

CYPRUS: REUNIFICATION OR PARTITION?

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CYPRUS: REUNIFICATION OR PARTITION?

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Three decades of efforts to reunify Cyprus are about to end, leaving a stark choice ahead between a hostile, de facto partition of the island and a collaborative federation between the Greek and Turkish Cypriot communities living in two constituent states. Most actors agree that the window of opportunity for this bicomunal, bizonal settlement will close by April 2010, the date of the next Turkish Cypriot elections, when the pro-settlement leader risks losing his office to a more hardline candidate. If no accord is reached by then, it will be the fourth major set of UN-facilitated peace talks to fail, and there is a widespread feeling that if the current like-minded, pro-solution Greek and Turkish Cypriot leaders cannot compromise on a federal solution, nobody can. To avoid the heavy costs this would entail for all concerned, the two leaders should stand shoulder to shoulder to overcome domestic cynicism and complete the talks, Turkey and Greece must break taboos preventing full communication with both sides on the island, and European Union (EU) states must rapidly engage in support of the process to avoid the potential for future instability if they complacently accept continuation of the dispute.

A real chance still exists in 2009-2010 to end the division in Cyprus in conformity with the long-established negotiating parameters of a federal reunification. The current Greek and Turkish Cypriot leaders share more common ground than any of their predecessors and have gone some distance over the past year toward a comprehensive settlement. But failure will mean an indefinite partition of the island, leading to more strains in EU-Turkey relations, new frictions in the east Mediterranean, less EU-NATO cooperation, acceleration of the centrifugal forces scattering the Turkish Cypriots and new risks to the prosperity and security of Greek Cypriots.

Many Cypriots expect that de facto partition would be a benign continuation of the status quo. New dynamics already in play following the Greek Cypriots' 2004 entry into the EU as the Republic of Cyprus show this to be false. Greek Cypriots have become the most visible technical obstacle to Turkey's EU accession process and have eagerly used all the levers available to them to pursue what they see as their national interest and need for justice. Ankara's frustrations are contributing to frictions over

offshore oil exploration rights, including in waters disputed with Greece, that have brought opposing gunboats into close proximity. Today's stronger, more prosperous Turkey is more ready than in the past to defy the EU and risk irreversible damage to the relationship over what it also sees as issues of national interest and justice. This faultline will be tested again in discussions leading up to December's EU summit, in which the heads of state and government (the European Council) must decide what to do about Turkey's failure to implement its signed obligation to open its ports to Greek Cypriot air and sea traffic.

In the absence of a Cyprus settlement, both communities on the island and Turkey will experience slower economic progress, greater defence spending and reduced international credibility. The paradox is that rarely before have there been Greek Cypriot, Turkish Cypriot and Turkish leaders so ready to compromise. A major source of misunderstanding, however, is that Ankara and Greek Cypriot officials cannot agree grounds to talk directly. They are thus unable to believe, trust or understand each other's genuine ambition to settle the dispute. Overcoming four decades of hostility, denigration in the media and absence of real mutual knowledge will be hard in the few remaining months, but all sides should try to bridge the gap. If a strong government emerges from the 4 October elections in Greece, it will be uniquely well placed to bring all the relevant parties together, and it should quickly do so.

There are rays of hope. Polls show that most Cypriots want the talks to succeed, even if they are sceptical about that happening. Negotiations over the past year have gone relatively well. After the victory of pro-compromise Demetris Christofias in the February 2008 Greek Cypriot presidential election, he and his likeminded Turkish Cypriot counterpart, Mehmet Ali Talat, have worked through the issues in more than 40 meetings. A second round of full negotiations began well on 10 September 2009. Christofias and Talat must do much more, however, to reflect the positive energy of their meetings in their public statements and to build a joint strategy for success in a referendum on a settlement document that needs to be held in early 2010.

The two sides should indicate willingness to bargain across issues in the talks that seem insoluble on their own. These include the multi-billion euro issue of compensation for or restitution of Greek Cypriot properties, involving perhaps three quarters of the territory of the Turkish Cypriot north; the future of immigrants from Turkey, probably soon a majority of residents of the Turkish Cypriot zone; the Turkish Cypriot wish, backed by Turkey, for a continued Turkish military guarantee; and the question of how much of the 37 per cent of the island now in Turkish hands will pass to the Greek Cypriots.

Outside powers arguably have half the keys to a Cyprus solution in their hands. EU member states in particular should do more to make a solution possible by pro-actively reassuring Turkey that its accession perspective remains open, firmly encouraging Christofias and Talat and talking up the clear advantages of settlement. They should do much more to impress on the Cypriots and regional players that complacency and cynicism must be set aside and that the hard work to prepare public opinion and workable compromises must start now. Neither Christofias or Talat has any desire to walk away from the negotiating table. The danger is that they will simply run out of time.

RECOMMENDATIONS

To the Greek Cypriot and Turkish Cypriot Leaderships:

1. Commit jointly, publicly and wholeheartedly to the goal of a comprehensive settlement to go to a referendum in early 2010 that would reunify Cyprus as a federal, bizonal, bicomunal republic with two politically equal constituent states and a single international identity.
2. Show greater willingness to bargain across individually insoluble issues in the talks, such as Greek Cypriots offering citizenship to more immigrants from Turkey in exchange for more flexible Turkish Cypriot approaches to the guarantee issue, and Turkish Cypriots offering to give up more territory in exchange for greater Greek Cypriot flexibility on property compensation, restitution and return.
3. Build a joint public relations strategy to communicate to both sides on the island a tangible dedication to a comprehensive settlement, the shape of the future federation and achievements on the road toward it.
4. Explain in the clearest possible terms to their respective populations that this is almost certainly the last chance for many years for any settlement and that the alternative is likely to be a sharp turn towards partition.

To the Governments of Turkey, Greece and the United Kingdom:

5. Meet with both Cypriot communities to update the tripartite 1960 Treaties of Guarantee and Alliance via a new Treaty of Security and Implementation that could include reunited Cyprus as a signatory and set out a graduated mix of international oversight of any settlement.
6. Turkey should launch a dialogue with Greek Cypriots through confidence-building statements and Greek Cypriots should reciprocate. Greek officials should also arrange trust-creating meetings that bring them together with officials from Turkey and the Republic of Cyprus, a process in which both Greek and Turkish Cypriot representatives must also be included.

To the Governments of European Union Member States, Russia and the United States:

7. Develop strategies to capitalise rapidly on any breakthrough in the Cyprus talks towards the end of 2009, including public preparations for a donor conference to commit financial support for a settlement.
8. Engage to the maximum with Cypriot leaders to impress upon them the need for a settlement and work imaginatively to re-ignite enthusiasm for Turkey's EU convergence process, including freeing up blocks on Turkey's EU negotiating chapters.
9. Actively work to ensure that European Commission financial support for Turkish Cypriots is renewed and continues beyond 2009.
10. Consider new ways for the EU and the wider international community to open markets and communications directly to Turkish Cypriots to encourage Turkey's opening of airports and seaports to Greek Cypriot traffic, so as to increase chances of success in the talks and diminish the impact of any failure.

Nicosia/Istanbul/Brussels, 30 September 2009

CYPRUS: REUNIFICATION OR PARTITION?

I. INTRODUCTION

The Cyprus problem is undergoing a major transition to a new phase in its history.¹ The first phase was growing intercommunal violence in the 1950s, as the end of British colonial rule approached. The second phase was independence, from 1960 until the republic broke down in 1963, when the Greek Cypriot side drove the Turkish Cypriots out of government amid more intercommunal violence. In the third phase, between 1963 and 1974, the Greek Cypriots monopolised the internationally recognised Republic of Cyprus, and Turkish Cypriots lived in ghettos or isolated villages. The 15 July 1974 coup, organised by the junta in Athens to unite the island with Greece, was reversed five days later by a Turkish invasion. This started a fourth phase, lasting to the present day, in which Turkish troops, defying international criticism, have occupied the northern third of the island and at times tried to win recognition for a self-standing Turkish Cypriot state.

This fourth phase should have ended in 2004 with a reunified Cyprus's entry into the European Union (EU). Intense UN-led negotiations produced a plan named for then Secretary-General Kofi Annan that was strongly backed by the EU, the UN and most of the rest of the international community. It was based on well-known bicomunal, bizonal federal principles agreed by the Greek and Turkish Cypriots in 1977 but never implemented due to nationalist grandstanding on both sides, most obviously by hardline Turkish Cypriot leader Rauf Denktaş. Turkish Cypriots, wanting an end to uncertainty and to join the EU with the Greek Cypriots, rejected his policies in a December 2003 election. Turkey also switched to backing the settlement plan, according to which it would have withdrawn the bulk of its troops. But the then Greek Cypriot leadership turned against

the plan.² In the 24 April 2004 referendum, 76 per cent of Greek Cypriots rejected it, while 65 per cent of Turkish Cypriots approved it. A week later the EU accepted Cyprus, even though it remained divided in practice, its government solely in Greek Cypriot hands.³

The Cyprus problem then entered an awkward limbo.⁴ The EU promised to reward the Turkish Cypriots for their attempt to reunify the island by reducing their isolation through the right to direct trade with its member states, but the Republic of Cyprus's first action as an EU member was to block this political gesture.⁵ After Turkey countered by renegeing on its promise in a 2005 Additional Protocol to open up its seaports and airports to Greek Cypriot traffic, the December 2006 European Council, under pressure from the Republic of Cyprus, suspended eight of the chapters Turkey was negotiating for its

²The principal Greek Cypriot objections were that UN negotiators had favoured Turkey while filling in the blanks where there had been no agreement, the Turkish withdrawal was not quick enough, Turkey's guarantor rights (invoked in the 1974 invasion) were retained, and the ambiguity of the "virgin birth" of the proposed new United Cyprus Republic might give Turkish Cypriots the right to secede and claim recognition for an independent Turkish Cypriot state.

³The EU, partly because it had wrongly expected a Greek Cypriot "yes" and a Turkish Cypriot "no", had previously promised Greek Cypriots they would enter the EU whatever the result of the referendum. No change to this policy was made after the referendum, partly for fear Greece would veto the whole 1 May 2004 eastward enlargement that included nine other, mainly eastern European, countries. Crisis Group interview, European diplomat serving in Brussels at the time, Ankara, February 2008.

⁴"The EU members made a fundamental mistake in allowing that divided island to join without a deal", *Financial Times*, editorial, 8 September 2009.

⁵"The Turkish Cypriot community have expressed their clear desire for a future within the European Union. The Council is 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 contact between the two communities and with the EU". European Council statement, 26 April 2004.

¹For previous Crisis Group reporting on Cyprus please see Crisis Group Europe Reports N°171, *The Cyprus Stalemate: What Next*, 8 March 2006; N°190, *Cyprus: Reversing the Drift to Partition*, 10 January 2008; and N°194, *Reunifying Cyprus: The Best Chance Yet*, 23 June 2008.

possible accession to the EU. Since then, Cyprus has informally blocked several other chapters. In 2006 the European Council also asked the European Commission to review non-compliance with the Additional Protocol “in particular” in 2007, 2008 and 2009, implying that in December 2009 it may consider new measures against Turkey (see below).

Also in 2006, talks restarted between the chief negotiators of the late Greek Cypriot President Tassos Papadopoulos, who had opposed the Annan Plan, and his Turkish Cypriot counterpart, Mehmet Ali Talat, who had supported it, but they led nowhere despite more than 50 meetings.⁶ However, an upset in the first round of the Greek Cypriot presidential elections in February 2008 threw out the rejectionist leadership, whose campaign was based on a “no” to compromise with the Turkish Cypriots. The second round was a run-off between two candidates who had supported the idea of a compromise solution and had won two thirds of Greek Cypriot votes. The victor was Demetris Christofias, leader of the nominally communist party AKEL, who enjoyed a long-established dialogue with Talat based on their left-wing parties’ common rejection of ethnic nationalism.

Christofias and Talat met on 21 March 2008 and agreed to work together on a new round of UN-mediated reunification talks. On 3 April they opened a new crossing point between the front lines in the heart of Nicosia, and on 23 May they agreed on basic parameters: that the federation would have two “constituent states” and a “single international personality”. On 1 July 2008, they agreed “in principle” on “single sovereignty and citizenship”. Leading members of both communities joined thirteen committees and working groups to discuss the issues and come up with confidence-building measures. On 20 June 2008 six technical agreements were announced,⁷ and on 27 July sixteen more ideas for co-

operation were added.⁸ On the basis of working papers from these groups, the two leaders settled down to full negotiations in September 2008.

This report examines the unique opportunity for a settlement enjoyed by the two Cypriot leaders, the key steps Turkey and Greece should take, the importance of solving Cyprus to the EU and the region and takes a fresh look at the issues in the talks themselves. It offers some proposals for achieving an agreement and implementing it, but above all seeks to revitalise political will behind the process and to avert a hostile deadlock. The fourth in a series of International Crisis Group reports on Cyprus since 2006, it is based on meetings with the Greek and Turkish Cypriot leaderships, representatives of the Turkish and Greek governments and interviews in EU capitals and the UN headquarters in New York.

⁶These were known either as the “8 July Process”, after the date in 2006 when a statement was made at their inception, or as the “Gambari Process”, after UN Under Secretary-General Ibrahim Gambari, who helped broker the initiative. Nevertheless, the current talks, in progress since 21 March 2008, have roughly followed the three-phase model suggested in a 16 November 2006 Gambari letter, namely meetings of technical committees, monthly meetings of leaders and then full negotiations. The current talks also satisfy the Greek Cypriot demand during the 8 July Process that they be led by the two community leaders, with no UN officials filling in the blanks when agreement is not reached.

⁷Agreements on educational programs related to cultural heritage; road safety; ambulance crossings; a joint health committee; an island-wide waste water assessment; and environmental education.

⁸Cooperation on illegal dumping sites in the buffer zone; between environmental experts; on the prevention of wildfires; waste management and recycling; water saving awareness; a joint approach to mining and quarrying; biodiversity and nature protection; maritime pollution control; chemical pollution management; asbestos pollution management; other pollution; listing of all cultural sites; choice of two restoration projects; computer education; crisis management mechanisms.

II. A PEACE PROCESS WITH NO NAME

A. THE CHRISTOFIAS-TALAT CONNECTION

Christofias and Talat have met for 40 rounds of full negotiations under UN auspices between 3 September 2008 and 6 August 2009. Their chief negotiators have held many other meetings, and a third, expert layer provided support. Six official areas and one unofficial area of discussion have been talked through for a first time, resulting in a text in which different colours distinguish matters agreed, potentially agreed and not agreed. For the first time in three decades, the two sides lead the process, not the UN, and they have produced some 30 convergence papers.⁹ A second read-through started well on 10 and 17 September.¹⁰ The main facilitator and the UN Secretary General's special adviser for Cyprus, Alexander Downer, said the new atmosphere proved that the two leaders were "very committed".¹¹ As one foreign diplomat put it, "they have started negotiating now. This is a pivotal moment".¹² The new round focused initially on new proposals for the executive, and will move on to property, both subjects from which many of the other problems flow.¹³

Despite some talk of it, an early "framework agreement" seems unlikely.¹⁴ If an agreement is reached, it will be put to a referendum, the best time for which, major powers suggest, would be early 2010. Either an update or a replacement of the 1960 Treaty of Guarantee will probably be required, and Turkish officials say that in Turkey at least this will have to be approved by the parliament.

