ways to hide or to spend it in frivolous ways once they successfully have avoided declaring it. He wisely notes the cost to civil service salaries of collecting direct taxation and also the cost to small companies and individuals of securing the services of accountants to audit and prepare their books. He sagely advocated substituting direct taxation with a consumer tax long before VAT came into being in Cyprus. These were bold, innovative and radical ideas at the time. He also advocated no taxation for foreign investors that make their profit by exporting what they manufacture in Cyprus. In retrospect all these creative ideas came to little considering Cyprus' present pitiful manufacturing base. One needs to only look at the curve of Cyprus' value-added contribution to the GDP from manufacturing for the years 1975-2021, which is the period the author mainly writes about. Manufacturing now contributes less than 12% to the GDP. In the period 1995 to 2022 manufacturing in Cyprus averaged a tiny 254.44 million euros, which roughly amounts to the cost of building a few luxury hotels<sup>2</sup>.

Considering Cyprus' recurring water shortages, the author came up with what at the time must have sounded as outlandish. He suggested the idea of bringing water via underwater pipelines from Syria's Nahr El Seen River to cover Cyprus' domestic and irrigation needs. This project would have supplied Cyprus with 180,000,000 tons of water per year that would have been ample for the island's water needs. The author emphasised that the Syrian water would have turned the then free (but now occupied) Mesaoria plain into a green 100,000-donum agricultural oasis. This would have provided the domestic market with fresh fruit and produce, with the rest being exported. With the author's dream unrealised we now read that, 'Cyprus is the most water impoverished nation in the EU with the island's needs vastly outstripped by its only source of natural supply, rainfall, the agriculture ministry said [...].'<sup>3</sup>

The occupation by Turkey of productive agricultural land and the continued downgrading of the agricultural sector means that the author's hopes for an advanced, productive and profitable agricultural sector remain unfulfilled. Agriculture now contributes to Cyprus' GDP a meagre 1.7%. Agricultural output fell from a max-

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<sup>2</sup> World Bank and OECD National Accounts data files, Manufacturing, value added (% of GDP – Cyprus), available at <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=CY> last accessed 22 May 2023.

<sup>3</sup> Nick Theodoulou, (28 March, 2023). Water poverty at its EU highest in Cyprus, 28 March, 2023, available at <https://cyprus-mail.com/2023/03/28/water-poverty-at-its-eu-highest-in-cyprus/> last accessed 22 May 2023.

imum of 15.9% contribution to the GDP in 1976 (two years after the invasion) to its current 1.7% contribution. The contribution to GDP for 2021 based on the data of 166 countries averaged 10.35%.<sup>4</sup>

Dishearteningly, in 2021 Cyprus imported nearly US\$1.5 billion worth of agricultural products<sup>5</sup>. Cyprus is food insecure whilst it is being threatened by Turkey and its 40,000 occupation troops. If Turkey were to besiege Cyprus, the country would probably surrender within a few days unless the food security situation changed significantly and storage capacity and facilities, silos, and cold stores were improved significantly.

The author's economic 'pet subject' has been tourism. Reading through the author's writings, interviews and speeches, the reader sees the author concentrate on high quality tourism and marks his aversion to mass low-income tourism. Most strikingly, the author wished the tourist product to focus more on higher concepts, such as Cyprus' cultural heritage and long history, antiquity, churches and religious heritage, ancient theatres and the like, rather than just on beaches and cheap drinks. In the same line of thought, he proposed the creation of high value tourist resorts and as such departed from the current sand and sun tourism. In one of his suggestions, he even counselled the government to encourage tourist projects in Nicosia, away from the beaches that are now threatened environmentally. He repeatedly warned of the dangers of cheap mass tourism that would attract poor revenues and cause much destruction to the environment and its limited water resources. We now know that the author's fears about cheap tourism have materialised. Cyprus now yearly hosts some 4 million tourists that crowd Cyprus' seashores and beaches and gradually make it difficult for the local population to enjoy those beaches that have hotels built on them, just a stone's throw away from the surf. France, a leader in tourism, serves 1.3 tourists per local resident whilst Cyprus serves 4 tourists per resident. Worst still, much of Cyprus' tourist income leaves the island to pay for imported energy/electricity (used by air conditioning units, pool water purification, etc.), gasoline and imported agricultural products. More damagingly, Cyprus' tourist sector generates mainly low-skilled jobs such as waiters, cleaners, housekeeping, etc in a country that sees some

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<sup>4</sup> *Cyprus: GDP share of agriculture* The GlobalEconomy.com, available at [https://www.theglobaleconomy.com/Cyprus/Share\\_of\\_agriculture/#:~:text=The%20average%20value%20for%20Cyprus,166%20countries%20is%2010.35%20percent](https://www.theglobaleconomy.com/Cyprus/Share_of_agriculture/#:~:text=The%20average%20value%20for%20Cyprus,166%20countries%20is%2010.35%20percent) last accessed 22 May 2023.

