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Cyprus: A Unique Opportunity for Reunification (WP)

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(1) Summary

Greek and Turkish Cypriots have been negotiating a settlement to end the 35-year division of Cyprus, invaded by Turkey following inter-communal strife, for more than a year with little apparent progress. The island is the only divided country in Europe and its capital, Nicosia, is also split in two. Turkish Cypriots voted massively in favour of a UN-arranged reunification deal in 2004, but it was rejected overwhelmingly by Greek Cypriots. The Cyprus problem has a direct bearing on Turkey's ailing bid to become a full EU member as it has to open its airports and ports to Greek Cypriot traffic and recognise the Republic of Cyprus, an EU member since 2004 (the EU *acquis* do not apply in the internationally unrecognised Turkish Republic of Northern Cyprus in the north of the island). The protagonists involved in the negotiations, directly or indirectly, are the most pro-reunification set ever, but each side has red lines it is not prepared to cross and each accuses the other of intransigence. There is a unique window of opportunity, but one that will not remain open for ever. Time is running out as there is an unofficial deadline of next April when the Turkish Cypriot leader faces re-election and could be defeated by a more hard-line candidate. Even if there is some kind of agreement, it is by no means certain Greek Cypriots will approve it as they are less motivated to do so than Turkish Cypriots, whose attitude towards reunification is also hardening. The Cyprus problem is likely to come to a head during Spain's Presidency of the EU in the first half of 2010.

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(2) Historical Background¹

Cyprus was under Ottoman rule between 1571 and 1878 and then leased to the UK. This transformed the status of the Turkish Cypriots from that of the ruling class to a minority under foreign rule. As a result of Turkey's alignment with Germany in the First World War, Britain annexed Cyprus. Under the 1923 Treaty of Lausanne the new Turkish Republic forged by Kemal Atatürk from the ruins of the Ottoman Empire relinquished its claims on Cyprus. In 1925 Britain declared Cyprus a crown colony. Two movements then gradually emerged, one among Greek Cypriots overwhelmingly supporting *enosis* (the union of Cyprus with Greece), and the other among Turkish Cypriots demanding *taksim* (the partition of Cyprus). The Greek Cypriot struggle was led from 1955 by an armed organisation called EOKA (National Organisation of Cypriot Fighters) and in 1958 Turkish Cypriots set up their own armed group called TMT (Turkish Resistance Organisation). EOKA killed British soldiers and Greek Cypriots who collaborated with the authorities, including Greek Cypriot policemen. The British recruited Turkish Cypriot policemen, laying themselves open to the charge of pursuing a policy of divide and rule.

The Republic of Cyprus (80% of the population was Greek Cypriot and 18% Turkish Cypriot) was born on 16 August 1960 following the 1959 Zurich and London agreements negotiated by Greece, Turkey and the UK. Under the Treaty of Guarantee these three countries were given the right to intervene to re-establish the status quo created by the independence treaties. The Greek and Turkish communities had no substantial role in the drafting of the independence agreements or the constitution and were not given the opportunity to vote on them.² They were essentially imposed from the outside. Under the Treaty of Alliance, a Greek military contingent of 950 soldiers and a Turkish one of 650 were stationed on the island. The independence agreements emphasised the differences between Greek and Turkish Cypriots: the Parliament, for example, had separate doors for each community. The President would be a Greek Cypriot and the Vice-president a

¹ I am grateful to Nearchos Palas, the Republic of Cyprus's Ambassador in Madrid, for arranging an invitation to visit the country, and Ender Arat, Turkey's Ambassador in Madrid, for organising a visit to the Turkish Republic of Northern Cyprus (TRNC). I also thank the following for guiding me through the labyrinth of the 'Cyprus problem': from the Republic of Cyprus, Andreas Charalambous, Director of Research at the Finance Ministry; Alexis Galanos, Mayor of Famagusta (occupied by the Turkish army since 1974); George Iacovou, Presidential Commissioner; Andreas Kannaouros, President of the Union of Cyprus Journalists; Titina Loizidou; Loucas Louca; Anna Marangou; Erato Markoullis, former Foreign Minister; and George Vassiliou, former President; and from the TRNC, Armagan Candan, EU Affairs Director; Mustafa Davulcu, First Secretary of the Turkish Embassy; Rauf Denktas, founding President; Ermine Erik, President of the Cyprus Turkish Human Rights Foundation; Osman Ertug, former Undersecretary of the Ministry of Foreign Affairs; Professor Erol Kaymak, of the Eastern Mediterranean University; and Özdil Nami, Special Envoy to the President on EU and UN Affairs. I also thank: Peter Millett, British High Commissioner; Fiona Mullen; Gregory Reichberg, Director of PRIO Cyprus Centre; and Juan José Urtasun Erro, Spain's Ambassador in Cyprus.

² They also had no say in the granting of 2.7% of the territory to the UK for its military bases. Gordon Brown, the British Prime Minister, told Dimitris Christofias, the Greek Cypriot President, on 11 November 2009 the UK would hand over almost half of its sovereign land in Cyprus if the country is reunified.

Turkish Cypriot with veto powers over laws passed by the Parliament and the decisions of the Council of Ministers. Fifteen of the 50 seats in Parliament were reserved for Turkish Cypriots and because of the separate voting majorities a minority among the Turkish Cypriots could thwart the will of the majority. A 70:30 ratio applied to the Civil Service and a 60:40 ratio to the police and Cypriot army. A prophetic analysis by the Bureau of Intelligence and Research of the US Department of State concluded that these agreements were doomed to create implementation problems and produce a paralysis of government.³ Archbishop Makarios III, an early and very active supporter of *enosis*, became the first popularly-elected President of the Republic of Cyprus in 1963 (see the time line in Appendix A).⁴ He remained in favour of *enosis* after Cyprus became an independent country, but stopped actively pushing for it out of fear, among other things, of provoking Turkey.

Intercommunal violence flared, following deadlocks in the legislature and Makarios's attempts to amend the constitution, with Turkish Cypriots bearing the heavier cost in terms of casualties and around a fifth of their population being displaced and taking refuge in enclaves. In 1963 constitutional order broke down and Turkish Cypriots withdrew from or were scared out of government, never to return. UN-sponsored intercommunal talks to reach a settlement were held during 1968-74 and tensions subsided. On 15 July 1974 a coup against Makarios was engineered by the extremist supporters in Cyprus of the military junta in Greece which had come to power in 1967, after he had demanded the withdrawal of Greek officers from the island.⁵ Five days later Turkey invaded Cyprus on the basis of the Treaty of Guarantee, although it was silent on the issue of military intervention.⁶ Turkey sought the support of the UK but did not obtain it. The coup quickly collapsed and the government was restored. The UK convened consultations with the other Guarantor Powers chaired by the Foreign Secretary Jim Callaghan in Geneva. When these broke down, Turkey extended its invasion in August. Following a ceasefire, a UN buffer zone or 'Green Line' was established and still remains in place, making Cyprus the only divided country in Europe, with a capital city, Nicosia, divided by a wall, like Berlin between 1961 and 1989. In 1983, the internationally unrecognised Turkish Republic of Northern Cyprus (TRNC) was declared.

³ "Analysis of the Cyprus Agreements", 14 July 1959, cited in *Cyprus: A Contemporary Problem in Historical Perspective*, Van Coufoudakis, University of Minnesota Mediterranean and East European Monographs, nr 15, 2006.

⁴ A plebiscite organised by him in 1950 after he became Archbishop of Cyprus showed 96% support in favour of union with Greece. To this day, the national anthem in Cyprus is the same as Greece's. If there is reunification there will have to be a new anthem because it is not acceptable to Turkish Cypriots: they use the Turkish anthem.

⁵ Makarios by then was regarded as a traitor for abandoning the cause of *enosis* because, among other things, of the perceived invasion threat from Turkey.

⁶ To this day, Turkey refuses to accept the word invasion, used elsewhere in the world for its action, and calls it an intervention.

Figure 1. Cyprus



Source: BBC.