Christofias and Talat appear to benefit from the passive support of the population to pursue the talks. Majorities of both communities are believed to favour granting members of the other community almost every right

that would be needed to vote, find work, live, start a business or worship in each other's zone; 77 per cent of Greek Cypriots and 73 per cent of Turkish Cypriots are said to either support a bicomunal, bizonal, federal settlement or find it a tolerable compromise; and 64 per cent of Greek Cypriots and 65 per cent of Turkish Cypriots are reported to actively hope that the negotiations succeed in reaching a federal settlement, even if they are pessimistic that this will actually happen.¹⁵ On the Greek Cypriot side, pro-compromise Greek Cypriot parties did much better in European Parliament elections in June 2009 than five years earlier, while hardline anti-compromise parties that campaigned on the Cyprus issue did less well.¹⁶ The chief of AKEL believes that if Christofias agrees a deal with Talat, Greek Cypriots will vote for it.¹⁷

The two community leaders are both socialists with a deep-rooted relationship going back years. Before all sessions, they usually met privately for at least an hour and sometimes much longer.¹⁸ Inside the room, they displayed a mutual human understanding that gave confidence to many close to the talks.¹⁹ Greek Cypriots talk less of rejecting arbitration and "artificial" deadlines,²⁰ and a new sense of urgency among them has led to greater willingness to accept ideas from UN experts on difficult

⁹ Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, Brussels, 15 September 2009.

¹⁰ "We had a good start ... we have agreed to intensify the pace". Crisis Group interview, senior Greek Cypriot official, Nicosia, September 2009.

¹¹ "I'm cautiously optimistic. I believe what you have here are two leaders who are very committed to a successful outcome ... You don't have two leaders who are just turning up there for the sake of it and are not focusing on how to negotiate a successful bizonal, bicomunal federation with political equality". Alexander Downer, media statement, 17 September 2009, See UN News Centre at www.un.org.

¹² Crisis Group telephone interview, Cyprus-based diplomat, 24 September 2009.

¹³ Statement by Alexander Downer, special adviser of the UN Secretary-General, 6 August 2009, www.unficyp.org.

¹⁴ A framework deal "is not on the cards". Crisis Group interview, senior Greek Cypriot official, Nicosia, September 2009.

¹⁵ Alexandros Lordos, Erol Kaymak and Nathalie Tocci, "A people's peace in Cyprus: Testing public opinion on the options for a comprehensive settlement", Centre for European Policy Studies (CEPS), Brussels, April 2009.

¹⁶ Democratic Rally (DISY) rose to 35.65 per cent compared to 28.2 per cent in 2004; the Progressive Party of the Working People (AKEL) rose to 34.9 per cent from 27.9 per cent; the Democratic Party (DIKO) dropped to 12.28 per cent from 17.1 per cent. "DIKO said 'it's about the settlement', and they lost". Crisis Group interview, senior diplomat in the region, June 2009. AKEL and DISY did not base their campaigns on the Cyprus issue, however.

¹⁷ "I personally believe that if the president agrees a solution with Mr Talat, we can convince the majority of people". Crisis Group interview, Andros Kiprianou, AKEL leader, Nicosia, 17 June 2009.

¹⁸ "There is good chemistry between Christofias and Talat and beyond goodwill; they are showing a willingness to move forward". Crisis Group interview, UN official, New York, 10 August 2009.

¹⁹ "There is no better pair to solve the Cyprus problem. There never has been a better pair, and it's not likely to be better in the future either". Crisis Group interview, senior Greek Cypriot official, Nicosia, September 2009.

²⁰ "The danger is now posed by the 'artificial' and not the 'suffocating' timeframe. It was correct to change the adjective because if we started protesting that a six-month timeframe was 'suffocating', outsiders would think we were insane, which might not be too far from the truth, but there is no need to advertise it". *Cyprus Mail*, editorial, 5 July 2009.

issues.²¹ After months in which Christofias prioritised foreign travel, the Greek Cypriots expressed willingness to meet more frequently.²² Turkey should also have done more to engage early on (see below). Throughout, however, Turkey and the Turkish Cypriots have pushed for faster timeframes, most recently an intensive two-week negotiating conclave.²³ A senior Greek Cypriot official said Christofias wants to do the deal with Talat and is conscious that “there is a deadline ... [if a nationalist hardliner wins the April 2010 election] there will be no territorial concessions, only talk of a confederation. It’s better to finish with the chap we started with”.²⁴

Nevertheless, the two men have not yet managed to rekindle the spirit of 2004, when there were vocal constituencies on both sides both advocating and rejecting a settlement.²⁵ Just as worryingly, there is not much angry denunciation of the talks either. Complacency and cynicism in both communities are now so high that the peace talks do not even have a name.²⁶ Almost nothing has been done to implement the 22 confidence-building steps agreed in June/July 2008.²⁷ The two leaders have not yet communicated their undoubted will to build a brighter future for Cypriots.²⁸ It is urgent that they should

agree on and implement a joint strategy.²⁹ Currently, only 23 per cent of Greek Cypriots and 41 per cent of Turkish Cypriots are reportedly leaning towards a “yes” in a referendum; about one third in both communities are said to be definitely leaning towards a “no”.³⁰ According to the pollsters, “an agreement in Cyprus is possible, but it will be a hard sell to the people of both communities”.³¹

The core difficulty of the negotiations is how Christofias and Talat can construct a new reunified federal state on the undefined principles of bicommunality and bizonality. Greek Cypriots want to keep as much power as possible with the federal government and ensure that the new state is a continuation of the Republic of Cyprus. Turkish Cypriots want to keep as much power as possible within the two “constituent states” and ensure that their own entity is treated as an equal founder. Another question is how bizonality can fit with the EU’s fundamental freedoms in the movement of goods, capital, services and persons. Greek Cypriots want full rights to live, vote and buy property in the north, while Turkish Cypriots, fearing their wealth and extensive ownership of property, would prefer to minimise Greek Cypriot arrivals. Yet, Turkish Cypriots do want the rights to work in the south and benefit from its better hospitals and services.

B. DOMESTIC OPPOSITION GROWS

Both community leaders, particularly Talat, are weaker domestically than a year ago. Particularly damaging in Greek Cypriot opinion was the way it took a year to agree to open a new crossing point at Limnitis/Yeşilirmak, due to the sensitivities involved.³² The ease with which Greek Cypriot hardliners turned an eventual attempt to open the crossing point for a 2 September 2009 pilgrimage into a fiasco (see below) did not just waste a precious

²¹ The consultants were originally for constitutional and property issues. Crisis Group interview, senior diplomat in the region, June 2009.

²² “We have agreed to intensify the talks, maybe meeting twice a week”. Crisis Group interview, senior Greek Cypriot official, Nicosia, September 2009.

²³ Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, Brussels, 15 September 2009.

²⁴ Crisis Group interview, senior Greek Cypriot official, Nicosia, June 2009.

²⁵ “There isn’t the visionary leadership required to believe, to motivate people, to imagine. ... I don’t get the sense of any joint action intended to prepare people for the coming months”. Crisis Group interview, Rana Zincir Celal, Turkish Cypriot civil society activist, Nicosia, 17 June 2009.

²⁶ “There’s a kind of schizophrenia. This is an opportunity like no other. But I feel a bit pessimistic. The climate is very fickle, and can change quickly”. Crisis Group interview, Emine Erk, Turkish Cypriot lawyer and civil society activist, Nicosia, 18 June 2009.

²⁷ “You fight about how to do it. Then we’re too lazy to do it. And I don’t think with this economic crisis anyone is ready to spend money”. Crisis Group interview, Turkish Cypriot official, Nicosia, June 2009.

²⁸ “If the Turkish Cypriot leadership were honest about a federal solution, they should have been sending positive signals to our side, to turn the Greek ‘no’ vote into a ‘yes’. At the same time, Greek Cypriot leaders should also realise the need to keep Turkish Cypriot opinion on track”. Crisis Group interview, Harris Georgiades, spokesperson for main Greek Cypriot opposition party DISY, Nicosia, 19 June 2009.

²⁹ “We are definitely making progress, but people are just being emotionally protective. Once we have a real plan and the dignitaries start arriving, there will be hype. Nobody will have that excuse any more”. Crisis Group interview, senior Turkish Cypriot official, Nicosia, 18 June 2009.

³⁰ Among Greek Cypriots, 19 per cent say they are nearly certain they will vote “yes” and 4 per cent that they will probably do so, while 30 per cent of Turkish Cypriots are nearly certain they will vote “yes”, and 11 per cent say they will probably do so. Lordos, Kaymak and Tocci, op. cit.

³¹ Ibid.

³² The deal includes elements that could be seen as Greek Cypriots agreeing to help arrange supplies for troops stationed in the tiny Turkish Cypriot enclave of Erenköy, will clearly be of more use to isolated Greek Cypriot villagers than Turkish Cypriots and involves transit on a long new road through a wide Turkish military-controlled buffer zone. “Talat doesn’t really have authority over buffer zones. The entire episode may have caused him some frustration, if not embarrassment”. Crisis Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009.

week of the negotiations but also represented a looser grip by both men on the whole peace process.

Christofias has not yet felt able to commit irrevocably to the talks.³³ One reason is that he and his team believe they have made concessions on governance and power sharing but are getting nothing from Ankara they can show to the Greek Cypriot public, for instance on changing the 1960 treaties giving Turkey a right to intervene to guarantee Cyprus's constitutional order and to keep 650 troops on the island.³⁴ This hesitation has made Talat and Turkey suspect that Christofias either does not want or cannot implement a deal, and this has made them hold back from showing possible concessions.³⁵ Talat believes the Greek Cypriots are less motivated because "they are comfortably representing the whole island in the EU and UN".³⁶ Turkish officials fear they may be refusing deadlines and delaying negotiations to force Talat from power and put blame on hardline Turkish Cypriots and Turkey for any impasse.³⁷ However, the Turkish Cypriot side is acting on the assumption that Christofias's personal commitment is genuine.³⁸ Diplomats agree, while also fearing that his courage may fail if domestic opposition appears strong.³⁹

Another problem in the Greek Cypriot camp is Christofias's public expression of serious doubts about success,⁴⁰ apparently to keep his hardline coalition partners with him and because he believes it strengthens his hand at the negotiating table.⁴¹ He has also tried to shift the entire onus onto Turkey.⁴² While understandable in terms of Greek Cypriot domestic politics, these tactics have convinced many in Ankara that Christofias is a nationalist not ready to do a deal. His domestic political position is indeed not as strong as it might look. In March 2009, the party elections of his coalition partner, DIKO, were widely seen as promoting a more hardline nationalist faction.⁴³ Trust has weakened between the two leading parties, the ruling AKEL and main opposition party DISY,⁴⁴ whose leader Nicos Anastasiades has been statesmanlike in his support of a compromise settlement.⁴⁵

On the Turkish Cypriot side, Talat, who came to power campaigning for a federal reunification, is less strong than he was, and his political fate is bound up with that of the reunification talks. He has been weakened by the poor performance of his party in government, revealing mixed feelings about the likely outcome of the negotiations, and his association in people's minds with the apparently failed project to join what is widely viewed as a

³³ "The Greek Cypriots don't feel they have to be in these talks. They were embarrassed under [former President Tassos Papadopoulos] but now they are feeling very good". Crisis Group interview, international organisation representative, Nicosia, 16 June 2009.

³⁴ "Christofias is willing to do a lot. But he can't do anything if he's seen to be selling out. The way he sees it, he gave lots on governance and hasn't got anything that he cares about. There's nothing yet for the Greek Cypriots to sell". Crisis Group interview, Lefteris Adilinis, *Politis*, 19 June 2009.

³⁵ "In private, Talat tells some people he does not believe that Christofias wants a deal". Crisis Group interview, leading Turkish Cypriot businessman, Nicosia, September 2009. "We absolutely want a deal. But it has happened that Talat tells us he does not believe that Christofias wants a deal". Crisis Group interview, Turkish official, Ankara, September 2009.

³⁶ Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, Brussels, 15 September 2009.

³⁷ Crisis Group interview, Turkish official, Ankara, September 2009.

³⁸ "We don't question the sincerity of Christofias. However we are concerned whether Greek Cypriot politics will allow him to do [the deal]". Crisis Group interview, Özdil Nami, Turkish Cypriot negotiator, Nicosia, 11 September 2009.

³⁹ "There is no question he wants it. This is an article of faith for [his party] AKEL. He is highly honourable, he's committed to this, it's his mission in life. He wants to do this deal by the end of the year, even if he says he doesn't want 'asphyxiating deadlines'". Crisis Group interview, senior diplomat in the region, September 2009.

⁴⁰ Comments by Christofias over the past year include: "Despite our intensive efforts, after four months of work, I do not have real progress to report", *Cyprus Mail*, 14 January 2009; and that the two sides are "poles apart". *Cyprus News*, July 2009. "Some progress has been achieved in the negotiations. But not such as to make us confident that we are close to a final solution to the Cyprus problem". Demetris Christofias, speech to UN General Assembly, 24 September 2009.

⁴¹ "Christofias is too worried about the political opposition, even though all the polls show that the referendum will not be about party discipline". Crisis Group interview, EU ambassador, Nicosia, June 2009.

⁴² "Cyprus cannot be expected to remain inactive in the face of the unyielding stance held by Turkey". Greek Cypriot leader Demetris Christofias, cited by the *Cyprus Mail*, 9 September 2009. "Those foreigners who want a solution by the end of 2009 should look to Turkey". Stefanos Stefanou, Cyprus government spokesperson, *Simerini*, 30 July 2009.

⁴³ "Garoyian faces an uphill battle against hardliners", *Cyprus Mail*, 17 March 2009.

⁴⁴ "There is more pessimism now. We are not encouraged about a solution of the problem ... I think DISY could pull the rug out from under our feet". Crisis Group interview, Andros Kiprianou, AKEL leader, Nicosia, 17 June 2009. "We are not optimistic. They have wasted a year ... popular support has been ruined. [Negative] momentum has been building up. We are not happy with the whole handling of the situation". Crisis Group interview, Harris Georgiades, spokesperson for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009.

⁴⁵ "We are Christian Democrats, and we are supporting a communist. If we can reunify the country we can survive and then fight over our differences". Crisis Group interview, 17 October 2008.

deceitful EU.⁴⁶ Even Talat says hardliners look well placed to seize the presidency from him in April 2010, and that the consequences would likely be fatal for the talks if they have not been concluded by that time.⁴⁷ One poll showed 54 per cent of Turkish Cypriots saying that if the Annan Plan were put before them today, they would vote against it.⁴⁸ According to a leading Turkish Cypriot pollster, “the Turkish Cypriots are drifting away from supporting a settlement and away from support for a federation”.⁴⁹

Turkish Cypriots showed their mood in the 18 April 2009 elections that brought hardline nationalists back to power after five years.⁵⁰ Taking 44 per cent of the vote, the right-wing Nationalist Unity Party (Ulusal Birlik Partisi, UBP) secured 26 seats in the 50-seat parliament, giving it a sufficient majority for a one-party government, while the incumbent, left-wing, pro-solution Republican Turkish Party (Cumhuriyet Türk Partisi, CTP) received only 29 per cent and lost ten of its 25 seats. Although deteriorating economic conditions, manifested mainly in rising unemployment, higher cost of living and a public deficit, played the biggest role,⁵¹ disillusionment arising from a lack of progress in reunification talks and the EU’s failure to keep its 2004 promise to ease Turkish Cypriot isolation also contributed to UBP’s victory.⁵² UBP is

known for its closeness to hardline factions in Turkey and in particular its demand for a high degree of autonomy or independence for Turkish Cypriots in any settlement.⁵³

⁴⁶ Crisis Group interview, leading Turkish Cypriot businessman, 11 September 2009.