<sup>5</sup> Foreign trade imports, available at <https://knoema.com/data/foreign-trade-imports+cyprus+agricultural-products#:~:text=Though%20Cyprus%20imports%20%2D%20agricultural%20products,million%201000%20US%24%20in%202021> last accessed 23 May 2023.

60% of its high school graduates go on to receive a university education. Inevitably, Cyprus is forced to import low-skilled labour from third countries whilst the educated cadre amongst its youth remains unemployed in large numbers.

The author of *Distillate of Life* had great expectations about the help Greeks in the diaspora (mostly in the US and Britain) could give the cause of Cyprus, only to be let down. Soon after the Turkish invasion of 1974, as a member of a team, he travelled abroad on an enlightenment mission and fundraising to help destitute refugees. He was greatly disappointed with the poor fundraising results. We now know that the American diaspora, on whom the author placed high hopes, has not delivered much at all in the direction of changing American foreign policy over Cyprus.

In reviewing the book, I would rate Cyprus' expectations from the EU as probably the author's biggest disappointment. Things did not turn out as he, and most amongst the population, had hoped for. Starting with the European Economic Community (EEC) and later with the European Union (EU) the author harboured high hopes. He believed that Cyprus' membership would mean freedom for Cyprus as the EU would have insisted on all Cypriots enjoying all the human rights that the EU provides to its members. When Cyprus joined the EU he hoped that the EU's *Acquis Communautaire* would apply throughout the island and that the EU would apply pressure on Turkey for this to happen. This has not happened, even if Cyprus has been an EU member for almost 20 years. Most disturbingly, the European Parliament voted by a large majority in support of the Annan Plan, that was put to a referendum in 2004 and defeated, and which would have basically set up an apartheid regime in Cyprus, pushing the Greek majority to its demise. The UN, where the author had placed his confidence as well, also betrayed Cyprus seeing that the Annan Plan bore the name of the UN Secretary and as such discredited the office of the UN Secretary<sup>6</sup>

The author's optimism let him to believe that in the future Cyprus would morph into a Switzerland of the Middle East, attracting wealthy investors and bank deposits from the oil wealth of the petroleum producers of the region. Little did he suspect that, in March 2013, Cyprus would become the first and only country in the EU to initiate a damaging bank depositor haircut. Reckless banking practices and greed led Cyprus to accumulate some €70 billion in deposits that were three and a half times its GDP. In the end disaster struck and the banking system collapsed along with the dreams of Cyprus becoming a regional financial center. Whilst Switzerland has a bal-

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<sup>6</sup> Claire Palley, *An International Relations Debacle: The UN Secretary-general's Mission of Good Offices in Cyprus 1999-2004*, Hart Publishing, 2005

anced economy, Cyprus' economy has not yet managed to achieve even a semblance of balance and is still searching for alternatives to some of its parasitic sectors.

Another major disappointment must have come to the author from the high hopes he had placed on the EU partnering with Cyprus to explore and market Cyprus' energy finds. To this day not a single euro has been earned by Cyprus from energy even if, 'the island [had] reported its first natural gas discovery, Aphrodite, in 2011, measuring around 4.5 trillion cubic feet and now run by U.S. energy firm Chevron (CVX.N).'<sup>7</sup>

In summary, the book reviewed allows the reader to see in the author a courageous and innovative leader who was not afraid to put forward his views on the major issues that affected his country and, more particularly, the issues that touched on the economy and the occupation of nearly 40% of Cyprus' territory and more than half of its coastline. Cyprus' current leaders would do well to read the book and maybe take a leaf out of the book. This might help in an improved understanding of the importance of quality as opposed to quantity and even parasitism. The book could be a valuable source for anyone that wishes to examine strategies which fall outside the simplistic and the superficial.

**Aris Petasis**

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<sup>7</sup> Juliette Portala and Tassilo Hummel, TotalEnergies, Eni announce major Cyprus gas find, 22 August 2022 available at [https://www.reuters.com/business/energy/totalenergies-eni-announce-major-cyprus-gas-find-2022-08-22/#:~:text=The%20island%20reported%20its%20first,U.S.%20energy%20firm%20Chevron%20\(CVX](https://www.reuters.com/business/energy/totalenergies-eni-announce-major-cyprus-gas-find-2022-08-22/#:~:text=The%20island%20reported%20its%20first,U.S.%20energy%20firm%20Chevron%20(CVX) last accessed 22 May, 2023.