The consequences of the invasion include:

- Between 25,000 and 43,000 Turkish troops (depending on the source as no one knows the true figure) still occupy 36.2% of the territory of Cyprus.
- Around 160,000 Greek Cypriots were permanently displaced from the northern part of the island and they are not allowed to return to their homes. About 43,000 Turkish Cypriots left the south and went north. The number of these displaced people is higher in per capita terms.
- 1,493 Greek Cypriots and 502 Turkish Cypriots are still missing and their fate has not been accounted for, according to the UN Committee on Missing Persons.
- Between 128,000 and 160,000 settlers from Turkey live in the TRNC. The exact number is not known. They are altering the demographic structure of Cyprus.
- 57,000 Turkish Cypriots in the occupied area are estimated to have emigrated. Today, there are an estimated 126,000 Turkish Cypriots in the TRNC.
- The self-declared Turkish Republic of North Cyprus (total population around 270,000 excluding Turkish troops) is an increasingly costly burden for Turkey (an estimated US\$600 million a year) and is much poorer than the Greek Cypriot side. The average per capita income of Turkish Cypriots is around half that of Greek Cypriots.

In April 2003, after the entry of the Republic of Cyprus into the EU was confirmed, Rauf Denktaş, President of the TNRC, under pressure from international court cases and from his own people, opened the first crossing points. This allowed Greek and Turkish Cypriots to mingle for the first time in decades and for both communities to visit their homes.

(3) The 2004 Watershed Referendum on the Annan Plan

The last attempt in a long line of efforts to solve the problem was the plan of Kofi Annan, the former UN Secretary General, for a comprehensive settlement, known as 'Annan V'. As neither side recognise each other, the Annan Plan tried to sidestep this through its 'virgin birth' approach.

The plan proposed the creation of the United Cyprus Republic covering the whole island except for the area of the British military bases. The country would consist of two constituent states joined by a minimal federal government apparatus incorporating the following elements:

- A collective Presidential Council, made up of six voting members, allocated according to population (per present levels, four Greek Cypriots and two Turkish Cypriots), and selected and voted in by parliament. An additional three non-voting members would be assigned 2:1.
- A President and Vice-president, chosen by the Presidential Council from among its members, one from each community, to alternate in their functions every 20 months during the council's five-year term of office.
- A bicameral legislature:
 - A Senate (upper house), with 48 members, divided 24:24 between the two communities.
 - A Chamber of Deputies (lower house), with 48 members, divided in proportion to the two communities' populations (with no fewer than 12 for the smaller community).
- A Supreme Court composed of equal numbers of Greek Cypriot and Turkish Cypriot judges, plus three foreign judges; to be appointed by the Presidential Council.
- The plan included a federal constitution, constitutions for each constituent state, a string of constitutional and federal laws, and a proposal for a United Cyprus Republic flag and a national anthem. It also provided for a Reconciliation Commission to bring the two communities closer together and resolve outstanding disputes from the past.

It would also have established a limited right of return between the territories of the two communities, and it would have allowed both Greece and Turkey to maintain a permanent military presence on the island, albeit with large, phased reductions in troop numbers.

The plan was put to separate referendums in both territories on 24 April 2004. It was rejected by 75.8% of Greek Cypriots and approved by 64.9% of Turkish Cypriots. Both Tassos Papadopoulos, the Greek Cypriot President from the centrist Democratic Party (DIKO) elected in 2003, and Rauf Denktaş, the veteran and founding President⁷ of the TRNC (first elected in 1976), called for a 'no' vote. The overwhelming 'yes' vote by Turkish Cypriots showed the desire for a solution, even though the consequences of the complex arrangements were not appropriately explained to the public on either side, and underscored that Denktaş was a man of the past, while the 'no' vote by Greek Cypriots came as a shock to some EU leaders as they were given to believe Papadopoulos would urge people to accept the plan.

⁷ Greek Cypriots, in particular, refuse to use the term 'President' and if they do always put it in inverted commas. Instead, they use the term 'Leader'.

When Greek Cypriots went to the polls they knew that the following week the Republic of Cyprus would enter the EU, as had been previously agreed, and so they had nothing to lose by rejecting the plan, unlike Turkish Cypriots. The whole island joined the EU on 1 May, but the *acquis communautaire* do not apply in the TRNC. The benefits of EU membership were clearly an important factor behind the Turkish Cypriot 'yes' vote. In retrospect, it might have been easier to get an agreement approved on both sides if Cyprus's EU entry had not gone ahead without reunification instead of promising the Greek Cypriots they would enter the EU whatever the result of the referendum. That was not possible because Greece made the enlargement of the EU, through the incorporation of Eastern and Central European countries, conditional on including Cyprus.

Greek Cypriots felt the Annan Plan had been imposed on them and was primarily serving foreign interests. They also had particular concerns as it was perceived as not providing for:

- The removal of all Turkish troops and settlers and the elimination of the treaty allowing the UK, Greece and Turkey unilaterally to intervene in Cyprus.
- Adequate guarantees to ensure that the commitments undertaken by the parties involved would be carried out.
- A property recovery system that appropriately recognised the rights and interests of displaced Greek Cypriots who were forced from their homes in 1974, and a property compensation arrangement that did not require Greek Cypriots to fund their own restitution.
- The right of all Cypriots to acquire property and to live wherever they chose in the country without restrictive quotas.
- A government that functioned without deadlocks or voting restrictions based on ethnicity.

In his report to the UN Security Council, a month after the referendums, Annan called the rejection by the Greek Cypriot electorate 'a major setback' as 'what was rejected was the solution itself rather than a mere blueprint'.⁸ The size of the 'no' vote raised 'fundamental questions' because while Greek Cypriots 'strongly state their wish to reunify, many see in a settlement very little gain, and quite a lot of inconvenience and risk'.

The Council of the EU pledged to reward the Turkish Cypriots for their attempt to reunify the island by reducing their isolation, but the Republic of Cyprus's first action as an EU member was to block this gesture.⁹ The Turkish government reacted by renegeing on its

⁸ In a sharp divergence from normal practice, Russia, an ally of the Greek Cypriots, ensured that this report was never considered by the Security Council.

⁹ On 26 April 2004 the Council stated that it was 'determined to put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community'. The Council invited the Commission to bring forward comprehensive proposals to this end, with particular emphasis on the economic integration of the island and on improving

promise made in an Additional Protocol to open up its seaports and airports to Greek Cypriot traffic and recognise the Republic of Cyprus. Although not an EU country, Turkey has been part of the EU's Customs Union since 1996. In January 2006 the Turkish government submitted to the United Nations an action plan for lifting the restrictions, which the Greek Cypriot leadership rejected. The EU summit in December 2006 suspended eight of the chapters Turkey was negotiating for its accession to the EU. Since then, Cyprus has informally blocked several other chapters including the one on energy. Turkish naval forces intercepted in November 2008 two Norwegian ships carrying out explorations for oil and gas within 200 miles of Cyprus –an area claimed by the Republic of Cyprus as lying within its Exclusive Economic Zone– and one contested by Turkey which says the Greek Cypriot side is ignoring the rights of Turkish Cypriots and Turkey. Ankara's EU progress, or lack of, will be reviewed at the EU summit in December.

The octogenarian Denktaş, under pressure from Ankara which was frustrated by the referendum result, did not present himself for re-election in 2005, while Papadopoulos was punished by voters in the February 2008 presidential election when he became the first incumbent President to be knocked out in the first round. Mehmet Ali Talat of the leftist Republican Turkish Party, who became Prime Minister in 2004, won the presidential election in 2005, and Demetris Christofias of the nominally communist Progressive Party of the Working People of Cyprus (Akel) won the Greek Cypriot presidential election in 2008 in the second round of voting. Akel had also urged its supporters to vote 'no' in the 2004 referendum, claiming that it could get a better deal if it won the next presidential election.¹⁰

Talat and Christofias are ideologically on the same wave length and more pragmatic than their predecessors.¹¹ They also know each other well and the chemistry is good between them. These factors, coupled with the landslide victory in Greece's general election on 4 October, 2009 of the Socialist George Papandreou, who is keener to foster dialogue between Turkey and the Greek Cypriots than the former centre-right prime minister, Costas Karamanlis, and the less nationalistic Turkish leadership, make the protagonists as amenable for a solution as it may ever get. This provides a unique window of opportunity to lay the Cyprus problem to rest once and for all, but it will not remain open forever. Permanent partition runs the risk of creating another Bosnia.

contact between the two communities and with the EU. The Council recommended that the €259 million already earmarked for the northern part of Cyprus in the event of a settlement be used for this purpose. The TRNC has been very slowly receiving this financial aid, but the issue of direct trade remains blocked.