⁴⁷ Talat said it was likely that an anti-solution candidate would win, probably from one of the two right-wing parties whose insistence on recognition of Turkish Cypriot sovereignty would mean that “as soon as they would say that in the negotiations, the game would be over”. Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, Brussels, 15 September 2009.

⁴⁸ Cyprus Social Research and Education Consultancy Centre (KADEM) poll in *Kıbrıs Postası*, 5 March 2009.

⁴⁹ Crisis Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009.

⁵⁰ Founded by Rauf Denktaş in 1975, UBP was continuously in power, except for a gap in January 1994 to August 1996, until January 2004.

⁵¹ “[Talat] was tarnished by the ineptitude of CTP and ridiculed by the perception that talks were going nowhere”. Crisis Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009. “Economy and unemployment played a large role in elections. Those were the number one issues. The Cyprus issue always resurfaces, but it was the second or the third issue on people’s minds”. Crisis Group interview, Osman Ertuğ, UBP member and former Turkish Cypriot representative in the U.S., Nicosia, 16 June 2009.

⁵² “Don’t read into the rise of UBP a rejection to settlement. A lot of it [the election result] was domestic. But CTP was associated with a failed international agenda. [There is] mistrust toward internationals in general”. Crisis Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009. “[It’s the Turkish Cypriots telling] the Greek Cypriots ‘if you don’t want Talat, we’ll give you Eroğlu’”. Crisis Group interview,

Ahmet Sözen, Turkish Cypriot academic, Famagusta, 16 June 2009.

⁵³ In its 2009 election manifesto, while voicing open support for Talat in the talks, UBP opposed the principle of a single sovereignty; supported further developing ties with Turkey (by signing a Security and Defence Cooperation Agreement, for example); reiterated that the only way to eventually get to the envisioned federation is through a confederation; stated its determination to keep the name and symbols of the self-declared Turkish Republic of North Cyprus alive after an agreement; maintained its firm line on continuation of Turkey’s guarantees; and argued that there are alternatives to reunification for Turkish Cypriots. UBP also stated it would continue building on Greek Cypriot-owned land in the north. UBP’s 2009 election manifesto is available in Turkish at www.ulusalbirlikpartisi.org/Bildirge.html.

III. THE FORK IN THE ROAD AHEAD

In both Cypriot communities, an idea has taken root that the post-1974 status quo is eternal.⁵⁴ If the current talks fail, however, this will almost certainly be judged a phase that has ended. The convincing victory of hardline nationalists in the Turkish Cypriots' parliamentary elections in April 2009 makes Talat's chances of winning a second term in April 2010 look slim, unless there is a diplomatic breakthrough.⁵⁵ If a Turkish Cypriot leader comes to power espousing a harder line, there will be no appetite in international chanceries to push for new peace talks.⁵⁶

In the case of failure, future generations will probably see the real turning point as the collapse of the Annan Plan in 2004 and the entry of Cyprus into the EU as a divided island. The 2008/2009 revival of talks between Christofias and Talat along the lines of a bicomunal, bizonal federal settlement – the parameters first established by the High-Level Agreements of 1977 and 1979 – are now taking place deep in overtime. Such a settlement remains the option that would best match the expectations of both sides,⁵⁷ but it is just one of the two principal scenarios for the next phase. The other veers sharply towards partition.

Both outcomes are beset with the same difficult issues that the communities and outside powers have grappled with for more than three decades, and in many cases since the 1950s.⁵⁸ Cypriots and interested powers face a choice between these two roads over the next year. In essence, it is about whether to deal with the issues in a collaborative or a hostile fashion. As a senior diplomat in the region put it:

The international community is getting tired ... if all this fails, bizonal and bicomunal will be dead. It has

had 32 years. Big efforts have been made. This is the negotiation that they postponed [in 2004]. If this fails, it's dead. The status quo is finished. The future is either federation or partition.⁵⁹

A. THE ACCELERATING SLIDE TO PARTITION

Turkish Cypriots have always been wary about federal reunification with the more numerous and historically dominant Greek Cypriots, who number roughly four fifths of the island's million people. At the same time, the closer Greek Cypriots look at a federal reunification deal, the more it seems to them unfair, disruptive and risky to share a new republic so equally with the Turkish Cypriots, who are half as rich and a much smaller group.⁶⁰ Federal reunification has, therefore, long been a distant second-best option for both communities.⁶¹ It bodes ill for reunification that it would be the younger segments of both communities that would vote "no" in the largest numbers in any referendum on the UN-mediated settlement plan.

The idea of settling for a confederal or two-state solution is rarely publicly debated among Greek Cypriots and is strongly opposed by the archbishop of the powerful Orthodox Church.⁶² Nevertheless, private discussion about whether or not to formalise the current partition has become more common as Greek Cypriots have begun to realise that the present talks are the last chance to opt for a federal settlement, or, more importantly, that choosing a federal settlement might risk losing their relatively homogenous, prosperous, well-functioning, EU-member state.

Some Greek Cypriots question the utility of holding the talks at all.⁶³ At the same time, nearly four fifths of the

⁵⁴ "[Turkish Cypriots] think the status quo can continue. Embargoes are not deadly, we survive". Crisis Group interview, Süleyman Ergüçlü, Turkish Cypriot journalist, Nicosia, 18 June 2009.

⁵⁵ Turkish Cypriot academic Erol Kaymak believes that with momentum in the talks and support from Ankara, Talat could still win the April 2010 election. Crisis Group interview, Famagusta, 16 June 2009.

⁵⁶ "If the opportunity is not seized now, there might not be another chance for some time to come". Crisis Group interview, UN official, New York, 10 August 2009. Crisis Group interview, senior diplomat in the region, June 2009.

⁵⁷ See Crisis Group Report, *Reunifying Cyprus*, op. cit.

⁵⁸ "Though the motivation and the rationale may have differed, the position of both parties was similar in one important respect: they both considered the incentives for change weaker than the security of the status quo. Fear of worst case scenarios paralysed the will and the capacity to pursue a riskier but ultimately more promising course". Michális Stavrou Michael, *Resolving the Cyprus Conflict: Negotiating History* (London, 2009), p. 136.

⁵⁹ Crisis Group interview, September 2009.

⁶⁰ "Voices are being heard urging the president to abandon the negotiations and the bizonal, bicomunal federal solution. None of these calls ... would have a positive result. ... the option which the stark reality sets before us is between the bizonal, bicomunal federal solution and the partition of our island". AKEL leader Andros Kyprianou, "Cyprus belongs to its people", *Friends of Cyprus Report*, summer 2009, p. 47.

⁶¹ Federal reunification scored 44 per cent support compared to 80 per cent support for a unitary state among Greek Cypriots, and 49 per cent support against 71 per cent support for two independent states among Turkish Cypriots. Lordos, Kaymak and Tocci, op. cit., pp. 6-7.

⁶² One EU member state ambassador adds that the top ten bishops are evenly split for and against a compromise settlement. Crisis Group interview, Nicosia, June 2009.

⁶³ "There is a stream of Greek Cypriot opinion, people in their 30s and 40s, who have no contact with Turkish Cypriots, who say, 'why should we risk the current certainty? Forget the property. With the [European court rulings,] we'll chip away and get it

community rejects the idea of a negotiated separation,⁶⁴ and no Greek Cypriot political party has even considered adopting such a velvet divorce as a goal. The only politician to have supported partition in public is maverick former European Parliament member Marios Matsakis.⁶⁵ But as one Greek Cypriot politician put it:

We are really at the end of the road. If this fails we are entering a new chapter. People will have to come to different conclusions about what is pragmatic and what is not. If this package looks like a negotiated partition with only a hard-to-run federal authority, why have it at all? It will be impossible to sell in any case. The Greek Cypriots feel that they have lost what they have lost in 1974, but that they now live in a reasonably working liberal democracy, with reasonable prosperity and EU membership ... [talk of partition] is an expression of resignation. Even moderates are coming to terms with this idea. Hardliners say "let them rot", others say, "let's negotiate it".⁶⁶

Turkish Cypriots are more confident about going it alone than they were in 2004, even if current economic difficulties show the limits of what they can achieve (see below). The strongly pro-settlement native Turkish Cypriot constituency of 2003/2004 has lost its ardour for change thanks to the comforts of open front lines, EU passports from the Republic of Cyprus and free access to Greek Cypriot health and educational systems if they want.⁶⁷ Indeed, a recent poll found 33 per cent of Turkish Cypriots would view a unitary state with a central government as satisfactory – with another 19 per cent seeing

it as tolerable.⁶⁸ Nevertheless, it is not an option that is publicly debated.

Turkish Cypriot ideas about a settlement are increasingly moving away from federal reunification to debates between nationalists, who would like to see two fully independent states side by side, and those who want to retain a multi-ethnic Cypriot identity and support a light confederation.⁶⁹ The negative mood on both sides has discouraged even one of the most important coordinators of Turkish Cypriot strategy, a leader of the "yes" campaign for the Annan Plan: "We don't talk about 'B' scenarios. [Talat] wouldn't want to utter those words ... but now more and more I am hearing talk of partition. As I get more and more frustrated, I think we can't live without a fall-back position. What did we get when the Annan Plan failed? Nothing! Somebody has to think of a Plan B".⁷⁰ A senior official, firmly committed to reunification and trying hard to create a workable federation, said that he is only helping design the cumbersome apparatus because Greek Cypriot objections make it the sole practical and internationally acceptable solution.⁷¹ A former member of the Turkish Cypriot negotiating team put it this way:

Even when Cyprus was mixed, we had separate institutions, from coffee shops to football teams. There was no intermarriage. It was never an integrated society. Why are you trying to force this marriage? We squabbled, quarrelled and shed blood, and we had a divorce. Can permanent division be worse than what we have today, particularly in terms of our isolation? And is Kosovo more or less independent than us? Should this set of negotiations be the end? Absolutely. Everyone knows the parameters of a deal, so if it hasn't happened since negotiations started in 1968, then there is a lack of will. The Greek Cypriots are just too comfortable, and we are the ones carrying the burden of the lack of a settlement. This is the end of the road. It's either the swallowing of these bitter pills or accepting the division of Cyprus.⁷²

The problem is that there has not yet been much thinking through on either side of the real possibilities and costs of partition. Since the separation would be hostile, the

back anyway in the end". Crisis Group interview, EU member state ambassador, Nicosia, June 2009.

⁶⁴ Only 23 per cent of Greek Cypriots support this idea. Ibid, p. 7.

⁶⁵ "Why did Matsakis say it? He was speaking to a popular feeling. It's there. It's growing. And if this fails, I myself am not in favour of chasing mirages". Crisis Group interview, Harris Georgiades, spokesperson for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009. For full Matsakis comments and more on Greek Cypriot partitionist sentiment, see Crisis Group Report, *Reversing the Drift to Partition*, op. cit., p. 24.

⁶⁶ Crisis Group interview, Harris Georgiades, spokesperson for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009.

⁶⁷ "People with Republic of Cyprus passports are no longer so eager for change. They can go shopping, educate their children more cheaply, travel easily. There's not the same incentive. ... There's none of the enthusiasm that we had in 2004. Back then people wanted to say their name, get on the news with their views. Now when you hold out a microphone on the street, nobody wants to talk. Today an academic broke a plan to appear on my program because he thought it would hurt his career". Crisis Group interview, Aysu Basri Akter, Turkish Cypriot commentator and broadcaster, Nicosia, 12 September 2009.

⁶⁸ Lordos, Kaymak and Tocci, op. cit., p. 7.

⁶⁹ "Why wouldn't it be benign? We've endured this for 35 years. It's so stable to many people here. Radical voices insisting on alternatives are few, and even those are not widely heard". Crisis Group interview, Rana Zincir Celal, Turkish Cypriot civil society activist, 17 June 2009.

⁷⁰ Crisis Group interview, Turkish Cypriot lawyer and civil society activist Emine Erk, Nicosia, 18 June 2009.

⁷¹ "The ideal thing would be two independent states". Crisis Group interview, Turkish Cypriot official, Nicosia, June 2009.

⁷² Crisis Group interview, Osman Ertuğ, UBP member and former Turkish Cypriot representative in the U.S., Nicosia, 16 June 2009.

long-term consequences are likely to be unpleasant for Greek Cypriots, Turkey and Turkish Cypriots alike, as well as, more distantly, the EU.

1. An unsettled future for Greek Cypriots

Greek Cypriots found the moral high ground easy to hold while hardline former Turkish Cypriot leader Rauf Denktaş defied international opinion by insisting on a maximum of self-determination for his community based on a Turkish military occupation after 1974. But if the current negotiations grind to a halt, and the Turkish Cypriots and Turkey continue to play their cards with care, the international community is unlikely to blame one side more than the other. The blame game changed in 2004, when 76 per cent of Greek Cypriots rejected the Annan Plan, which was judged to be a fair solution by the UN, the EU, the U.S. and the wider international community. Kofi Annan's official assessment still rings out loud: "The rejection of such a plan by the Greek Cypriot electorate is a major setback. What was rejected was the solution itself".⁷³

The Greek Cypriots' success in entering the EU as the sole representatives of Cyprus allows them to continue to hobble Turkey's EU accession process, but this, while alienating Turkey, has not brought it closer to Nicosia's position. At the same time, the Greek Cypriots cannot be entirely sure how far they can test the loyalty of other EU member states.⁷⁴ Some large ones are simply using Cyprus as a way to hide their own opposition to Turkish EU membership. More pro-Turkish members are privately voicing impatience at being continually asked to choose between less than one million Greek Cypriots and the commercial and strategic opportunities in Turkey, a country of 75 million.

The Greek Cypriots are right that their EU membership gives them enough levers to block any Turkish Cypriot and Turkish effort to win recognition or EU membership for an independent Turkish Republic of North Cyprus. But given their weaker moral position after 2004, they cannot be certain whether or not some EU states will tolerate such an entity. The dictates of the Cold War and a strong belief among great powers that Cyprus could and should be reunited was, after all, the main reason that nobody except Turkey formally accepted the Turkish Cypriots' declaration of independence in 1983.⁷⁵

Unprecedented efforts in the Security Council in mid-2009 to raise questions about the future of UN troops on Cyprus (see below) showed how the climate is changing.