¹⁰ Akel was going to support the Annan Plan until Papadopoulos let it be known, before the referendum, that unless the party's four ministers in his government supported him he would replace them with 'no' voting ministers. This led to accusations that Akel put its own political interests above those of a solution. The AKEL slogan was vote 'no' to cement a better 'yes'. The reason was that Papadopoulos' popular appeal to vote 'no' was splitting AKEL. This formula was therefore a classic third way.

¹¹ Akel has even provided financial support for Talat's party.

(4) Negotiations for a Settlement: A New Approach

A fresh attempt to solve the Cyprus problem began in early 2008, soon after the election of Christofias and almost four years after the rejection of the Annan Plan. As the Turkish Cypriots accepted the Annan Plan, Talat wanted the new negotiations to be largely based on the UN blueprint, but this was unacceptable to Greek Cypriots and Talat gave way. After four months of preparatory work by working groups, fully fledged negotiations began on 3 September with the decision, for the first time in the history of the conflict, to make them very much Cypriot-owned and Cypriot-led and leave the UN's role to that of facilitator and not arbitrator. The UN will only get more involved if both parties jointly call for it. The Greek Cypriot side is firmly against arbitration. It was tested during the Annan Plan and the scent left, in its view, was that of a 'given solution' tailored to satisfy outside interests and biased toward Turkey. The Greek Cypriot leadership also rejects timetables. The two leaders have met more than 50 times.

Before the negotiations began, the two sides agreed a mutually beneficial confidence-building measure and in April re-unified Ledra Street in the heart of old Nicosia, divided since 1964. Since then Turkish and Greek Cypriot pedestrians can walk this street from one side to the other. A passport or identification card has to be shown and a very brief entry form completed on the Turkish Cypriot side, something that discourages Greek Cypriots from making the crossing as it is tantamount to requesting a visa to visit their own country. Turkish Cypriots, when crossing, have to prove they are Cypriots to exclude settlers from Turkey, but there is no form as the Greek Cypriots do not want to give the appearance of a border. The opening has helped to economically revive this area, particularly the Turkish Cypriot side.

The agreed basis of the negotiations is to create a 'bi-zonal, bi-communal federation with political equality as defined by relevant UN Security Council resolutions. This system would have a federal government with a single international personality, as well as a Turkish Cypriot Constituent State and a Greek Cypriot Constituent State, which will be of equal status'. Turkey appears to be moving away from this formula and talking of a 'new partnership' of two states which is something more akin to a confederation. Talat uses the word federation but not politicians in Ankara. The Greek Cypriot side wants a stronger executive at the federal level than the other side, and it wants the governance system to be very clearly and unambiguously defined, and not loosely as the Turkish Cypriots appear to be pressing for, so that there can be no loophole for a Turkish Cypriot secession.

The component states would have control of matters such as education and the supervision of cultural heritage. The Turkish Cypriot side also wants to handle citizenship and security, with each constituent state having its own police force. Citizenship is a prickly issue. The Greek Cypriot side is against settlers becoming citizens

of the new unified country over and above the 50,000 figure that has been put on the table and has yet to be agreed. The Turkish Cypriots want no hard and fast rules and provisions for the children of settlers born in the TNRC and for those who married Turkish Cypriots.

As well as governance and power-sharing there are chapters on property, EU matters, the economy, territory and security and guarantees. Public statements suggest progress is slow.¹² The degree of posturing on both sides is impossible to gauge, however. While Talat is more sanguine in his public remarks, Christofias is more pessimistic. This could be because Talat needs to keep the 'yes' camp on board, while Christofias' pessimism could be a ploy to obtain concessions from Turkey and not provide ammunition to his political opponents who are accusing him of ceding too much ground.

Few details of what actually has been agreed have been released. The two sides have agreed on a rotating Presidency and Vice-presidency, but not the number of years that a Greek Cypriot and a Turkish Cypriot would serve in each post. The Turkish Cypriot side wants the President and Vice-president to be elected by the Senate, where each community has an equal number of seats, while the Greek Cypriots want a direct election. A compromise may see some hybrid of the two, perhaps with cross-voting, or the President and Vice-president running on a joint ticket. The aim is to give some sense of federalism while retaining political equality. The Turkish Cypriot side, however, wants the President and Vice-president to be elected by the Senate, where each community has an equal number of seats, while the Greek Cypriots want a direct election.

There are differences on economic matters and particularly on property, territory, security and guarantees. On property (see the separate section), the Turkish Cypriot side recognises the right of dispossessed owners and has proposed various alternatives for the regulation of its exercise (ie, compensation, exchange for a property in the south and reinstatement). It feels the need for a balance between the conflicting interests of the dispossessed owners and the current users and wants a set of criteria which will satisfy both sides. Property is a primary issue for Greek Cypriots and political equality a primary issue for Turkish Cypriots, making these issues potential elements for horse-trading if the negotiations get that far.

The Turkish Cypriot side is seeking derogations from the application of the EU's *acquis*, particularly regarding the residency of Greek Cypriots and the right of ownership in their constituent state that would be created under a reunification package. It wants the

¹² See 'Show Progress in Greek and Turkish Cypriot Negotiations', by Tony Barber, *Financial Times*, 30/X/2009, and 'Cyprus Talks Grind Slowly, Says Turkish Cypriot Leader', *Financial Times*, 16/IX/2009. Demetris Christofias, the President of the Republic of Cyprus, told the Spanish newspaper *ABC* that he and Recep Tayyip Erdogan, Turkey's Prime Minister, agreed on 'absolutely nothing'. See the interview with Christofias on 30 September, 2009.

comprehensive settlement agreed in referendums to be made a source of EU primary law in order to prevent it being open to legal challenge, as it regards the tenth protocol of Cyprus's Accession Treaty as insufficient. There are precedents for primary laws, for example Irish demands regarding the Lisbon Treaty, and for temporary exemptions (the 12-year transition period in Poland for non-Poles buying property in certain parts of the country).

Equally, the Turkish Cypriot leadership is pressing for the 1960 Treaties of Guarantee and Alliance between the UK, Turkey and Greece to remain in force and apply *mutatis mutandis* to the new state of affairs as envisaged in the UN's comprehensive settlement plan in 2004. Derogations and the treaties, used by Turkey in 1974 to justify its invasion of Cyprus, are red lines for the Turkish Cypriot side and by definition Ankara. The Greek Cypriots see no need for a continuation of the treaty as there is no independent country that wants to be a protectorate or under the guarantee of another state. It sees this aspiration as an attempt by Turkey to use the Turkish Cypriots as a strategic minority to legitimise the results of the 1974 invasion.

The Turkish Cypriot side is keen to involve the UN and the international community, particularly Greece and Turkey, the respective motherlands. The Turkish Cypriots wanted a trilateral meeting between Talat, Christofias and UN Secretary General Ban Ki-moon at September's General Assembly in New York, but the Greek Cypriot side objected and so Ban Ki-moon held separate meetings with each leader. The Turkish Cypriots would also like Christofias to talk directly with Prime Minister Recep Tayyip Erdogan of Turkey, although this would undermine Talat's position as negotiator, but, as with the proposed trilateral UN meeting, this would be tantamount to international recognition of the TRNC and give its leader equal status with that of the president of the Republic of Cyprus, something the Greek Cypriots are not prepared to do.