In the event of a hostile partition, Greek Cypriots may face a second Turkish Cypriot problem beyond that presented by the entity in the north of the island. Since joining the EU, the Republic of Cyprus has issued about 100,000 identity cards to Turkish Cypriots. Some of these may well choose to be part of a prosperous EU-member Republic of Cyprus rather than of a virtual province of Turkey. Turkish Cypriots and diplomats think up to 50,000 Turkish Cypriots might opt to go south into the Greek Cypriot area.⁷⁶ The Turkish Cypriot bourgeoisie is increasingly sending its children to English-speaking academies there. Given the history of the island, they may have to be granted special linguistic and political privileges.⁷⁷

Another area of uncertainty is what would happen to Greek Cypriot property rights if all hope of a settlement is lost after April 2010. The Turkish Cypriots and Turkey might decide not to pay compensation at all (see below), just as they have resisted international pressure for Turkish troops to leave the island. What is certain about a hostile partition scenario is that there would be no handing back of territory, no immediate restitution or compensation for property, no economic boost from normalisation with Turkey and a continued sense of a community living under Turkish siege.⁷⁸

The Greek Cypriots' problem is that Turkey's army and 75 million are always likely to dominate them. Competitive claims about offshore oil exploration have already involved standoffs with gunboats. On 19 July 2009, Turkey said it was initiating oil and gas exploration in the eastern Mediterranean in areas that overlap exclusive economic zones claimed by the Greek Cypriots and Greece. Greek Cypriot Foreign Minister Markos Kyprianou responded that Turkey was behaving like the "classroom bully" and that this was the reason its EU accession process could not progress.⁷⁹ The main protection for Greek Cypriots is the EU and Turkey's EU-convergence process. But since the latter will grind to a halt if there is no settlement, the Greek Cypriots would have few levers to

member and former Turkish Cypriot representative in the U.S., Nicosia, 16 June 2009.

⁷⁶ "What does partition mean? In the north, more Turks, while the bulk of Turkish Cypriots will probably head south". Crisis Group interview, senior diplomat in the region, June 2009.

⁷⁷ "[In the case of partition] the Turkish Cypriot position in the south will have to be negotiated". Ibid.

⁷⁸ In the case of partition, both communities become "regional cul-de-sacs". For a study on the lose-lose dialectic of long-term divisions in cities and countries, see Jon Calame and Esther Charlesworth, *Divided Cities: Belfast, Beirut, Jerusalem, Mostar, and Nicosia* (Philadelphia, 2009).

⁷⁹ *Cyprus News*, 1-31 July 2009.

⁷³ "Report of the Secretary-General on his mission of good offices in Cyprus", UN Security Council, 28 May 2004, p. 20.

⁷⁴ "Cyprus is the new member that ... has had the most negative impact on EU foreign policy". Charles Grant, "Is Europe doomed to fail as a power?", Centre for European Reform, July 2009.

⁷⁵ "When Bangladesh recognised us, the U.S. came down on them hard. Greece said it would order all Bangladeshis off Greek-flagged shipping". Crisis Group interview, Osman Ertuğ, UBP

defend themselves. The EU stoutly defends the Republic of Cyprus's rights but has never shown any interest in evicting Turkish troops or any capacity to intervene in the near-wars of 1987 and 1996 between Turkey and Greece. A Greek Cypriot politician said, "We will have to realise that the border with Turkey will be just down the road in the Nicosia city centre. The Greek Cypriots will be facing Turkey on their own".⁸⁰

2. Multiple costs for Turkey

In Turkey, as on Cyprus, complacency is common. One senior official saw no harm in a breakdown of the current talks, saying "nothing will happen. The current reality will prevail".⁸¹ Such an attitude is indicative of the disappearance of Cyprus from Turkish public debate in recent years.⁸² Reasons for this include the well-founded belief that some EU member states are using the island's problems to keep Turkey at arm's length, and that if the Greek Cypriots rejected Turkey's genuine and painful offer to withdraw troops under the Annan Plan, there is no point in expecting a new UN negotiation to lead to a settlement.⁸³

Such thinking underestimates the dangers faced by Turkey. In addition to the potentially damaging issue of the Additional Protocol with the EU (see below), failure to settle the division of Cyprus certainly would mean that Ankara will have no negotiating chapters left to open by mid-2010. It could get worse, as Greek Cypriots use all levers available to them in EU meetings.⁸⁴ According to a former European Commission official, "few people outside the working committees know how hard Cyprus has been working to block Turkey at every turn. It's a one-issue country, and nobody has the will power to stop

it. Things are much worse than they look, and Cyprus could stop Turkey's EU negotiations".⁸⁵

Loss of an EU perspective would be highly negative for Turkey. It would deprive the country of its main locomotive for modernising change as well as of the aura of reaching equality with the "Christian West" that gave it such charisma recently in the Middle East and Muslim world. It would also likely reduce foreign investment and economic growth. It does not worry Turkey that if the talks fail, UN troops may well leave Cyprus. But to Ankara's disadvantage, it is also likely that UN mediation efforts would cease and that the problem would become primarily a concern of the EU, in which Turkey has no voice but Greece and the Greek Cypriots do. The lack of a settlement would also carry more than diplomatic costs. The expensive subsidy of the Turkish Cypriots would most likely continue, at least in the medium term. In 2009, this is likely to exceed \$667 million, far above what Turkey spends per person on its own citizens.⁸⁶

Another major issue in a hostile partition scenario, for both Turkey and the Turkish Cypriots, would be the fallout from the failure to resolve the property issue. Between two thirds and three quarters of the Turkish Cypriot zone is owned by Greek Cypriots. The European Court of Human Rights (ECHR) judgement in the *Loizidou v. Turkey* case in 1996 set a precedent that if Turkish troops continue to be a bar to access to Greek Cypriot-owned properties, Turkey may eventually have to pay compensation to every single Greek Cypriot property owner without even being able to acquire title to the land.⁸⁷ There is no easy way of working out the differential between the value of Turkish Cypriot-owned properties in the south and Greek Cypriot-owned properties in the north, but figures range from a few billion euros to €30 billion.⁸⁸ Few believe that Turkey is willing to make or can afford such payments, a situation that would bring it into contempt of the ECHR and could endanger its participation in the Council of Europe.⁸⁹

Some Turkish Cypriots and Turks believe the basis of the ECHR judgments is controversial – the justices adopted the 1996 decision by a majority of only eleven to six –

⁸⁰ Crisis Group interview, Harris Georgiades, spokesperson for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009.

⁸¹ Crisis Group interview, senior Turkish official, Ankara, July 2009.

⁸² "I don't see much of a chance now. We lost that chance in 2004, when the Greek Cypriots rejected the Annan Plan. Turkey doesn't trust the EU, UN or the world because the embargos were not lifted from the Turkish Cypriots". Crisis Group interview, Nur Batur, Turkish columnist, 8 September 2009.

⁸³ "For Turks, the problem is solved. The government hasn't got to do anything. Anything it might do would be seen as a concession to Europe. I don't think we can take an optimistic [view]". Crisis Group interview, Turkish columnist, Ankara, March 2009.

⁸⁴ It is highly likely that "Greek Cypriots would intensify the guerrilla warfare in Brussels and perhaps also resume the dangerous road they took in 1997-1998 of seeking to acquire more sophisticated weaponry in a vain attempt to achieve security against their perception of a threat from Turkey". David Hannay, "Cyprus: the Costs of Failure", Centre for European Reform, September 2009.

⁸⁵ Crisis Group interview, Paris, June 2009.

⁸⁶ Crisis Group interview, Turkish official, Ankara, September 2009. Since 1974, budgetary support alone has cost Turkey \$4 billion. Oktay Ekşi, "Hesap ortada" ["The bill is on the table"], *Hürriyet*, 11 August 2009.

⁸⁷ Crisis Group interview, EU member-state ambassador, Nicosia, June 2009.

⁸⁸ The lower figure is cited by Turkish Cypriot officials, the higher figure by a senior Greek Cypriot official, Crisis Group interviews, Nicosia, 18 June 2009.

⁸⁹ Crisis Group interviews, Turkish commentators and officials, Ankara, September 2009.

and that they can simply tough it out.⁹⁰ Indeed, the EHCR on 28 July 2009 endorsed a “friendly settlement” reached in *Alexandrou v. Turkey*, a case handled by a Turkish Cypriot official body known as the Immovable Property Commission to which more than 400 Greek Cypriots have applied for compensation.⁹¹ But that judgment made no mention or recognition of this Turkish Cypriot body. The only certainty is that the diplomatic and financial cost to Turkey and Turkish Cypriots of the unresolved property issue will be far lower in the event of an internationally recognised political settlement.

Finally, one former Cyprus mediator challenged a view sometimes expressed by Greek Cypriot hardliners that time is on their side and that EU pressure will eventually force Turkey to accept their terms. “The circumstances in the future are likely to be even less propitious than they are at present. That is because the closer the conclusion of the Cyprus negotiations moves to the final phase of Turkey’s EU accession negotiations, the greater the risk that trade-offs between the two will emerge that Turkey finds impossible to accept”.⁹²

3. A fate Turkish Cypriots must avoid

After their 2004 “yes” to the Annan Plan, the Turkish Cypriots, long cold-shouldered by the world, enjoyed an upsurge in invitations for meetings at ministerial levels in the U.S. and Europe. But this has not led to real recognition or opened the way for long-term or independent economic viability.⁹³ In the case of failed talks and a hostile partition, Greek Cypriots would be well placed to continue frustrating the Turkish Cypriots. They have at times found it easy to prevent official foreign visitors from crossing to see the leader of the Turkish Cypriot community in his office – the old residence of the Turkish Cypriot vice president in the 1960 constitutional order.⁹⁴

At the same time, the Greek Cypriot campaign to punish Turkish Cypriots for their connection to Turkey and their attempts at building up an autonomous administration has deepened their dependence on Turkey for budgetary assistance, trade, tourism and international relations. If the talks fail, few doubt that the Turkish Cypriot area will in effect become Turkey’s 82nd province. Some Turkish Cypriots believe that they are already outnumbered by less educated immigrant workers from Turkey, many of whom are from nearby Arabic- and Kurdish-speaking areas. Some in the Turkish Cypriot bourgeoisie talk of leaving if there is no hope of reunification, with mooted destinations including Istanbul, the Greek Cypriot south or London.⁹⁵ Officials privately say this is what worries them most.⁹⁶ According to one recently returned Turkish Cypriot entrepreneur, “the street is not Turkish Cypriot. I walk downtown, and I don’t hear Turkish Cypriot voices. For the first time, I feel like I’m in a minority inside a minority”.⁹⁷

Some Turkish Cypriots and Turks put hope in a strategy of “Taiwanisation”, by which they mean the effective international acceptance of a Turkish Cypriot state in all but name.⁹⁸ But north Cyprus and Taiwan can hardly be compared. Less than 300,000 Turkish Cypriots cannot measure against a large, self-governing modern industrial power with 23 million people. The EU is the most powerful actor in the eastern Mediterranean, and the Greek Cypriots are probably able to block any attempt by a member state to work in any way with the self-declared Turkish Cypriot state. Even sympathetic Turkic states like Azerbaijan and Kyrgyzstan have failed to lay on direct flights to the main Turkish Cypriot airport, primarily because of Greek Cypriot influence in the EU. As a pro-compromise Greek Cypriot who voted “yes” to the Annan Plan put it:

What the Turkish Cypriot side will lose is EU membership. ... if they choose to secede it’s not our job to help them join the Union. It’s up to the EU-27, the Commission. They will have to adopt the *acquis communautaire*, or they can become a part of Turkey. If they think that Greek Cypriots will be so wary of partition that they will do whatever it takes to avoid it, I’m unhappy to admit they are wrong. What Denktash was

⁹⁰ “It’s a mistake to think that the ECHR can punish Turkey into changing because ultimately they have limited enforcement power”. Crisis Group interview, Rana Zincir Celal, Turkish Cypriot civil society activist, 17 June 2009.

⁹¹ See recent judgements at www.echr.coe.int.

⁹² Hannay, “Cyprus”, op. cit.

⁹³ “Let’s not talk about dreams. If there was a chance of recognition of the Turkish Republic of North Cyprus, we would be in a completely different situation today”. Turkish Cypriot leader Mehmet Ali Talat, cited in *Milliyet*, 31 August 2009.

⁹⁴ “This is no longer the government position, provided that no symbols of the so-called “TRNC” [Turkish Republic of Northern Cyprus] are displayed and that the visiting official’s portfolio relates to the Cyprus problem. A few examples are Mr. Barroso [the president of the European Commission], Mrs. Flint [UK minister for Europe] and the deputy ministers of foreign affairs of Italy and the Netherlands”. Crisis Group email communication, Greek Cypriot official, September

2009. A Turkish Cypriot official said, however, that some foreign ministers were still being effectively discouraged from doing so. Crisis Group email communication, September 2009.

⁹⁵ “We’ll fall into Turkey’s lap”. Crisis Group interview, Turkish Cypriot civil society activist, June 2009.

⁹⁶ “People will continue with their lives. But there will be less and less Turkish Cypriots, more and more Turks”. Crisis Group interview, Turkish Cypriot official, Nicosia, June 2009.

⁹⁷ Crisis Group interview, Kyrenia, 18 June 2009.

⁹⁸ “You don’t recognise Taiwan, but you trade with them”. Crisis Group interview, Egemen Bağış, Turkey’s Minister for EU Affairs and chief EU negotiator, 24 April 2009.

trying to impose for so long is now near us. The Turkish Cypriots have to understand that the idea of being a small and prosperous state will be gone. They will just be waiting for the [cash] transfer from Turkey. Is that the future they really envision? Beware of what you wish for. You might actually get it.⁹⁹

In 1980, 80 per cent of Turkish Cypriot produce went to the EU, mainly the UK. The Turkish Cypriot economy was doomed, however, by a European Court of Justice (ECJ) decision in 1994 that rejected the deliberate Turkish Cypriot abandonment of old Republic of Cyprus certification stamps, thus ending access to preferential treatment for exports and causing a vibrant garment industry to collapse, with the loss of thousands of jobs. The EU's share in Turkish Cypriots' exports had dropped to 11 per cent by 2008, with Turkey becoming their primary trading partner.¹⁰⁰

Three quarters of about 425,000 tourists visiting the Turkish Cypriot zone in 2008 came from Turkey, dominating the tourism sector that is responsible for about 12 per cent of total gross national product (GNP).¹⁰¹ 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 and industry fairs. Much the same dependence is true for the strong educational sector, which attracts 40,000 students, two thirds from Turkey, and one tenth from the Middle East, Africa, the Balkans and Central Asia.¹⁰² Turkish Cypriot universities cannot be part of the EU's Bologna process and Socrates/Erasmus exchange programs, however, and their diplomas are not always recognised by EU academic institutions.¹⁰³

The extent of Turkish Cypriot dependence was revealed after the change of administration in April 2009. The new

finance minister, Ersin Tatar, declared: "The previous government spent all the annual aid from Turkey in four months. The till was empty ... and the only place we can get help is Turkey".¹⁰⁴ This dependence would inevitably deepen under conditions of a hostile partition.¹⁰⁵ The economic boom between 2004 and 2007, when annual growth averaged 10.5 per cent thanks to a construction craze, was not sustainable;¹⁰⁶ in fact, GNP shrank by 1.8 per cent in 2008.¹⁰⁷ Structural problems include a large and inefficient public sector,¹⁰⁸ wide budget deficits caused by high public spending,¹⁰⁹ low productivity,¹¹⁰ and low capacity utilisation.¹¹¹ Attempts by the newly elected UBP government to fix deep-rooted ills elicited harsh reactions from unions.¹¹² In addition, the inefficient tax system and loose monitoring has facilitated a

¹⁰⁴ Interview with *Hürriyet*, 11 August 2009.

¹⁰⁵ In 2007, a 287 million TL budget deficit (around €168 million) was almost fully financed by Turkey. In 2008, grants and credit from Turkey to finance the deficit totalled 585 million TL (around €273 million). Data from Turkish Cypriot state planning organisation, www.devplan.org.

¹⁰⁶ Turkish Cypriots lost their earlier inhibitions about building on Greek Cypriot properties after 2004, convinced that there would never be a political settlement after 76 per cent of Greek Cypriots rejected the Annan Plan and tempted by strong mid-2000s demand from Europeans for Mediterranean holiday homes.

¹⁰⁷ Data from Turkish Cypriot state planning organisation, www.devplan.org.

¹⁰⁸ "The bureaucrats get paid double and work half the hours that we do, if at all. Then they promote themselves for the last few months of their careers so they can draw the maximum pension". Crisis Group interview, Turkish official, Ankara, July 2009.

¹⁰⁹ The public services sector constituted 23 per cent of GNP in 2008 – by far the largest component – and with 16 per cent of the workforce was the second largest employer. Public personnel expenses made up 16 per cent of GNP and 35 cent of the total budget. Data from the Turkish Cypriot state planning organisation, www.devplan.org. About 35,000 Turkish Cypriots are civil servants; 55,000 get a monthly cheque of some kind. Crisis Group interview, Turkish official, Ankara, July 2009.

¹¹⁰ Labour productivity in the north in 2005 was one third that of the Republic of Cyprus, one sixth that of Turkey and one ninth that of Germany. "Avrupa Birliği kapı aralığına sıkışmış ülke Kuzey Kıbrıs" ["A country stuck in the EU doorway: North Cyprus"], Turkish Industrialists' and Businessmen's Association (TUSIAD), March 2009.

¹¹¹ For more detail, see Oner Güncavdı and Suat Küçükçiftçi, "Economic growth under embargoes in North Cyprus: An input-output analysis", MPRA, July 2008.

¹¹² "For a long time, overtime payments have been a second salary [for the public sector employees]. ... We limited overtime payments. We took a decision to pay inflation increases every six months instead of every two months. ... We found the unions opposing us. We're not taking a step back. There is still a lot to do". Ersin Tatar, finance minister of the self-declared Turkish Republic of Northern Cyprus, as quoted in *Hürriyet*. "Türkiye bizim IMF'imiz, Çingene kabilesi değiliz" ["Turkey is our IMF, we're not a Gypsy tribe"], *Hürriyet*, 11 August 2009.

⁹⁹ Crisis Group interview, Harris Georgiades, spokesperson for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009.

¹⁰⁰ According to Turkish Cypriot figures, Turkey accounted for 57 per cent of their exports and 68 per cent of their imports in 2008.

¹⁰¹ Data from the Turkish Cypriot state planning organisation (www.devplan.org), central bank (www.kktcmb.trnc.net) and tourism, environment and culture ministry (www.turizmcevre.kultur.org).

¹⁰² Crisis Group interview, Turkish official, Ankara, September 2009. One of the six major universities on the island, Eastern Mediterranean University (EMU), has 15,000 students from over 60 countries, over 8,000 of whom are Turks, 700-800 are Iranians, and 300-400 are Nigerians. About one quarter are Turkish Cypriots. Crisis Group interview, Turkish Cypriot academic Ahmet Sözen, Nicosia, 16 June 2009.

¹⁰³ "Restrictions, Violations and Vendettas: The Lot of the Turkish Cypriots since 1963", Democracy and Development Platform Association and Eastern Mediterranean University Centre for Strategic Studies, Nicosia, 2007.

large black economy, estimated at 30 per cent by Turkish Cypriot officials.¹¹³ This includes many casinos, whose profits largely go to their Turkish financiers.

Turkey is already cracking down on waste, and a Turkish Cypriot culture of loose fiscal discipline is drawing increasing criticism from the “motherland”.¹¹⁴ If the talks break down, Ankara will intervene more firmly and bring wages and salaries into line with its lower norms. At the same time, Turkey will likely step up investment in projects like state university expansion and construction of a container port and a fresh-water pipeline from the Turkish coast.¹¹⁵

The *Apostilidis v. Orams* judgment by the European Court of Justice in April 2009, granting the Greek Cypriots full legal say over the north even though they exercise no control there, was another warning signal for Turkish Cypriots who hope for a carefree continuation of the status quo. It opened the way to prosecutions within the EU not just of European buyers of holiday homes built on Greek Cypriot-owned land but also of Turkish Cypriots, Turkish nationals or anybody else using such properties without their original owners’ permission.¹¹⁶ Whatever the practical impact of such court action, the emerging dynamics of hostile partition have already crushed the construction sector and real estate business that were among the last Turkish Cypriot economic windows on the outside world.¹¹⁷

¹¹³ Güncavdı and Küçükçiftçi, op. cit.

¹¹⁴ “I am not saying we shouldn’t help [the Turkish Cypriots]. But I am trying to show that the aid sent there is squandered terribly”. Oktay Ekşi, “Hesap ortada” [“The bill is on the table”], *Hürriyet*, 11 August 2009. In addition to state loans and grants, the Turkish state offers interest subsidies on private sector loans with special investment credits.

¹¹⁵ “We’re serious about wanting no waste. We can carry the financial burden. But it should be different. We’ll make it work. We’ll sort out the black holes in the economy”. Crisis Group interview, Turkish official, Ankara, July 2009.

¹¹⁶ “The EU *acquis* is suspended in the north, but the Greek Cypriots can now pass a law and take you to court. It’s the precedent that counts. They can prosecute me too, but they don’t do it, because I’m a Turkish Cypriot. It’s like, I can kill you, but I decided not to do it”. Crisis Group interview, Turkish Cypriot civil society activist, June 2009. “Imagine if this leads to a Turkish Airlines passenger jet getting impounded at Heathrow”. Crisis Group email communication, Cyprus-based diplomat, September 2009.

¹¹⁷ A building boom on Greek Cypriot-owned properties after the collapse of the Annan Plan in 2004 saw the construction of up to 5,000 villas. Uncertainty about the future of property and deeds affects the finance sector as a whole. For instance, in light of international developments and reporting requirements, Turkish banks operating in the north are uneasy about accepting deeds as collateral, even if they are guaranteed by the Turkish Cypriot authorities. “All construction sites have basically shut

That ECJ decision was immediately cited by a British judge when he ruled on 28 July 2009 that Turkey-based Turkish Cyprus Airlines could not fly directly between the Turkish Cypriots’ Ercan Airport and the UK. Ominously for those Turkish Cypriots hoping for greater recognition in the future, the other reasons the court cited were that the 1944 Convention on International Civil Aviation (the Chicago Convention) gave all rights on flight routes to the internationally recognised state and that the UK was bound to do nothing that might constitute official recognition of the self-declared Turkish Republic of North Cyprus.

The Turkish Cypriot area is relatively stable and democratically run, but even under the old status quo, let alone the exigencies of a future hostile partition, it is not a going concern. As the chair of the international relations department of the Turkish Cypriots’ East Mediterranean University put it:

All we have is a redistribution system, and it’s failing. We are not prepared; we’ve been isolated. It’s not in our mindset to think of making [a Turkish Cypriot state into] a competitive long-term project. You don’t hear people asking “how can we make the north into a viable economy?” We’re caught between a rock and a hard place. There is a growing political divide that is emerging in face of an uncertain future. Demographic changes are leading to anxiety and the notion that “We used to be a place of jasmine, but no longer”. It’s become Hatay [a coastal province of Turkey with big ethnic Arab and Kurdish communities that lies close to Cyprus]. And the settlers, in turn, are making increasing demands for jobs and for equity.¹¹⁸

In short, the social, political and economic costs of going it alone will be too high for Turkish Cypriots to afford. Turkish Cypriot lawyer Emine Erk explained: “I don’t know what form [partition] would take. All I know is it would be expensive. How successful can you be, isolated, with Turkey as the only source of help?”¹¹⁹

B. SEIZING THE CHANCE FOR FEDERAL REUNIFICATION

Given the difficulties that a hostile partition would present for both sides and the undoubted fact that the current talks are the best chance left for federal reunification, both communities should redouble their efforts to overcome the obstacles to a settlement. The UN-mediated formula of a bicomunal, bizonal reunification is the only

down except for those on property that belonged to Turkish Cypriots before 1974”. Crisis Group interview, branch manager of a Turkish bank, Nicosia, 17 June 2009.

¹¹⁸ Crisis Group interview, Erol Kaymak, Famagusta, 16 June 2009.

¹¹⁹ Crisis Group interview, Nicosia, 18 June 2009.

possible compromise with potential majority support.¹²⁰ Even though both sides believe the other is secretly happy with the status quo, this is not so.¹²¹ The major unresolved issues are the same and will be equally hard to deal with in both future scenarios. All would benefit from sorting out these problems through collaboration on a settlement, rather than making everything worse during long years of hostility that will inevitably accompany an accelerating, non-negotiated slide to partition.

The advantage of reunification is not just that the absence of a settlement aggravates many dangers. Above all, as a thorough 2008 study based on the boom in Turkey-Greece commerce after their 1999 normalisation argues, a settlement leading to reunification would improve the economic situation of everyone on the island. An annual peace dividend worth €5,500 per household would raise incomes 20 per cent in the south and 40 per cent in the north, making a reunified Cypriot economy ten per cent bigger after seven years.¹²² Access to new tourism markets, a low tax base, proximity with the Middle East, a well-educated population and above all normalised access to the large Turkish market could well transform Cyprus into a regional hub.¹²³

For Greek Cypriots, even if Turkey keeps a role in the larger issues of Cyprus security, a comprehensive settlement would reduce the level of the perceived Turkish threat by removing almost all Turkish troops, guarantee compensation for or restitution property, restore substantial territory (see below) and reunite the island. A strong desire for economic improvement, new job possibilities and state benefits top Turkish Cypriots' reasons for supporting a settlement. They would gain their full EU rights and win a now absent sense of security about their community's long-term direction. One of their main business areas, international universities that are relatively

successful despite isolation from EU programs, would benefit in particular.

Given the reality that the Greek and Turkish Cypriots live almost completely separately and are comfortable with this situation, there is also a chance that if the political will and mutual trust is found to push toward a comprehensive settlement in the coming months, both sides may find that they prefer a looser federal arrangement. Increasing Greek Cypriot willingness to consider this option is reflected in the more than 400 who have defied their government and applied to an official Turkish Cypriot property commission for compensation for occupied property.¹²⁴ Turkey would presumably give back more territory in such a situation, thus pleasing the 60 per cent of Greek Cypriot undecided voters who cite territory as one of their five major concerns in any future referendum.¹²⁵

For all this, few in Cyprus are considering the clear benefits of a solution. Thanks to high-blown rhetoric, most Cypriots are not aware that opposition to reunification is sometimes due to established business oligarchies, nationalist media and criminal networks that benefit from the current entrenched separation. At least for a short period, some negativity may be useful if it forces both populations to look into the abyss of a failure to come to terms:

It's good that they are talking about partition. It's very important that they stare their future in the face. They have a common interest in reaching an improbable agreement. There's a creeping realisation that if Christofias and Talat fail, sad things are going to happen. The leaders themselves believe that they are doomed as political figures. They think it's coming to the end of the game.... if they get a deal, it will have an electrifying effect.¹²⁶

¹²⁰ Among Greek Cypriots, 44 per cent see such a federation as satisfactory and 37 per cent as a tolerable compromise; among Turkish Cypriots, 49 per cent see it as satisfactory and 24 per cent as a tolerable compromise. Lordos, Kaymak and Tocci, *op. cit.*

¹²¹ Among Greek Cypriots, 60 per cent clearly rejected the status quo, yet Turkish Cypriots thought 68 per cent of them were satisfied with the current situation or found it tolerable; among Turkish Cypriots, 41 per cent clearly rejected that status quo, yet Greek Cypriots thought that 51 per cent of them were satisfied with it or found it tolerable. *Ibid.*, pp. 7-8.

¹²² Fiona Mullen, Özlem Oğuz, Praxoula Antoniadou Kyriacou, "The Day After: Commercial Opportunities Following a Solution to the Cyprus Problem", International Research Institute Oslo (PRIO), March 2008, p. 2.

¹²³ "It is considerations like these that make the passionate attachment of so many Cypriots on both sides to zero-sum calculations in the negotiations look so singularly outmoded". Hannay, "Cyprus", *op. cit.*

¹²⁴ Crisis Group interview, Turkish Cypriot Immovable Property Commission official, 17 September 2009.

¹²⁵ Lordos, Kaymak and Tocci, *op. cit.*

¹²⁶ Crisis Group interview, senior diplomat in the region, June 2009.

IV. THE NEGOTIATING ISSUES

The first year of negotiations focused on seven main areas: how to set up the government and share power; how the two sides will give back or mutually compensate each other for property appropriated in each other's zones; how a united Cyprus will represent the two communities with one voice in the EU; how to coordinate a new federal economy and its regulatory bodies; where the new boundaries of the two constituent states should be; how to arrange for the future security of the island and implementation of any agreement; and how to handle rights to citizenship and how far to legalise past immigration, notably from Turkey.

In the main September 2008-August 2009 talks, the two sides registered significant convergence on governance (excluding the executive) and EU matters. On property, territory, citizenship and security, the two sides primarily recorded their known divergent positions. Apparent convergence on the economy at the working group stage diverged at the leaders' level.¹²⁷ In general, key areas blocking progress to a deal include Greek Cypriot fears about the way Turkey and Turkish Cypriots insist on restating a 1960-style Turkish guarantee, including the right of intervention; the Turkish and Turkish Cypriot wish to keep Turkish soldiers on the island after a withdrawal; Turkish and Turkish Cypriot concerns about possible Greek Cypriot domination of their zone and any future reunited republic; and the property issue, in which Greek Cypriots want rights of return, restitution or significant compensation, both of which Turkey and the Turkish Cypriots are reluctant to grant. A senior diplomat explained:

They went into a lot of detail in the first four areas [governance and power sharing, property, EU matters and the economy], perhaps too much detail. There were a significant number of convergences. What is missing is the bigger picture. They are positioning themselves, posturing. It's sometimes contradictory. While putting things on the table they are able to build bridges among themselves. The pieces of the puzzle are there, and nothing will be agreed until it's all agreed. There is a good chemistry between the leaders and their advisers; the level of representation was good. The tête-à-têtes were very good. They were able to overcome turbulence. This is very good for later.¹²⁸

Both sides want to do better than in previous negotiations, but there is not much scope for major substantive changes,

¹²⁷ Crisis Group interview, George Iacovou, chief Greek Cypriot negotiator, Nicosia, 17 June 2009.

¹²⁸ Crisis Group interview, Nicosia, June 2009.

even if the shape of the executive and the implementation of a property settlement at least show signs of significant differences.¹²⁹ Radical departures from previous plans disturb not only Turkish but also Greek Cypriots:

I voted "yes" in 2004. But if they come back and say, no, giving back Morphou [Güzelyurt] isn't part of the deal any more, the balance in the Cabinet is not 4:2 but 4:3, ... we won't even have a referendum. Let's keep the balance, let's live with it. Let's improve it in ways that don't affect the balance. Improved implementation guarantees, shorter timeframes, administration methods that are more effective, better ways to satisfy a sense of security, speedier withdrawal of troops. In short, to make it more reliable, more sellable, in ways that would be better for both sides. Symbolism would be of great help. We need a tide of positive moves, real progress with announcements by both sides, and this needs to happen very quickly.¹³⁰

Negotiators must also show greater willingness to give and take across issues, since some are insoluble on their own. For instance, Greek Cypriots could offer compromises on legalising the presence of Turkish immigrants, against Turkish compromises on the 1960 Treaty of Guarantee. Similarly, Turkish Cypriots' compromises on how much territory they keep could be matched with more Greek Cypriot flexibility on the property compensation process.