Other stumbling blocks are how fast Turkish troops withdraw (there are an estimated two Turkish soldiers for every Turkish Cypriot family) and how many remain (the Annan plan proposed 650 Turkish troops in the north and 950 Greek soldiers in the south), how many immigrant Turkish settlers are allowed to remain (they outnumber Turkish Cypriots by more than two to one) and how the residency, voting and investment rights of the two communities will be defined.

As well as each leadership's red lines, Christofias and Talat also face resistance within their respective territories to a settlement. On the Greek Cypriot side, the main political opposition to Christofias's Akel party comes from the centre-right Democratic Party (Diko) which is one of the three parties in the coalition government (the other one is the Movement of Social Democrats, or Edek). The three parties, which also formed the previous Diko-led government of Tassos Papadopoulos, lost votes in the June European Parliament election. Diko could leave the coalition in order to mark a distance from Akel,

although no party wants to be blamed for wrecking a possible settlement. Nicholas Papadopoulos, Diko's Vice-president and the son of the late President, accused Christofias in early November of more or less giving away what the former Turkish Cypriot leader and hardliner Rauf Denktaş wanted in 2002.

Almost all the Greek Cypriot media was firmly opposed to the Annan Plan and remains highly critical of the current process.¹³ Alexander Downer, a former Australian Foreign Minister and the UN's special envoy on Cyprus, told newspaper publishers and the board members of TV channels they appeared to have 'already formed opinions in either one direction or the other, and through their coverage seek to confirm these positions'. On top of this, the Greek-Orthodox Archbishop Chrysostomos II is critical of Christofias's handling of the Cyprus problem and his concessions to the Turkish and Turkish Cypriot side. The Archbishop gave his blessing to an organisation called Movement for Freedom and Justice in Cyprus which published an inflammatory book in March 2009, in English and Greek, called *Bloody Truth*. It covers the 1955-74 period. A massive exercise by the government to appropriately inform public opinion of the advantages and disadvantages of a possible reunification deal will be needed, something woefully lacking in 2004 and which has not yet started.

In the TRNC, the right-wing National Unity Party (NUP) defeated Talat's Republican Turkish Party in last April's parliamentary election and favours a two-state solution. Derviş Eroglu, the NUP leader, has been demanding involvement in the negotiations if not a seat at the table. According to opinion polls, he is expected to win the presidential election in April. If he does, this could mean the end of this round of negotiations and possibly the end of any internationally-sponsored efforts at reunifying the country, instead of negotiated partition. Hence Talat's and Ankara's desire to agree a settlement and hold separate referendums before this unspoken deadline, but there is little time left. The best that can be hoped for, barring an unexpected breakthrough, would be a framework agreement, leaving the detail to be worked out later, which addresses the main areas of concern of voters.

(5) The Property Question: A Quagmire

This issue (see Figure 2) stems from the large numbers of people displaced as a result of inter-communal fighting in 1963-64 (around 23,000 Turkish Cypriots) and Turkey's invasion of Cyprus in 1974 (around 162,000 Greek Cypriots and 43,000 Turkish Cypriots). Greek Cypriots in the territory occupied by Turkey in the north of the island were forced to leave their homes and properties and seek refuge in the south in the area controlled by the government of Cyprus. Since then displaced Greek Cypriots have been prevented, as a matter of Turkish policy, from returning to their homes in the self-declared Turkish

¹³ Articles in the media in October based on the leaking of UN documents gave ammunition to opponents of a settlement.

Republic of Northern Cyprus and from having access to their properties there for any purpose.

After the invasion, and the subsequent movement of Turkish Cypriots to the occupied north, the management of their properties was eventually handed over to the Guardian of Turkish Cypriot properties –the Interior Minister– who has the responsibility to look after them and return them when the political problem has been solved. In essence, the Turkish Cypriots owners remain the title holders of their properties but the latter have been used since 1974 in order to house temporarily needy Greek Cypriot refugees who have been expelled from the occupied area and became homeless. Some non-resident Turkish Cypriots have sold properties transferred to them by resident Turkish Cypriots. As regards expropriation of Turkish Cypriot properties since 1974, this has only happened in cases where these properties (along with Greek Cypriot properties) have been used for public purposes (to build roads, airports, hospitals, schools, etc, in which case the owners are paid compensation provided for in the law) or to build temporary housing for Greek Cypriot refugees. If a Turkish Cypriot property is rented to a Greek Cypriot refugee the rent is supposed to go to a special fund in the name of the Turkish Cypriot owner. A report by the Greek Cypriot Auditor General in 2006 raised questions about the location of these funds, following cases brought against the Republic of Cyprus by Turkish Cypriots. Turkish Cypriot owners who emigrated from Cyprus before 1974 as well as Turkish Cypriots displaced after 1974 who decide to permanently reside in the government controlled area may have their properties returned to them prior to the solution of the Cyprus problem and following a decision of the Guardian.

Figure 2. The Property Issue

Land Ownership¹⁴	(privately owned) by ethnic group based on 1964 records
Government-controlled area	85.7 % owned by Greek Cypriots 14.3% owned by Turkish Cypriots
Occupied area	78.6% owned by Greek Cypriots 21.4% owned by Turkish Cypriots
Population distribution by ethnic group	
1960 (first official census)	447,897 Greek Cypriots 103,822 Turkish Cypriots 20,974 others
1973 (last official census)	498,511 Greek Cypriots 115,994 Turkish Cypriots 17,267 others

At present, the occupied territories are populated by between 128,000 and 160,000 Turkish mainland settlers, between 25,000 and 43,000 Turkish troops (the exact number is not known) and about 126,000 Turkish Cypriots (the Greek Cypriot side says there are less

¹⁴ There are considerable differences over the figures. While the Greek Cypriot side estimates the 1974 figure for Greek Cypriot owned land in the TRNC at 78.6% of all privately-owned land, the Turkish Cypriot side puts it at 63.8%. Similarly the Turkish Cypriot figures for Turkish Cypriot owned land in 1974 in both sides of the island (33% of all private land in the north and 22% in the south) are at variance with the Greek Cypriot side.

than 100,000 and claim Turkish Cypriots are outnumbered by settlers and troops by more than two to one).

Until 1985, the administrative practice in the TRNC was to leave the official Land Register unaffected and register separately the 'abandoned' property and its allocation. The beneficiaries were issued with 'possessory certificates' but not 'deeds of title'. This practice changed after 1985 and since then 'title deeds' have been issued and the relevant entries concerning the change of ownership were made.¹⁵

In 2002, the TRNC administration allowed the current users to 'transfer' such properties to third parties at large, thus opening a Pandora's Box for a construction boom with the assistance of domestic and foreign land speculators. In addition, the Annan Plan contained provisions which *de facto* encouraged investments in occupied properties and cultivated the impression that such investments by Turkish Cypriots, Turks and other foreigners would not be adversely affected even after a solution to the Cyprus problem. Since the 2004 referendums, the Turkish Cypriot side has created new *faits accomplis* by intensifying the construction on the Greek Cypriot properties. Within this framework, more mainland Turks came to the TRNC from Turkey.

Two landmark judgements of the European Court of Human Rights (ECtHR) in the *Loizidou vs Turkey* case of 18 December 1996 and the *Cyprus vs Turkey* case of 10 May 2001 clearly set out that Greek Cypriot owners cannot be deemed to have lost the legal title to their properties as a result of the occupation and have always remained and will continue to remain the only true and lawful owners. The *Loizidou* case is the only one in which Turkey complied with the judgment of 1998 by paying damages for the loss of use as well as moral damages. By paying, the government of Turkey accepted the responsibility for the violation of the right to use peacefully the property. It was significant that Turkey paid not only for the damages suffered, but also for the moral cost of the anguish and distress its military control caused to an individual. The implementation of the judgment on giving back the property is still open. Turkey is liable for the continuous deprivation of the property until there is restitution.

In 2005, the ECtHR, in its ruling on the *Xenides-Arestis vs Turkey* case, reaffirmed Turkey's responsibilities for human rights violations in the occupied areas of the Republic of Cyprus.