A. GOVERNANCE AND POWER SHARING

Christofias and Talat opened the negotiations and spent half the eight months talking about governance and power sharing. This is considered by most to be the most important area, and progress has been recorded in several aspects. On the Turkish Cypriot side, officials felt that out of a dozen subheadings like the judiciary, foreign relations, and federal police, only one – the shape of the executive – remained outstanding.¹³¹ But a senior Greek Cypriot official worried that there were still fundamental differences in approach: "We are very concerned about the whole picture. Taken singly, not one of these divergences makes me run away, but taken together, they mean separation".¹³²

¹²⁹ "The Annan Plan may not be on the table, but it is certainly under it". Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, Brussels, 15 September 2009.

¹³⁰ Crisis Group interview, Harris Georgiades, spokesperson for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009.

¹³¹ Crisis Group interview, senior Turkish Cypriot official, Nicosia, 17 June 2009.

¹³² Crisis Group interview, senior Greek Cypriot official, June 2009.

Greek Cypriots offered early compromises, for instance a rotating presidency, then felt frustrated because they did not see more flexibility on the Turkish side in other matters.¹³³ They felt that talks had gone well in the preparatory working group, but the progress was lost at the leaders' level.¹³⁴ They complained that Turkish Cypriot insistence on devolving a maximum of power to the constituent states would result in inefficient duplication of effort with the federal government.¹³⁵ But Talat was reflecting real Turkish Cypriot concerns that the federal government might deadlock and Greek Cypriots evict or neutralise Turkish Cypriots at the federal level.

Initially, the Turkish Cypriot side wanted a senate-elected presidential council. The Greek Cypriots wanted the Greek Cypriot presidential and Turkish Cypriot vice-presidential candidates on one ticket, as in the U.S., with weighted cross-voting to give Turkish Cypriots a bigger say and victory going to whichever ticket won more than 50 per cent island-wide. When talks reconvened in September 2009, the Turkish Cypriots accepted the concept of a rotating presidency and vice presidency. They suggested that these "co-presidents" be elected from the 48-member senate, which would have equal numbers of Greek and Turkish Cypriots, thus meeting their demand for political equality. They believe this would in effect force candidates to stand on a joint list, a key Greek Cypriot demand.¹³⁶

Despite the Turkish Cypriot preference for a weak federal government, there is evidence that both communities prefer joint management in the daily administration of many fields.¹³⁷ Greek and Turkish Cypriots alike want to retain community control of education and the supervision of cultural heritage. The Turkish Cypriot leadership adds citizenship matters, social security, cooperative banks, security and defence and the police to the list of competences it wishes to manage. Greek Cypriots worry that the small and long-isolated Turkish Cypriot community lacks the depth to effectively staff dozens of councils and regulatory positions and maintain an equal rotation at the central bank.

¹³³ "We gave everything on governance – it's very hard for us – in the hope that they'd give us something to sell on guarantees. It never came". Crisis Group interview, Greek Cypriot official, Nicosia, 17 June 2009.

¹³⁴ "Talat commented on every word, put footnotes everywhere". Ibid.

¹³⁵ "They want anything done in the federation to be done in the constituent states – they want to operate separate ports, airports, the Flight Information Region. We said there should be joint competences. Otherwise I don't understand what the federation will be doing". Ibid.

¹³⁶ Crisis Group interview, senior Turkish Cypriot official, Nicosia, September 2009.

¹³⁷ See Lordos, Kaymak and Tocci, *op. cit.*

One matter that will prove hard to resolve is the founding status in a reunified republic of two "constituent states" that are supposed to be "politically equal". The Greek Cypriot side wants the new state to evolve from the existing Republic of Cyprus, to be sure it retains its international status.¹³⁸ Turkish Cypriots, fearing absorption by the Greek Cypriot majority, want the formula to be clearly based on a concept of "two founding states". The old compromise proposal on this issue – a "virgin birth" that clouds the issue in diplomatic ambiguity – is rejected as too risky by the Greek Cypriots. They fear any wording that might serve as a basis for future Turkish Cypriot secession. This last suspicion, however, seems not to reflect genuine opinion in the other part of the island,¹³⁹ and, since a Turkish Cypriot state is most unlikely to be able to survive as an independent entity, it is another area in which all sides must work harder to overcome their mutual mistrust.

B. PROPERTY

Discussions on the fate of property held before 1974 by one community member in the other community's post-1974 territory have not progressed far. With Greek Cypriots owning most of the land used by his people,¹⁴⁰ Talat says this is likely to be the "most challenging issue" in the second round¹⁴¹ and is the only one the population raises with him in town hall meetings.¹⁴² The main line of disagreement is well known. Greek Cypriots overwhelmingly prefer a solution that gives the first right to decide about restitution of property to the original owner, particularly in the case of property used by immigrants from Turkey; Turkish Cypriots prefer one that prioritises compensation, with the current user having first say in the decision.

¹³⁸ "The united Cyprus republic ... must constitute an evolution of the Republic of Cyprus". Conclusion of four-day meeting of the National Council, grouping the president, all Greek Cypriot political party leaders and former presidents, 18 September 2009.

¹³⁹ Only 11 per cent of Turkish Cypriots listed among their possible future problems that they and Turkey wanted to use separation elements in the agreement (for instance, language like "two founding states") in order to achieve a separate or independent state in the north. Even Greek Cypriots thought it was only their sixth most likely problem scenario. Ibid, p. 42.

¹⁴⁰ Greek Cypriots claim 78.5 per cent of private land in the north – the more generally accepted figure – while the Turkish Cypriots say the figure is 63.8 per cent. The Turkish side meanwhile claims 22 per cent of the land in the south, while Greek Cypriots say the figure is 13.9 per cent. Ayla Gürel and Kudret Özersay, "The Politics of Property in Cyprus", International Peace Research Institute, Oslo, 2006.

¹⁴¹ Official Turkish Cypriot statement, 7 August 2009.

¹⁴² Crisis Group interview, Brussels, 15 September 2009.

For those properties for which compensation is decided, Greek Cypriots seek immediate cash payments. They dislike previous proposals that compensation be in property bonds that could be sold on an open market or redeemed at maturity.¹⁴³ The Turkish side complains, however, that using today's valuations would be unfair, since Greek Cypriots were historically the richer, more middle-class community, and their often urban properties have become much more valuable and have received much investment from their new Turkish Cypriot occupants. As a displaced Turkish Cypriot described it:

When the front line opened in 2003, I went back to my house [on the Greek Cypriot side]. It was hard to find. There was no road; they had taken the beams from the roofs, [and] there were just some mounds of rubble. We were shepherds, and we had the forest. Even then there was no real road, no electricity. We cut our own corn; we made wine from our own grapes. The Greeks lived in the towns. Now I live in an old Greek house [in Morphou/Güzelyurt on the Turkish Cypriot side]. I said "yes" to the Annan Plan in 2004, even though I would have to move, just so that we would know where we were going. I'll probably say "yes" again – let them finish it once and for all. But now again we don't know what's going to happen. Will they take our house? Of course I've spent money on it. Don't I need compensation for keeping it up? I'm 45 years old. I can't just go and start a new life somewhere else.¹⁴⁴

The Turkish Cypriot side seeks ways to redress this imbalance, for instance by basing compensation on 1963 values, but this is unlikely to appeal to Greek Cypriot property owners.

Another idea was given in a survey that showed both sides accepting a solution if research was done to break the property issue down into precise categories. Majorities of Turkish Cypriots might accept restitution for currently unused properties, secondary or partially used properties and foreign-owned properties; a Greek Cypriot majority could also accept priority compensation for properties on which public utilities now stand; and significant Greek Cypriot minorities could accept compensation for properties built on empty plots, properties with significant improvements and commercial properties generating income. And although the right to decide on what to do with their old property is a point of honour for the

Greek Cypriots, it is not expected that many will actually demand the property back.¹⁴⁵

A major issue is the question of who will fund the property settlement, especially if cash needs to be found for instant payments. The UN, EU and the wider international community will have to set up a fund for this purpose, since upfront cash payments will simply bankrupt the new Turkish Cypriot constituent state.¹⁴⁶ Many Cypriots have long assumed that the international community would finance or at least guarantee the financing of any settlement. Indeed, in the past, officials of many major EU states privately encouraged this view. After the global financial crisis, however, the extent of such aid is in doubt.¹⁴⁷ A new proposal is needed to allow the original owners to believe that they will be able to use the market to cash in quickly, in a way that will not place a huge burden on Cypriot taxpayers.

C. EU MATTERS

The relationship of a reunified Cyprus with the EU was one of the least controversial topics in the preparatory committees and did not detain the leaders long. Even so, while the Turkish Cypriot side believes there was "very good convergence" on the EU file,¹⁴⁸ Greek Cypriots fear that Cyprus will be tied up in knots in EU meetings because of a Turkish Cypriot demand that all government policy positions be decided together in advance, something they consider a practical impossibility. Said a senior Greek Cypriot official, "they don't have the experience of the EU. They are asking for equal representation in the EU. But the EU cannot function in this way. We have reached a point where [our EU representative] will be stalemated from day one, sitting silent".¹⁴⁹ The Turkish Cypriots say they have nothing against reunified Cyprus's representative taking a decision but that this should be done in accordance with an agreed policy.

¹⁴³ "People need to feel they are going to get something in their pockets immediately, not bonds". Crisis Group interview, Lefteris Adilinis, *Politis*, 19 June 2009.

¹⁴⁴ Crisis Group interview, Turkish Cypriot displaced person, Nicosia, 18 June 2009.

¹⁴⁵ "We insist that the legal owner should decide, [but] most Greek Cypriots will accept compensation". Crisis Group interview, Andros Kiprianou, AKEL leader, Nicosia, 17 June 2009.

¹⁴⁶ Andreas Theophanous, "The political economy of a Cyprus settlement: The examination of four scenarios", International Research Institute Oslo (PRIO), May 2008.

¹⁴⁷ "The Turkish Cypriots say that for compensation, we'll appeal to the international community. We say, there's no indication that the international community is ready to fork out billions". Crisis Group interview, senior Greek Cypriot official, Nicosia, 17 June 2009.

¹⁴⁸ Crisis Group interview, senior Turkish Cypriot official, June 2009.

¹⁴⁹ Crisis Group interview, Nicosia, 17 June 2009.

How the EU should accommodate a settlement is still subject to controversial discussions. An annex to the Accession Treaty for Cyprus known as “Protocol 10” states that “the European Union is ready to accommodate the terms of such a settlement in line with the principles on which the EU is founded”.¹⁵⁰ Tailor-made for the Cyprus settlement, Protocol 10 provides an instant way to accommodate any settlement by changing the terms of accession for Cyprus to allow certain derogations from EU treaties.¹⁵¹ Whereas EU lawyers believe this fast-track procedure produces primary law and is thus legally sound,¹⁵² the Turkish Cypriots have doubts and demand that any accommodation of a settlement be written into primary EU law through a cumbersome process that could involve about 50 upper and lower houses of parliament in the EU over two years.¹⁵³ Turkey is firmly backing the Turkish Cypriots, aware that any settlement that turns out not to be primary EU law could be challenged in EU courts, potentially exposing any property compensation provisions to expensive new challenges.¹⁵⁴ One solution is to do both: begin with the fast-track procedure of Protocol 10 to start implementing the settlement and at the same time also proceed with the classical procedure of ratification.¹⁵⁵

¹⁵⁰ EU treaties lay down these founding principles, like democracy, rule of law, human rights and the fundamental freedoms of movement of goods, capital, services and persons. Protocol 10 further states that “In the event of a settlement, the Council, acting unanimously on the basis of a proposal from the Commission, shall decide on the adaptations to the terms concerning the accession of Cyprus to the European Union with regard to the Turkish Cypriot community”. Official Journal of the European Union, 23 September 2003.

¹⁵¹ Since Cyprus is an EU member whatever changes the settlement makes to its name or structures, the EU is only concerned with derogations from its own treaties. This is estimated to be relevant for about one fifth of matters being discussed in the settlement. Crisis Group email communication, EU official, September 2009.

¹⁵² The EU Commission agrees with the Turkish Cypriots that the settlement should be enshrined in primary law. Crisis Group email communication, EU official, September 2009.

¹⁵³ “There has to be legal certainty. Primary law is the best way to obtain it. We cannot imagine any of the states blocking it”. Crisis Group interview, senior Turkish Cypriot official, Nicosia, 18 June 2009.

¹⁵⁴ “The solution must be guaranteed with legal security and certainty”. Turkish National Security Council statement, 30 June 2009. A Turkish official said this meant the settlement “has to be part of EU primary law. They gave concessions to the Irish and to Croatia. Why not to Cyprus, so that it can’t be challenged in the courts and become meaningless through endless litigation?” Crisis Group interview, Ankara, July 2009.

¹⁵⁵ Some EU officials call this the “belt and braces” approach, a double legal guarantee with Protocol 10 as the belt and classical ratification as the braces. Others name it after the “Irish

D. ECONOMY

Preparatory discussions on the future of the reunited Cyprus economy went the best of any working group, with the two teams entertaining each other at dinners on their home turf. However, the substance was re-examined at the leaders’ level.¹⁵⁶ Greek Cypriots believe this was again due to attention to detail by Talat, known for working late into the night on the negotiation papers.¹⁵⁷ The result surprised a senior Greek Cypriot official:

We had fourteen/fifteen pages signed on the economy. Now we have to look at this and that. It’s all been blown up. There’s very little left in black [agreed]. They want two separate economies. This is a tiny island, not California to New York. On certification of professions, we agreed one board. Now they want two, both binding on the whole federation. And this at a time when the EU has been trying to unify certification across the whole Union. We wanted one council to certify medicines; they insisted on two. Why? “We want our separate institutions”.¹⁵⁸

A senior Turkish Cypriot official said that the group “went far beyond its mandate. We had to make it consistent, eliminate details and make it a lean text”.¹⁵⁹ Once again, one of the problems is that Greek Cypriots underestimate the cumulative effect of 35 years of isolation and delegitimation on many Turkish Cypriots’ level of trust.¹⁶⁰

E. TERRITORY

The two sides discussed territory only from the standpoint of what issues should be taken into account. These include areas that were formerly inhabited mainly by Greek Cypriots, like Morphou/Güzelyurt and the Karpas peninsula; shoreline lengths; the most convenient dividing line between the two states; and natural resources.

model” because Ireland has received some prior assurances by the EU which only later will be transformed into primary law. Crisis Group email communication, EU official, September 2009.

¹⁵⁶ “It was supposed to be easy. Now it’s not”. Crisis Group interview, Lefteris Adilinis, *Politis*, 19 June 2009.

¹⁵⁷ “Talat is an engineer. Sometimes it feels like he doesn’t just see the trees instead of the wood, it feels like he’s looking at the branches too”. Crisis Group interview, EU member state ambassador, Nicosia, October 2008.

¹⁵⁸ Crisis Group interview, Nicosia, 17 June 2009.

¹⁵⁹ Crisis Group interview, senior Turkish Cypriot official, Nicosia, June 2009.

¹⁶⁰ “I’m the Fiat and Honda representative [on the Turkish Cypriot side], but [the Greek Cypriot side] did everything possible to try to throttle my business”. Crisis Group interview, businessman Mehmet Boyacı, Nicosia, 18 June 2009.

The Turkish Cypriots and Turkish Armed Forces currently control 37 per cent of the island, and how much they leave will be among the last matters decided.¹⁶¹ This is because it is a variable that may go into package deals to balance concessions in other areas. However, within the context of a federal agreement, the Turkish Cypriot side is likely to keep something close to the 29 per cent that was foreseen by the 2004 Annan Plan.¹⁶²

The ghost resort of Varosha and its long sand beach south of Famagusta is a bargaining chip the Turkish side has kept back since 1974. This area has never been opened for settlement, and buildings have been left to crumble, except for one or two hotels kept open by the Turkish military for its own recreational use. A large area due to have been given back in the Annan Plan is Morphou/Güzelyurt, a town of 7,000 that was almost all Greek Cypriot before 1974. It is, however, now home to 12,000 Turkish Cypriot families, many of them displaced from what have become Greek Cypriot areas. Turkish Cypriots say that Morphou/Güzelyurt will be harder to return now. They urge Greek Cypriot consideration of the fact that the greater the number of Turkish Cypriots displaced, the greater will be the cost of new-built housing and therefore the higher the cost of any settlement will be for the new reunited Cyprus.¹⁶³ Turkish Prime Minister Erdoğan has rejected return of Morphou/Güzelyurt (see below), and Turkish officials say that it may be easier to give back the old town centre than the whole district.¹⁶⁴

Agreeing to federally-run nature reserves, including part of the Karpas Peninsula from the Turkish Cypriot zone, Akamas from the Greek Cypriot zone and, if the UK offers them, perhaps some of the present British Sovereign Base Areas, could bolster the federal government's mandate and give a sense of ownership to both communities.

F. SECURITY AND GUARANTEES

The fate of the Treaties of Alliance and Guarantee are of critical importance to the talks. These documents, signed in 1960 by the UK, Turkey and Greece, set up the security architecture of independent Cyprus, an island that had never governed itself in recent centuries. The

Treaty of Alliance allowed NATO-member Greece to station 950 soldiers and NATO-member Turkey to station 650 soldiers on the island. The Treaty of Guarantee guaranteed the independence of Cyprus and its constitutional order, with the proviso that any of the three could intervene unilaterally for this purpose if consensus was not forthcoming. When the ruling junta in Athens organised a coup in Nicosia to unite the island with Greece on 15 July 1974, Turkey, after failing to win UK support, cited this provision as the basis for its invasion.

Greek Cypriots and their government reject continuation of Turkey's role as guarantor.¹⁶⁵ The high human and other losses of the 1974 invasion and subsequent occupation so traumatised the Greek Cypriots that 85 per cent of those who describe themselves as undecided in a potential referendum say that "security and guarantees" is the most important factor that will influence their vote.¹⁶⁶ The issue is equally sensitive for Turkish Cypriots, who want significant numbers of Turkish troops to stay.¹⁶⁷

While the guarantee issue is apparently an area of impasse, negotiators could find popular support if they agreed an entirely new Treaty of Security and Implementation for the settlement, as equal partners, between a reunited Cyprus, Turkey and Greece.¹⁶⁸ There is also two-thirds, bicomunal support for the idea that all sides should agree in advance on a set of guidelines for the appropriate response to every implementation challenge.¹⁶⁹ Such a smart new Treaty of Security and Implementation could set up EU, UN, Greco-Turkish, or

¹⁶⁵ "In the united Republic of Cyprus, member state of the European Union, there can be no guarantors or guarantees". Conclusion of four-day meeting of the National Council, grouping the president, all Greek Cypriot political party leaders and former presidents, 18 September 2009. Some 69 per cent of Greek Cypriots deem the 1960 Treaty of Guarantee entirely unacceptable and 48 per cent think even if it is amended – as is inevitable given the constitutional changes foreseen by any new bizonal, bicomunal state of affairs – it will remain intolerable. Lordos, Kaymak and Tocci, *op. cit.*, p. 42.

¹⁶⁶ *Ibid.*

¹⁶⁷ Some 55 per cent of Turkish Cypriots view a continuation of the Turkish garrison of 650 troops foreseen by the 1960 treaty as insufficient; the only scenarios receiving majority "satisfaction" among Turkish Cypriots are for 3,000 to 6,000 Turkish troops to stay in the north (with a similar number of Greeks in the south) or for Turkey to be permitted to open a base in the north in return for cancelling the 1960 treaty. The first scenario is intolerable to 86 per cent of Greek Cypriots, the second to 90 per cent. *Ibid.*

¹⁶⁸ Among Greek Cypriots, 46 per cent would find a tripartite treaty satisfactory and another 25 per cent would find it tolerable if necessary; almost identically, the same new three-way treaty would be satisfactory to 45 per cent of Turkish Cypriots and tolerable to 26 per cent. *Ibid.*

¹⁶⁹ *Ibid.*

¹⁶¹ "The map will be drawn towards the end". Crisis Group interview, senior Greek Cypriot official, Nicosia, 17 June 2009.

¹⁶² "Why unnecessarily disturb the people?" Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, 15 September 2009.

¹⁶³ "We should be looking at the economic side, the humanitarian side. We are going to be one state. Why force people to re-establish livelihoods? We should minimise relocation. Life should not be disrupted". Crisis Group interview, senior Turkish Cypriot official, Nicosia, 18 June 2009.

¹⁶⁴ Crisis Group interview, Turkish official, Ankara, July 2009.

multilateral institutions or bodies to deal with problems that arise on the island, in a structured manner agreed by all sides in advance. The concept of Turkish or Greek military intervention should be left out or specifically limited to an extreme case in which the respective community comes under armed attack. Alternatively, Turkish Cypriots might be satisfied with a Turkish military guarantee for just their constituent state.¹⁷⁰

The Treaty of Security and Implementation could be overseen by an independent Committee of Implementation agreed to by the parties. It might, for instance, consist of seven members, two appointed by the Greek Cypriots, two by the Turkish Cypriots, one by Greece and one by Turkey, with the seventh selected by the other six.¹⁷¹

No Cyprus settlement will work without Ankara's approval, especially since any change in the 1960 Treaty of Guarantee would need to be approved by the Turkish parliament.¹⁷² Turkish leaders insist on an "effective guarantee",¹⁷³ implying the right to military intervention if Turkish Cypriots come under threat. Still, while the official bottom line is "the continuation of the Treaties of Guarantee and Alliance",¹⁷⁴ officials hint that they would be ready to discuss aspects of security and the guarantees at the end of the process and express a readiness to withdraw troops much faster than foreseen in previous plans.¹⁷⁵ Third-country diplomats also be-

lieve that the Greek Cypriots would accept some Turkish role in a new security structure for the island.¹⁷⁶

However, the time for Turkey to start discussing this is now, since without confidence in its intentions (see below), Greek Cypriots will not engage on the other agenda items. Turkish statements that the Greek Cypriots must talk to the Turkish Cypriots about this will not solve the problem. Even though most Turkish Cypriots want a strong role for Turkey, they cannot negotiate on their own about it. Discussion on this point – one that directly involves all parties – must start as soon as possible.

G. POPULATION

Untangling the issues around "Citizenship, Aliens, Immigration and Asylum" is fraught with difficulties. Indeed, this last area of negotiation was not officially added to the other six in order not to provoke sensitivities on the island. One reason is that the old-style categorisation of Cypriots as either "Greek" or "Turkish" is being overtaken by the newly cosmopolitan nature of both sides of the island, including not just immigrants from Turkey but also long-term residents from EU countries, who will eventually have to be granted more rights. Any comprehensive settlement must foresee at least the possibility of modernising and perhaps adding new categories of democratic citizenship.

On the Greek Cypriot side, the most recent Republic of Cyprus census counted 780,000 inhabitants in the Greek-Cypriot zone (640,000 Greek Cypriots and 140,000 from EU and other countries like Russia, Lebanon and Pakistan). There is no agreement on the number and status of people in the Turkish Cypriot zone, however. The Turkish Cypriot census of April 2006 counted 257,000 de jure residents (178,000 Turkish Cypriot citizens and 71,000 Turkish citizen civilian residents).¹⁷⁷ The Republic of Cyprus estimates residents of the north at 260,000 (it has granted identity papers to 100,000 Turkish Cypriots who meet its stringent citizenship criteria and says there are up to 160,000 settlers).¹⁷⁸ Informal estimates of the aggregate, de facto number of people present in the north – including soldiers, students, tourists and the like – can range up to 500,000, however.¹⁷⁹ The highest Greek Cypriot consultative body, the National Council,

¹⁷⁰ Crisis Group interview, Turkish Cypriot academic Ahmet Sözen, Famagusta, 16 June 2009.

¹⁷¹ "The Treaty of Guarantee has become a kind of zero sum game. Without it the Turkish Cypriots will not accept an agreement, but with it the Greek Cypriots will reject it.... The virtue of [a Treaty of Implementation] is that it would provide the Greek Cypriots with an assurance that the Turks could not unilaterally intervene ... while at the same time providing the Turkish Cypriots with an assurance that ... [if authorised,] the Turks would be entitled to come to their rescue". Crisis Group email communication, former Congressman and present Crisis Group Board member Stephen Solarz, 6 January 2009.

¹⁷² Crisis Group interview, Turkish official, Ankara, July 2009.

¹⁷³ "The effective and functional guarantee of Turkey is an indispensable element for peace and stability in the settlement to be agreed". Statement by President Abdullah Gül, 20 July 2009. "Of course, the Treaties of Guarantee and Alliance will continue in the framework of the settlement. Turkey's effective and functional guarantee will continue". Statement by Prime Minister Recep Tayyip Erdoğan, 12 June 2009, available on news portal www.abhaber.com.

¹⁷⁴ Wording from Turkish National Security Council statement, 30 June 2009.

¹⁷⁵ "The best thing would be to just leave them in place. But maybe something could be done at the last moment, if it is the only sticking point". Crisis Group interview, Turkish official, Ankara, July 2009.

¹⁷⁶ Crisis Group interview, senior diplomat in the region, September 2009.

¹⁷⁷ The census noted another 7,000 de facto Turkish nationals resident in Cyprus. <http://nufussayimi.devplan.org>.

¹⁷⁸ See "Illegal Demographic Changes", at www.mfa.gov.cy.

¹⁷⁹ Crisis Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009.

demanded that a new census be taken by an international organisation throughout the island “before the solution”.¹⁸⁰

President Christofias has publicly stated that 50,000 “settlers” can stay, an offer that potentially bridges much of the gap between official Greek Cypriot and Turkish Cypriot numbers. However, he did not define his criteria for a settler in this important offer and will be under pressure from his community to show no more flexibility in the matter.¹⁸¹ Greek Cypriot officials believe that a major reason for their community’s rejection of the Annan Plan in 2004 “was that the Plan would have legitimised the continued presence of the vast majority of the Turkish settlers and included provisions that would have allowed the continued influx of Turkish nationals into Cyprus”.¹⁸² The right of ordinary Turkish nationals to live and reside in a reunited Cyprus remains a contentious issue.

Another question is how to accommodate the EU right of Greek Cypriots to live, own businesses, buy property and vote in the Turkish Cypriot zone. Even with probable delays and derogations in an agreement that Brussels might accept as compatible with the *acquis communautaire*, the issue makes Turkish Cypriots nervous. The Greek Cypriots reject any permanent derogations.¹⁸³ The only narrow bridge between the two positions seems to be to offer the right to live anywhere but to limit voting rights in the other community’s zone to local elections, in other words, separating national voting rights from residency. It is possible that Turkish Cypriot fears are exaggerated, however, since it is widely believed that few Greek Cypriots would want to return to or go to live in the poorer, Turkish Cypriot north.¹⁸⁴

¹⁸⁰ Conclusion of four-day meeting of the National Council, grouping the president, all Greek Cypriot political party leaders and former presidents, 18 September 2009.

¹⁸¹ Few Greek Cypriots are willing to give citizenship or residence permits to those who are not children of mixed marriages or people who are not married to a native-born Turkish Cypriot. For instance, only 12 per cent of Greek Cypriots would allow citizenship, and only 20 per cent would grant a residence permit, to someone born on the island to Turkish parents. See Lordos, Kaymak and Tocci, op. cit. “The solution must provide for the withdrawal of Turkish occupation troops and settlers”. Conclusion of four-day meeting of the National Council, grouping the president, all Greek Cypriot political party leaders and former presidents, 18 September 2009.

¹⁸² See “Illegal Demographic Changes” at www.mfa.gov.cy.

¹⁸³ “Respect and the restoration of the four freedoms must be manifested. Any permanent derogations from the Acquis Communautaire are ruled out”. Conclusion of four-day meeting of the National Council, grouping the president, all Greek Cypriot political party leaders and former presidents, 18 September 2009.

¹⁸⁴ “Returnees will only come back if they can take their institutions. They may get a foothold but will not take it over”. Crisis

V. THE REGIONAL BALANCE

It is hard to overstate the fatigue and disinterest felt in the international community over Cyprus.¹⁸⁵ The EU,¹⁸⁶ U.S.¹⁸⁷ and Turkey (see below) have all publicly urged the parties to conclude talks by the end of 2009, but outside contributions to a settlement have so far been modest, cramped by politics or incomplete.¹⁸⁸ This combination of limited action and lack of significant interest has put more responsibility on the Cypriot parties to engage and solve their problem, which is a positive new dynamic in the process. But if international disengagement continues, it will reduce the likelihood of a settlement. There are at least eight parties (Greek Cypriots, Turkish Cypriots, Turkey, Greece, the UK, EU, U.S. and UN) with individual, direct and vital roles in the dispute, and without whose coordinated help a final settlement cannot be reached. As an EU member state’s ambassador in Nicosia observed:

If there is a referendum on the settlement today, it will get a “no”. To change this needs not just a joint communication strategy from the communities but strong messaging from Turkey, the EU and the international community – a message of international expectation. Right now there isn’t a coherent message.¹⁸⁹

Perhaps the gravest disconnect plaguing the talks is mistrust between two of the principal actors, the Greek Cypriots and Turkey. Top officials of both plausibly say they want a reunification settlement, and this is clearly in the interest of both, yet neither believes that the other is sincerely ready for compromise.¹⁹⁰ This is primarily

Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009.

¹⁸⁵ “The resumption of negotiations for a Cyprus settlement provokes little more than a weary shrug and surprise that anyone should be able to summon up the energy. ... that corrosive cynicism ... is itself one of the greatest obstacles to reaching an agreement”. Hannay, “Cyprus”, op. cit.

¹⁸⁶ “I believe that there is a unique chance this year to bring an end to this long-running conflict on European soil, and this chance must be taken”. José Manuel Barroso, president, European Commission, during visit to Cyprus, 26 June 2009.

¹⁸⁷ Statement by Deputy Assistant Secretary of State for Europe Matthew Bryza, Türk Ajansı Kıbrıs, 29 June 2009.

¹⁸⁸ For example, the UK, keen not to be seen as overbearing, only hints that the best use must be made of the current opportunity before the Turkish Cypriot presidential elections in April 2010. Interview with UK High Commissioner to Cyprus Peter Millet, *Alithia*, 28 June 2009.