¹⁵ Article 159 (1) (b) of the 7 May 1985 'Constitution' of the 'Turkish Republic of Northern Cyprus (the TRNC) provides, where relevant, as follows: 'All immovable properties, buildings and installations which were found abandoned on 13 February 1975 when the Turkish Federated State of Cyprus was proclaimed or which were considered by law as abandoned or ownerless after the above-mentioned date, or which should have been in the possession or control of the public even though their ownership had not yet been determined... and... situated within the boundaries of the TRNC on 15 November 1983, shall be the property of the TRNC notwithstanding the fact that they are not so registered in the books of the Land Registry Office; and the Land Registry Office shall be amended accordingly'.

In April 2009, the European Court of Justice (ECJ) in Luxembourg ruled that the courts in the Republic of Cyprus have jurisdiction to adjudicate over land seized after the invasion. The judgement concerned a Greek Cypriot, Meletis Apostolides, who sued in 2004 in a Cyprus court for the return of land his family was forced to abandon during the invasion. By that time, the property –in Lapithos, a village on Cyprus’s northern coast– had been taken over from a Turkish Cypriot by a British couple, Linda and David Orams. The Oramses made it a vacation home. The Nicosia district court in the Greek Cypriot side ordered the Oramses to knock down the illegally-built house, return the land to Mr Apostolides and pay him damages in the form of rent. The Apostolides case is significant because the couple living on the land is British and thus, unlike Turkish Cypriots, potentially within the reach of Cyprus's and EU law. The relatively unspoiled north has become popular with expatriate Britons. A census by Turkish Cypriot authorities in 2006 counted 2,700 permanent residents in the north who are British citizens, and more temporary residents.

Mr Apostolides then sued in a British court to compel enforcement of the Cyprus Judgement against the Oramses, arguing that EU law requires the UK to recognise court judgments in fellow member states. The Oramses were represented by Cherie Blair, the wife of Tony Blair, who at the time was Britain’s Prime Minister. Her role was considered inappropriate by Greek Cypriots. He lost and appealed. The British appellate court asked the ECJ to determine whether a court in England and Wales can recognise and enforce a judgment issued in Cyprus concerning land in the north over which the Cyprus government has no effective control. The Court of Justice, the final authority on EU law, said that the suspension of the *acquis* in the north and the lack of control over the north did not matter as the court that issued the judgement against the Oramses sits in the Greek Cypriot side so EU law –which compels EU countries to recognise each others’ court judgments– applies to it.

The case remains in the hands of the UK Court of Appeal which at a hearing in November allowed the association of British Residents in the occupied part to give their views (supporting the Oramses). The full judgement could be passed before the end of the year.

The Greek and Turkish Cypriot leaderships are still at odds on the thorny property issue. The Greek Cypriots say the dispossessed owners should have priority over the wish of the current user of an affected property and should be entitled to decide freely the preferred remedy based on reinstatement, compensation or exchange. If the owner goes for reinstatement but wishes to sell or rent the property the current user would have first priority. If the owner opts for reinstatement, the relocation of the user would be carried out in a manner compatible with international law and the relevant international principles. If the user does not have the financial means to acquire any other housing, then an alternative accommodation would be provided. Affected properties used for purposes of public benefit would be compensated and not reinstated and a Property

Commission established to decide on the handing of affected properties according to agreed principles.

The Turkish Cypriot side says it cannot accept the owners having the final say because this would undermine bi-zonality, create uncertainty and completely ignore the rights of the current users.¹⁶ Furthermore, it would not guarantee Turkish Cypriots the clear majority of land ownership and property in their respective constituent state, and, depending on how many Greek Cypriots decide to return, could make them a minority both in terms of population and ownership. Turkish Cypriots fear that most Greek Cypriots would choose restitution, which would uproot, in some cases for a third time, thousands of people, some of whom have lived in the properties for decades. They prefer compensation and limited choices for the owners. The two sides in the negotiations recently categorised different types of properties, possibly with a view to treating each category differently. In response to ECtHR cases, the TRNC also established an Immovable Property Commission (IPC) as a local remedy for property claims, which has received so far 413 applications, 70 of which were resolved and compensation of £262 million paid, according to the Turkish Cypriot side. While the Greek Cypriots challenge the validity of the IPC, eight test cases at the ECtHR, representing around 1,400, will determine whether the ECtHR considers the IPC to be an effective local remedy.

The largest single property issue is that of the abandoned resort of Famagusta, a Greek Cypriot suburb occupied by the Turkish army since 1974 and until then the main tourist resort in Cyprus, with a population before the invasion of more than 40,000. Its Greek Cypriot inhabitants, the majority of the town's population, fled to the south of the island or were forced out. Today the sealed off part of the town is still under the jurisdiction of the Turkish army and out of bounds to everyone. Turkish Cypriots continue to live in the original, mediaeval part of the town. Dozens of empty and crumbling hotels, high rise apartments, shops, restaurants and homes line the coastline. The only way Greek Cypriots can see this ghost town is through powerful binoculars from the Occupied Famagusta Cultural Centre, built at Deryneia roadblock, on the site where all the anti-occupation demonstrations for Famagusta and other occupied parts have been taking place since 1974. Alexis Galanos, the Greek Cypriot Mayor of the ghost town, is calling for a team of UN inspectors to be allowed to visit the area and draw up a report on its state, but the Turkish side refuses to budge. Famagusta is expected to be a major bargaining card on the Turkish Cypriot side when and if there is horse-trading. Unlike the occupied properties, Famagusta has the potential to be re-occupied without creating friction between the two communities.

A key unanswered question is who will pay for the cost of compensation which could run into billions of euros. Turkey is actively planning how to fund a settlement. The international community is not in a mood to be generous, given the current global crisis

¹⁶ The Turkish Cypriot side cites the principle of bi-zonality which was defined in a report by the UN Secretary General (S/23780) and endorsed by the UN Security Council in its resolution 750.

and the relative wealth of the country. There also needs to be a balance between the rights of the original owner and the accumulated rights of the current user, otherwise it could fall foul of the European Convention of Human Rights. This is perhaps the thorniest element.

(6) The Impact of Reunification on the Economy

One area where there is agreement is the positive impact of reunification on the whole economy as it would lead eventually to higher growth and greater development, particularly on the Turkish Cypriot side, and would be a win-win situation and not a zero-sum game. The tiny economy (see Appendix 2) has been weathering the downturn better than other small EU countries and the more unified a united Cyprus economy would be, the better the prospects provided prudent policies are followed. The Greek Cypriot side, by far the richer and more developed of the two, is not in a position to be generous toward the other side like West Germany was towards East Germany, without eroding competitiveness and storing up fiscal problems, and nor is it politically feasible to be so.

The likely trends, in the view of the Finance Ministry on the Greek Cypriot side, are:

- An increase in the potential growth for the whole of Cyprus of one percentage point, due to (a) utilisation of the potential for growth in the northern part of Cyprus (catch-up effect); (b) reconstruction effort; and (3) a peace dividend.
- Higher budget and current account deficits and public debt during the transition period.
- Inflationary pressures and wage increases likely to accelerate –dampened somewhat by price and wage convergence due to reunification–.
- Euro exchange rate and interest rates may not be appropriate at the initial period following reunification.
- Therefore, fiscal and wages and structural policies important.

Key demands of the Greek Cypriots are a single unified Central Bank, with the euro as the sole legal tender; all supervisory structures in the financial sector at the federal level; financial stability issues under the responsibility of the Central Bank and an assessment of the viability of the financial sector in the TRNC. The banking system on the Greek Cypriot side is in better shape than the Turkish Cypriot's is believed to be, as it has been harder hit by the collapse of the property market. The Turkish Cypriots, on the other hand, prefer more competencies at the constituent state level.

Positions agreed at the technical level by both sides were changed, however, when political discussions started, to the disappointment of Michael Sarris, the former Finance Minister and head of the Greek Cypriot Working Group on economic issues. Agreements

are understood to have been reached on various issues including, in broad terms, taxation (direct ones will be the responsibility of the constituent states and indirect ones of the federal government) and social security systems (in the hands of each community and gradual convergence over the very long term), but a lot of matters remain to be resolved such as the ownership of the central bank's capital, Turkish Cypriot resistance to assessing the state of its banks and the decision-making process in a Macroeconomic Stability Council. The Greek Cypriots want the federal government to own the central bank's capital and the Turkish Cypriots the constituent states.

There is also disagreement on applying the four fundamental freedoms of the internal market (free movement of goods, services, people and capital) as the Turkish Cypriot side wants restrictions in order to protect it during a transition period that could last for up to 10 years.

The budget deficit of a reunited country would be well above 3% of GDP, the ceiling set by the EU Stability and Growth Pact, for a number of years, but this would be sustainable and probably agreed to by the European Commission.

According to a study¹⁷ published in 2008, before the global crisis, the recurring annual benefits in the first seven years after reunification would generate, on average:

- €700 million per year in new tourism business, including €385 million from Turkey.
- €618 million per year in total additional trade in goods and services with Turkey.
- €393 million per year in new business for Cypriot construction companies.
- €155 million per year in new business for Cypriot real estate companies.
- €316 million per year (excluding new business from Turkey above) in new business for Cypriot tourism enterprises.
- €162 million per year of additional revenue for the Cypriot university education sector
- €103 million per year in additional income for Cypriot accounting and legal firms.
- €184 million in new foreign direct investment (excluding construction and real estate above).
- The annual boost to business - the annual peace dividend - rises from €283 million in Year 1 to €3.9 billion, or 10% of GDP, by Year 7.
- If this is translated into the annual dividend per household in Cyprus, it comes to an annual peace bonus of approximately €5,500 per household per year. This is around 20% of the current average salary in the southern part of Cyprus and an estimated 40% of the average salary in the northern part of Cyprus.

These results from a hypothetical exercise are regarded as optimistic in some quarters, but no one doubts the overall impact will be positive, just the size of it.

¹⁷ *The Day After: Commercial Opportunities Following a Solution to the Cyprus Problem*, by Fiona Mullen, Özlem Oguz & Praxoula Antoniadou Kyriacour, PRIO, Cyprus Centre, Paper 1/2008. I draw on parts of this report.

The impact of reunification would be keenly felt on the Turkish Cypriot side where the real estate sector has been hit hard by the credit crisis and the legal claims brought by Greek Cypriots against foreign residents who bought their properties. The TNRC would sink without the estimated US\$600 million provided by the Turkish government every year. Tax receipts in the TRNC just about cover the outlays of the territory's government, leaving room for very little else. Almost all of the TRNC's trade is with or via Turkey; its airports and ports are not internationally recognised. Only one-third of Cyprus (or one-seventh if measured in terms of the all-island economy) is trading with Turkey, Cyprus's largest neighbour which is just 75 km south of Turkey (its population of 73 million and a nominal GDP of US\$730 billion in 2008 dwarfs the island). The largest export market for the Greek Cypriot part is not even Greece, but the UK, which is more than 3,000 kms away.

Foreign investment could be expected to increase from its low levels. The island's division has a negative impact on investors' perceptions. Cyprus is ranked 34th out of 82 countries in the latest Economist Intelligence Unit's Business Environment Rankings (32nd in 2008). There would also be greater inflows of EU funds, as the whole of the country would receive them and not just the Greek Cypriot part, particularly if the opportunity of a settlement was used to re-define the island as more than one statistical region for EU funding purposes. The much poorer Turkish Cypriot side wants its constituent state to be classified as a separate region, while the Greek Cypriots want to study the alternatives before deciding on the best option. If Cyprus were split into two regions, the northern part would qualify as a NUTS 2 region, the highest form of EU funding, as its per capita GDP is below the threshold (75% of the EU-27 average).

A bright spot for the transport business in northern Cyprus is the potential from the Baku-Tbilisi-Ceyhan oil pipeline, opened in 2006, which transports oil from Azerbaijan and Kazakhstan to world markets through Ceyhan in south-eastern Turkey. The northern coast could accommodate the storage facilities of multinationals and trigger development in sub-sectors such as shipping agencies, handling agencies and the shipyard industry.

New opportunities for Cypriot exporters would also arise from Turkey's implementation of the Ankara Protocol, allowing Republic of Cyprus ships to dock in Turkish ports (and Turkish ones in all of Cyprus).

Lastly, reunification would benefit tourism on both sides and the education sector in the north in particular. Only a couple of hundred Turkish tourists go to the southern part of Cyprus every year compared with several hundred thousand to the northern part. All flights to the Turkish Cypriot zone of the island have to touch down in Turkey, and Turkish Cypriots experience constant problems about their legal status during overseas advertising campaigns.

There are several universities in the north (teaching in English) and reunification would enable them to be included in the Bologna process. The European University Association has accepted the universities in northern Cyprus as full individual members on their own merits, but the Greek Cypriot education authorities oppose this. Reunification would give the island at least 10 universities and make Cyprus a regional hub for education and enhance its position as a business centre.

Cyprus was ranked 40th out of 183 countries for ease of doing business in the World Bank Doing Business Report 2010, the first time the island was included in the evaluation. It ranks highly for opening and closing a business (25th and 21st, respectively), but very low (77th) when it comes to the time it takes to process construction permits (677 days). Cyprus's nearest European competitor in this category is Italy (257 days). An even more pressing area in need of reform is the judicial system where the large backlog of cases means it takes an average of 735 days to enforce a contract.

(7) History Education: Old Prejudices Die Hard

The need for harmonious relations between the Greek and Turkish Cypriot communities is not being helped at all by the outrageously distorted schoolbooks on Cyprus's history that are still being used. The Turkish Cypriot government elected in 2004 after the victory of the left wing pro-reunification Republican Turkish Party (CTP) of Mehmet Ali Talat stole a march on the Greek Cypriots by introducing new books that did not take an ethnocentric approach to history and demonise the 'other', but they were replaced after the right-wing National Unity Party of Derviş Eroglu beat the CTP in parliamentary elections this year and turned back the clock with books that re-employed the ethnocentric approach, a more nationalist and militaristic discourse and visual images. Eroglu, the head of government, leads Talat in opinion polls to win the presidential election next April.

Andreas Demetriou, the Education Minister, found himself in a spat in 2008 with the influential Greek-Orthodox Church and the teachers' union after he proposed revising the history books with a view (in the words of a circular from the Education Ministry) to nourishing 'the cultivation of a culture of peaceful cohabitation, mutual respect and cooperation between Greek and Turkish Cypriots'. He also wanted to encourage exchanges between children and teachers on both sides. He had to back down on both proposals. Opposition to changing text books was led by Archbishop Chrysostomos II who insisted that the books needed to remain Hellenocentric. The books for 11-15-year-olds show Turks (Muslims) as violently hostile. One image shows a young man impaled on a pole by a Turk (see Figure 3), while the cover of a primary school history textbook on the history of Greece depicts a group of Greek fighters against a background of Turks holding Greeks captive, with one Turk wielding a curved sword ready to behead them.



Figure 3.



Source: YAP, *Istoria tis Kyprou*, Gymnasio, Nicosia, 2005, p. 105.

Yiannis Papadakis, Associate Professor of social anthropology at the University of Cyprus, who published an analysis of Greek and Turkish Cypriot history textbooks, says the Hellenisation thesis used in the books implies that ‘others (Turkish Cypriots, for example) have (historically speaking) no rightful place in Cyprus; hence the category “Cypriots” is constantly used in a manner that excludes them’.¹⁸

While the Greek Cypriots books paint a rosy picture between 1960, when the Republic was founded, and 1974, when Turkey invaded, and overlook the inferior living conditions of Turkish Cypriots, the previous books used on the other side described the events of 1974 as the ‘Happy Peace Operation’ when the ‘Heroic Turkish Army’ came to safeguard the ‘Turks of Cyprus’. Papadakis points out that ‘this version of the history of Cyprus

¹⁸ *History Education in Divided Cyprus: A Comparison of Greek Cypriot and Turkish Cypriot Schoolbooks on the History of Cyprus*, Yiannis Papadakis, PRIO Cyprus Centre, Paper 2/2008.

legitimated the partitionist aims of the Right through the argument that history proves that the two communities can never live together'. The two widely different narratives of the history of Cyprus are shown in Figure 4.

Figure 4. Narratives of the History of Cyprus

	Beginning	Self (Moral Centre)	Major Enemy (Other)	Plot	End
Greek Cypriot Narrative	Arrival of Greeks (14 th century BC) Hellenisation of Cyprus	Greeks (of Cyprus)	Turks	A struggle for survival by Cypriot Hellenism against foreign conquerors	1974 Tragic ('Barbaric Turkish invasion')
Turkish Cypriot Narrative	Arrival of Turks (1571 AD) Turkification of Cyprus	Turks (of Cyprus)	Rums (Greek Cypriots)	A struggle for survival by the Turks of Cyprus against Greek Cypriot aggression	1974 Happy ('Happy Peace Operation')

Source: Yiannis Papadakis.

Both communities should be teaching a more balanced version of events and admitting the errors and atrocities committed on both sides.

The latest Eurobarometer survey (spring 2009) on public opinion in the EU showed that 82% of Greek Cypriots, the highest percentage among member states, believe that the presence of people from other ethnic groups is a cause of insecurity. As many as 90% – compared with an EU average of 49%– believe the presence of people from other ethnic groups increases unemployment. Thirty six per cent of Greek Cypriots consider that being Christian is a criterion for being Cypriot.

(8) Turkey's Position

The Cyprus problem is Turkey's biggest, but far from only, obstacle to its full EU membership bid. Turkey has a legal commitment to implement the Additional Ankara Protocol and open its ports and airports to Greek Cypriot traffic, thereby recognising the Republic of Cyprus, but a reunification deal is not explicitly a EU condition. Turkey, however, has to normalise its relations with the Republic of Cyprus and it cannot do that without de-recognising the TRNC. So to all intents and purposes, Turkey cannot recognise Cyprus without a settlement.

Ankara's failure to implement the protocol led the EU summit in December 2006 to freeze eight of the chapters to be negotiated for EU entry. Coupled with five chapters that France is reluctant to open for other reasons, Turkey's progress toward EU membership has virtually come to a halt. The Cyprus issue will come up for review at the EU's upcoming

summit in December when no country is likely to rock the boat further, possibly not even Cyprus, in order not to upset the negotiations between Greek and Turkish Cypriots. Ankara refuses to implement the protocol until something is done to enact the political commitment made by the European Council in April 2004, two days after Turkish Cypriots accepted the Annan Plan for reunification in a referendum and Greek Cypriots rejected it, to ease the isolation of the northern part of the island. Cyprus, once it was in the EU, blocked this gesture. There is thus a stalemate and like two chess players neither side is willing to make the first move for fear of giving the other an advantage. Meanwhile, time is running out as next April Talat, the TRNC leader, faces re-election and so far has little to show for 14 months of negotiations in the face of a hard-line opponent, Derviş Eroglu, the head of government, who is expected to contest the presidential election and is expected to win.

Ankara is nervously watching the developments, but it is not prepared to accept a settlement at any cost. Although the TRNC is heavily dependent on Turkey for budgetary support, political life in this territory is not dictated by Ankara. Indeed, the vibrant political and civic debate on the reunification issue and the variety of opinions expressed in the TRNC is striking. An independent Turkish Cypriot Human Rights Foundation was established in 2005, after the referendum on the Annan Plan, to address problems in the territory.

Talat is Ankara's best hope of reaching a settlement. Ankara will have less control if Eroglou, the heir of Rauf Denktaş, who for decades opposed reunification, ousts Talat. As well as opposition to a settlement in the TRNC, Recep Tayyip Erdogan, Turkey's prime minister, faces opponents at home. Ultra nationalism in Turkey is on the rise, as evidenced by the opposition to the accord reached with Armenia earlier this year to end the almost 100-year old dispute with its neighbour arising from the 1915 massacre of Armenians by Turks, yet to be ratified by parliament,¹⁹ and to Kurdish reform plans.

Meanwhile, Ankara is becoming visibly frustrated. Erdogan told the UN General Assembly in September that 'if a solution cannot be found due to Greek Cypriot intransigence, as was the case in 2004, the normalisation of the status of the Turkish Republic of Northern Cyprus will become a necessity which can no longer be delayed'. He did not spell out what he meant by this, but Erdogan has pointedly enumerated to his Justice and Development Party (AKP) the countries that accept northern Cypriot passports or host the territory's offices and representatives. One contingency plan would be to press some Islamic states to recognise the TRNC.

¹⁹ See the author's analysis of this development at www.realinstitutoelcano.org/wps/portal/ri/elcano_eng/Content?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/europe/ari72-2009.

Erdogan can draw some comfort from the election in October as Greek Prime Minister of George Papandreou, who played a key role in improving Greek-Turkish relations when he was Foreign Minister (1999-2004) following earthquakes in both countries. Papandreou is also Foreign Minister and has been quick to become more actively involved than his predecessor, Costas Karamanlis. Cyprus is a problem child for Papandreou in his bid to have completely normal relations with Turkey, the country's traditional arch enemy. The leverage he has over Greek Cypriots is limited and Erdogan cannot produce the result in next April's presidential election in the TRNC that he would like because they are free elections.

(9) Conclusion

Failure to reach an agreement or a deal that is rejected in referendums runs a serious risk of producing a permanent and potentially more hostile partition of Cyprus on ethnic lines, which, in a worst case scenario, would create a Bosnia-type situation. This would benefit neither Greek nor Turkish Cypriots. There is a limit on both sides to how many times the problem can be negotiated and the United Nations is wary of investing more time and resources and is under pressure for peace-keeping missions elsewhere in the world. If Christofias and Talat cannot reach a settlement there is little prospect of a better set of circumstances. George Vassiliou, a much respected former President of the Republic of Cyprus (1988-93) and the chief negotiator of the country's EU accession, says the time has come for politicians on both sides to embrace the politics of the achievable rather than the politics of wishful thinking, which for so many years have dominated the reunification issue to the detriment of all citizens of the island.

Both sides stand to win, but, sadly, this message is not coming across. And if a settlement is reached a much more energetic public opinion exercise than the one in 2004 will be needed to fully explain the benefits and disadvantages to each community, particularly the Greek Cypriot side which sees a reunification deal as a zero-sum game.

The failure to reunite the country could put an end to the relatively tranquil status quo (there has been almost no bloodshed since 1974) and lead to what is locally referred to as 'Taiwanisation' with growing international toleration of the self-declared Turkish Republic of Northern Cyprus (TRNC), loss of significant land that would have been returned by the north in any settlement, permanent stationing of Turkish troops, acceleration of a Turkish Cypriot building boom on Greek-owned properties, and the arrival on the island of more Turkish settlers. In this situation, Turkish Cypriots would face an indefinite suspension of their rights as EU citizens in the island and the territory would be integrated more into Turkey, at a high fiscal cost, among other negative consequences, to the Turkish Treasury.

Under this scenario, it would be very difficult, if not impossible, for Turkey's bid to be a full EU member to prosper and this would turn this regional power inward and away from the West. The foreign policy of the governing Justice and Development Party (AKP) is already promoting sympathy toward some Muslim states. Popular support in Turkey for EU membership is down to around one-third of the population compared to more than 80% in 2002 when the AKP took power.

For the EU, the unresolved Cyprus problem prevents full cooperation with NATO (Turkey has the bloc's second largest army).

The scenario painted by Nicos Rolandis, a former Foreign Minister, in 2030 is not as fanciful as it sounds.²⁰ The TRNC would have gradually solidified, resulting in the majority of Turkish Cypriots in the north moving to the south in order to enjoy EU benefits and claim their properties, while in the north there are more than 1.5 million mainland Turks.

The Cyprus tragedy will fall into the lap of Spain during its EU Presidency in the first half of 2010. The Socialist government is an active supporter of Turkey's EU membership, unlike Paris or Berlin, and Miguel Ángel Moratinos, the Spanish Foreign Minister, knows Cyprus very well (he lived there for several years while he was the EU's Special Representative for the Middle East peace process). Spain has the capacity to be much more pro-active on the Cyprus issue and needs to be bolder. It would send a positive signal if, as is being mooted, Madrid stuck its neck out and held a summit meeting with Turkey during its presidency which somehow managed to involve Greek and Turkish Cypriot leaders.

William Chislett

Former Financial Times correspondent and author of books on Spain and Turkey

²⁰ 'Once Upon a Time in Cyprus...', by Nicos Rolandis, Sunday Mail, 18/X/2009.



Appendix A: Timeline

1571-1878	Cyprus under Ottoman rule.
1878	Cyprus leased by the Ottoman Empire to the UK.
1914	Cyprus annexed by Britain following Turkey's alignment with Germany in World War I.
1923	Under the Treaty of Lausanne Turkey relinquishes all rights to Cyprus.
1925	Cyprus declared a British crown colony.
1931	First Greek Cypriot uprising against British rule.
1950	Makarios III elected archbishop of Cyprus. Plebiscite organised by him shows 96% support in favour of union with Greece.
1954	Greece brings the issue of self-determination for Cyprus to the UN General Assembly.
1955-59	Greek Cypriot armed struggle against colonial rule and for union with Greece led by EOKA (National Organisation of Cypriot Fighters).
1958	Turkish Resistance Organisation (TMT) kills left-wing Turkish Cypriots.
1960	Cyprus granted independence from the UK, guaranteed by the UK, Greece and Turkey.
1963	Constitutional order breaks down, and Turkish Cypriots withdraw from or are scared out of government, never to return. Greek Cypriot attacks on Turkish Cypriots trigger intercommunal violence. Archbishop Makarios submits proposals for amendments to the constitution which are rejected by the Turkish side.
1964	UN deploys peacekeepers to head off the threat of a Turkish invasion after Dr Fazil Kuchguk, the Vice-president, says he is in favour of partition. Turkish air attacks on Cyprus.
1965	Galo Plaza, UN mediator, publishes a report recommending ways of safeguarding Turkish Cypriot minority rights and rejecting the idea of separation between ethnic groups. The Turkish government rejects mediation.
1967	Military coup in Greece.
1974	July: Makarios (re-elected President in 1968 and 1973) demands withdrawal of Greek officers from Cyprus. 15 July: coup against Makarios organised by the Greek junta. 20 July: Turkish troops invade and occupy the northern third of the island. More than 200,000 Greek Cypriots flee south; about 80,000 Turkish Cypriots later move north. Europe and the US impose political and military sanctions against Turkey.
1975	Turkish Federated State of Cyprus declared in the area occupied by Turkish troops. Declaration condemned by the UN Security Council.
1977	First High-Level Agreement between Makarios and Turkish leader Rauf Denktaş lays out basis for bicommunal, bizonal and federal solution.
1983	September: collapse of peace effort by UN Secretary-General Pérez de Cuellar. November: Turkish Cypriots unilaterally declare independence as Turkish Republic of Northern Cyprus, recognised only by Turkey.
1992-93	Rise and fall of UN Secretary General Boutros Boutros-Ghali's 'set of ideas'.
1998	Accession negotiations between Cyprus and the EU begin.
2001	November: Turkey threatens to annex the Turkish-occupied areas of Cyprus if the EU admits the Republic of Cyprus as a full member before a settlement is reached.



2003	Denktaş lifts a 28-year ban on travel by Cypriots to and from the north. February: Tassos Papadopoulos elected Greek-Cypriot President. December: after advances by pro-solution Turkish Cypriot parties in election, Mehmet Ali Talat's Republican Turkish Party forms a new government and, with support of a pro-solution government in Turkey, becomes negotiator for a settlement.
2004	24 April: six years in the making, settlement plan sponsored by UN Secretary General Kofi Annan submitted to twin referendums. Accepted by 65% of Turkish Cypriots, rejected by 76% of Greek Cypriots. 1 May: the Republic of Cyprus enters EU as a divided island. The Turkish Republic of Northern Cyprus is excluded from the benefits of EU membership as the <i>acquis communautaire</i> , the body of legislation guiding EU policy, do not apply there.
2005	April: Talat elected Turkish-Cypriot President.
2006	Papadopoulos and Talat begin new UN-mediated contacts on a settlement, which soon stall. The EU summit in December suspended eight of the chapters Turkey was negotiating for its accession to the EU because of Ankara's failure to implement the 2005 Additional Protocol to the Customs Union committing it to open its ports and airports to Greek-Cypriot shipping and aviation.
2008	17 February: candidates promising compromise lead Greek-Cypriot presidential elections, won by Demetris Christofias of the nominally communist Akel party. 21 March: first meeting between Christofias and Talat inaugurates new peace talks. April: reunification of Ledra Street, divided since 1964, in Nicosia as part of a package of UN-backed confidence-building measures, allowing people to cross from one side to the other. 23 May: Christofias and Talat announce agreement that the reunified federation will have two constituent states and a single international identity. 3 September: Christofias and Talat start first round of negotiations, meet 40 times over 11 months.
2009	20 April: the pro-independent National Unity Party (UBP) defeats the pro-reunification Republican Turkish Party (CTP) in parliamentary elections, winning 26 seats against the CTP's 19. 10 September: Second round of UN-facilitated negotiations starts. December: EU heads of state and government (European Council) to review Turkey's failure to open its ports and airports to Greek-Cypriot shipping and aviation.
2010	April: presidential election in the Turkish Republic of Northern Cyprus.

Source: Cyprus: *A Contemporary Problem in Historical Perspective*, by Van Coufoudakis, the International Crisis Group and publications of the Republic of Cyprus.



Appendix B: Basic Statistics

Basic Statistics of the Republic of Cyprus (1)

Population	793,000
Unemployment rate, seasonally adjusted (%)	5.9 (September 2009)
GDP (current market prices, € bn)	17.2
Per capita GDP (Purchasing Power Parity) (€)	24,200
Per capita GDP (Purchasing Power Parity, EU-27 = 100)	94.7
GDP structure (%)	
Primary sector	2.5
Secondary sector	18.1
Tertiary sector	79.3
Exports of goods and services (% of GDP)	52.0
Imports of goods and services (% of GDP)	64.4
Number of tourists (million)	2.4
Current account (% of GDP)	18.0
Inflation (annual % change in CPI)	4.4
General government balance (% of GDP)	+0.9
General government debt (% of GDP)	49.1
Inward stock of foreign direct investment (US\$ bn)	20.7
Outward stock of investment (US\$ bn)	10.5
Total tax revenue (% of GDP)	31.8
Fertility rate	1.4
UN human development index score (2)	0.914 (2007)
Ranking in UN human development index (out of 182 countries)	32 nd (2007)
Life expectancy at birth (years)	79.6 (2007)
Global Gender Gap Index rank (out of 134 countries)	80 th
Transparency International Corruption Perceptions Index (rank out of 180 countries)	27 th (2009)
Transparency International Corruption Perceptions Index (score) (3)	6.6
Gender empowerment (ranking in UN Development Programme's measure out of 182 countries)	48 th
Press freedom ranking out of 175 countries (Reporters without Borders)	25 th (2009)
Military expenditure (% of GDP)	2.3

(1) 2008 unless otherwise stated.

(2) The maximum value is one.

(3) The closer to 10 the cleaner the country.

Source: Eurostat, OECD, UNCTAD, International Monetary Fund, UN Human Development Report, World Development Indicators and the Finance Ministry of the Republic of Cyprus.

Basic Statistics of the Turkish Republic of Northern Cyprus (1)

Population	268,011
Unemployment rate	9.4
GDP (current market prices, € bn)	3.6
Per capita GDP (US\$)	15,984
GDP structure (%)	
Primary sector	5.3
Secondary sector	17.8
Tertiary sector	76.9
Exports (US\$ mn)	83.7
Imports (US\$ mn)	1,539
Number of tourists (mn)	
From Turkey	791,036
Others	156,456
Inflation	9-4
Fertility rate	1.8
Life expectancy at birth (years)	73.8

(1) 2007.

Source: State Planning Organisation.

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