¹⁸⁹ Crisis Group interview, Nicosia, June 2009.

¹⁹⁰ “We are very concerned that the position of Turkey is not active; there is no enthusiasm”. Crisis Group interview, senior Greek Cypriot official, Nicosia, June 2009. “I personally do not believe they want a deal. Why should they? They are already

because they have no meaningful direct contact, and their feelings are poisoned by decades of mutual hostility. Both think the other prefers a Plan B, but this is not necessarily the case.¹⁹¹

Ankara should, therefore, find a way round its boycott of direct talks with Greek Cypriot officials. There is a logical implausibility in saying that, on one hand, it wants a Cyprus settlement and, on the other, refusing to talk to an indispensable party. It is not enough to say that Greek Cypriots should sort out all their problems with the Turkish Cypriots, as if the latter are a proxy for Turkey. Turkey does not merely reflect UN language and Turkish Cypriot positions, as its officials sometimes state. It quite naturally has its own positions and legal obligations relating to the talks that are independent of the UN and the Turkish Cypriots, as at times it does not hesitate to declare publicly, be it on the philosophy of two founding states, the guarantee question, troop withdrawals, territory, property matters and how the deal should be adopted by the EU.

Given that this is almost certainly a last chance for reunification before partition options start kicking in, Turkey, as the far larger country, must show the Greek Cypriots a light at the end of the tunnel. There is little point in expecting either the UN or EU to force them into changing policy, as the far more intense but ultimately unavailing pressures of 2004 clearly showed. Through convincing, high-profile declarations, unilateral gestures or meetings with their media, Ankara should seek to persuade Greek Cypriots that Turkey is determined to implement any agreement on troop withdrawal, that normalisation would be peaceful and mutually beneficial and that Turkey foresees workable compromises on guarantees, security and implementation. Greek Cypriot leaders might then begin to believe they will have something with which to help sell the deal to their community in a referendum.

Similarly, four decades of expensive, burdensome stalemate should have taught the Greek Cypriots that no outside power can force Turkey to act in any particular manner over Cyprus. They must themselves

show Ankara tokens of good faith in seeking a compromise settlement. They should cease rhetorical attacks on Turkey, which only serve to convince the Ankara leadership that Greek Cypriots do not want a settlement. They should adopt a better tactic than blanket blocks on Turkey's EU accession process, since this policy is being exploited by major EU powers that Greek Cypriots cannot control¹⁹² and because it makes Turkey antagonistic towards the whole idea of joining the EU, the main lever the Greek Cypriots have to reach an amicable settlement with Ankara.¹⁹³ The Greek Cypriots could also declare unambiguously that the Turkish Cypriots would join the new reunified state on equal communal terms. Finally, they could publicly indicate flexibility on the number of Greek Cypriots returning to the north or some other way of signalling respect for the bizonality of the island. Outside powers should work to persuade these two sides that they need to assure each other of good faith as soon as possible. Time has nearly run out, and without a minimum of common purpose between the Greek Cypriots and Turkey, community leaders on the island will be unable to engage in their last rounds of talks with the conviction necessary to seal a deal.

A. THE GUARANTOR POWERS

1. Turkey

In public, Turkey remains committed to the essentials of the 2004 Annan Plan. It has consistently pushed for a faster pace and for the UN to provide bridging proposals in areas where Greek and Turkish Cypriots cannot come to an agreement.¹⁹⁴ The ruling Justice and Development Party (Adalet ve Kalkınma Partisi, AKP) also wants a solution because it views the hardliners on Cyprus as a bastion of their domestic opponents in the old nationalist establishment.¹⁹⁵ Statements about Cyprus by the key civilian-military National Security Council are

members of the EU". Crisis Group interview, senior Turkish official, Ankara, September 2009.

¹⁹¹ Though Turkey's critical EU accession process will almost certainly grind to a halt in the absence of a Cyprus settlement, a senior Greek Cypriot official said he believed it has other plans. "A settlement is the only live option we have. We don't have an option 'B'. The Turks do have a second option.... the Turkish involvement is there, in a visible way; it's not encouraging, and no imagination is applied to resolving problems". Crisis Group interview, Nicosia, 17 June 2009. On the other hand, Crisis Group interviews in Ankara, 2007-2009, show most Turkish officials believe Greek Cypriots feel no need for a deal.

¹⁹² "It is in fact the Greek Cypriot side that is having to try to restrain the French president from going too far in blocking Turkey's EU process". Crisis Group email communication, French international relations expert, September 2009.

¹⁹³ "Cyprus's use of the European trump card against Turkey since the start of the negotiations has lost its force. In terms of public opinion, it has backfired". Ferai Tınç, foreign affairs commentator, *Hürriyet*, 21 September 2009.

¹⁹⁴ "We should have a timeframe. These talks should not be open-ended. The Greek Cypriots say they don't want any deadlines. But these talks could continue forever. We need four green lights [from Turkey, Greece, Greek Cypriots and Turkish Cypriots] for it to be conducive to a settlement. We have to move fast. We are ready to accept the UN as a referee, like in 2004. We are ready to do it again". Crisis Group interview, Turkish cabinet minister, Ankara, 23 April 2009.

¹⁹⁵ Crisis Group interview, Turkish Cypriot academic Ahmet Sözen, Famagusta 16 June 2009.

usually diplomatically worded.¹⁹⁶ Turkish media rarely prints news about the Cyprus talks and no longer treats the issue as one of Turkish national survival.¹⁹⁷ Public opinion seems more ready than in 2004 for a federal settlement if Ankara supports it.¹⁹⁸ According to a former senior official, “the current government is fully behind a settlement. It will not be Turkey that says no”.¹⁹⁹

When Turkish Cypriots elected a nationalist hardline party in April 2009, mainland leaders immediately telephoned the new prime minister, Derviş Eroğlu, to make sure the eight-time former head of government supported Talat in pursuit of a settlement.²⁰⁰ Eroğlu, while underlining his continued determination to defend Turkish Cypriot sovereignty,²⁰¹ thereafter talked in more positive terms of the EU and the negotiations.²⁰² The UN views the Turkish role on the island as genuinely supportive,²⁰³ and a leading Turkish Cypriot civil society activist said Ankara is blunting the sharp edge of the nationalists.²⁰⁴

Nevertheless, Turkey’s political elite is far less engaged over Cyprus than previously.²⁰⁵ For some years after 2004, Ankara believed it had no need to make innova-

tive gestures because it had done all it could to assist the ill-fated Annan Plan. Indeed, according to some commentators, the political leadership has already given orders for preparations to be made in case of a deadlock in the settlement talks.²⁰⁶ Some Turkish Cypriots believe that after 2004, Turkey actively started working on an assumption that there would be no deal with the Greek Cypriots, and that they “declared victory and then went on with building up the [Turkish Cypriot state] without recognition”.²⁰⁷ Turkish leaders including President Abdullah Gül and Foreign Minister Ahmet Davutoğlu have spoken of the possibility of “alternatives” if the Cyprus problem is not solved by the end of 2009.²⁰⁸ Prime Minister Erdoğan has spelled out that Turkey wants a settlement agreed and put to referendum in the spring of 2010 and, “if there is no solution due to a Greek [Cypriot] failure to compromise”, Ankara will push for something like recognition of a Turkish Cypriot state.²⁰⁹ Turkey is de-motivated by the sense that whatever it does, Turkey will not be accepted by Europe, and that if it should help solve Cyprus, core EU states would find another issue to block accession. Hardline nationalists still view ethnic division as the only answer on the island.²¹⁰

Turkey has rhetorically hardened its conditions with respect to the territorial issue, apparently rejecting the return of Morphou/Güzelyurt.²¹¹ Despite its calls for “all sides to rally round the UN process and its parameters”,²¹² it has subtly moved away from UN language, now formally saying that reunited Cyprus should be based on “two founding states”. Similarly, partly because

¹⁹⁶ For instance, in a statement after its 30 June 2009 meeting, no reference was made to the self-declared Turkish Republic of North Cyprus.

¹⁹⁷ “For Turkish Turks, the problem is solved. The government doesn’t have to do anything, and anything it does do will be seen as a concession to Europe”. Crisis Group interviews, leading Turkish commentator, Ankara, February 2009.

¹⁹⁸ “A decade or two ago, hardline nationalist opinion was an obstacle to a Cyprus peace deal, but no longer”. Former Turkish Ambassador Özdem Sanberk, *Today’s Zaman*, 29 May 2009.

¹⁹⁹ Crisis Group interview, Ankara, February 2009.

²⁰⁰ “The Cypriot Turkish president [Talat] is the chief negotiator. As the motherland, Turkey strongly supports the negotiations and Mr Talat”. President Abdullah Gül, cited in *Radikal*, 22 April 2009. “I underlined that I wanted [Eroğlu] to be a help not a hindrance to the process for a solution on the island”. Prime Minister Erdoğan, cited in *Radikal*, 22 April 2009. “There was a brief but very straight conversation with Eroğlu”. Crisis Group interview, senior Turkish politician, Ankara, 24 April 2009.

²⁰¹ Any loss of the self-declared state would mean “taking the ground from beneath our feet and our flags from the air”. Speech by Turkish Cypriot premier Derviş Eroğlu, *Cyprus Mail*, 22 September 2009.

²⁰² “We support President Talat in the negotiations. We are fully behind the negotiations. However, this is not a blank cheque; he has to be in dialogue with us and remain within the confines of the Constitution.... We don’t want our firm position to be exploited by the [Greek Cypriot] side”. Crisis Group interview, Osman Ertuğ, UBP member and former Turkish Cypriot representative in the U.S., Nicosia, 16 June 2009.

²⁰³ Crisis Group interview, UN official, New York, 10 August 2009.

²⁰⁴ Crisis Group interview, Emine Erk, Turkish Cypriot lawyer and civil society activist, Nicosia, 18 June 2009.

²⁰⁵ “[Prime Minister] Erdoğan is not very excited by Cyprus”. Crisis Group interview, senior Turkish official, Ankara, July 2009.

²⁰⁶ Crisis Group interviews, Turkish media commentators, Ankara, September 2009.

²⁰⁷ Crisis group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009.

²⁰⁸ “If there is no solution, we will think of alternatives. To try to put pressure on Turkey means not understanding the power of Turkey”. Foreign Minister Ahmet Davutoğlu, statement to NTV television, 2 September 2009. “They mean a two-state solution, cut the Gordian knot. Patience in Ankara is fading away”. Crisis Group interview, Murat Yetkin, *Radikal* newspaper Ankara bureau chief, 8 September 2009.

²⁰⁹ “It will become imperative not to delay any longer the normalisation of the status of the Turkish Republic of Northern Cyprus ... these talks cannot go on forever”. Recep Tayyip Erdoğan, Turkish prime minister, speech to the United Nations General Assembly, 24 September 2009.

²¹⁰ “Now it is clear that unless we say: ‘There are two separate peoples on Cyprus, and there is no possible way other than the coexistence of the independent states of these two peoples under mutual respect’, we will be dragged from one negotiation to another”. Former Foreign Minister Mümtaz Soysal, commentary in *Cumhuriyet* newspaper, 22 July 2009.

²¹¹ “Güzelyurt will never be given to the Greek [Cypriots]. We will not step back on this. We’ve invested millions there”. Prime Minister Erdoğan, speech in Cyprus, *Milliyet*, 12 August 2008.

²¹² Turkish National Security Council statement, 30 June 2009.

it is directly affected by such questions, it insists on the deal becoming incorporated into EU primary law and on having a role as a guarantor (see above). Although less than previously, officials are still involved behind the scenes in the talks.²¹³ Prime Minister Erdoğan has underlined that Turkey is in a position to agree to or veto any outcome.²¹⁴ Talat says that because of Turkish Cypriots' disappointment in the EU and their trust in Turkey as their only unconditional friend, he will only accept a deal to which Ankara can say "yes".²¹⁵

While Turkish Cypriots are convinced that the large Turkish garrison is a vital protector (see above), community liberals regret aspects of Turkish political and social influence, for instance the decision in 2009 to erect a monumental statue of the country's republican founder, Kemal Atatürk, to greet all cars coming from the Greek Cypriot side in place of a Greek Cypriot-designed peace monument. Liberals have criticised the Turkish fashion for Islamic activism in the building of new mosques, introduction of obligatory religion classes and summer Quran courses.²¹⁶

Failure to solve Cyprus will doom Turkey's EU membership perspective. Absent a settlement, existing blocks on half the 35 chapters of its accession process will remain, and in 2010 there will be no more chapters to open. The September 2009 visit by Foreign Minister Davutoğlu to Cyprus may signal a turning point in Turkish thinking and action. As chief foreign policy adviser, he initially fleshed out Prime Minister Erdoğan's "zero-problem" policy of peace and cooperation with all neighbours by pursuing what was in effect the revolutionary 2004 "step ahead" policy for solving the Cyprus problem and by normalising relations with the Kurdistan Federal Region of Iraq in 2007-2009. Three months after

becoming foreign minister in May 2009, he initialled protocols to normalise relations with Armenia, and the next month he appointed younger, modernising diplomats to senior ministry positions. In Cyprus, he persuaded foreign diplomats and Turkish Cypriot officials he was launching a new level of sustained commitment.²¹⁷ Turkish officials played an important role in trying to open the Limnitis/Yeşilirmak border post for a 2 September Greek Cypriot pilgrimage.²¹⁸

Unfortunately, as noted, there remains complete lack of trust, comprehension and contact between Ankara and Nicosia officials, and neither side believes the other truly wants a deal.²¹⁹ Senior Turkish officials have blocked informal meetings at any level.²²⁰ Pro-compromise Greek Cypriots say the impression that the year-long delay in opening the Limnitis/Yeşilirmak crossing was due to Turkish – especially Turkish military – objections was one of the most damaging issues for public opinion.²²¹ Yet, when the crossing finally opened, it was Greek Cypriot hardliners who spoiled the occasion.²²² The UN

²¹³ "I've heard President Talat raising his voice in frustration when on the phone to Ankara. Some things they want are so unrealistic". Crisis Group interview, Turkish Cypriot official, Nicosia, June 2009.

²¹⁴ "Cyprus is a national cause. We will have to agree to any agreement reached about Cyprus. As a guarantor country, we will approve it. There can be no deal that we will not be able to approve". Speech reported in *Milliyet*, 12 August 2008.

²¹⁵ "If Turkey says no, the agreement does not safeguard the rights and security of the people, the Turkish Cypriot population will reject it, no matter what I have agreed to". Crisis Group interview, Turkish Cypriot leader Mehmet Ali Talat, Brussels, 15 September 2009.

²¹⁶ "We have two parallel lines of action, one of the deep state [Kemalist establishment] which puts Turkish flags anywhere possible and recently installed a monument of Atatürk, and the other one is AKP's initiatives for 'Muslimisation' of the Turkish Cypriots with obligatory religious lessons in schools and new mosques". Crisis Group email communication, Turkish Cypriot civil society activist, August 2009.

²¹⁷ "He said he would dedicate the next three months to Cyprus". Crisis Group interview, senior diplomat in the region, September 2009. Turkish and Turkish Cypriot officials confirmed the new level of Turkish engagement. Crisis Group interviews, Ankara and Nicosia, September 2009.

²¹⁸ In the end, the crossing did not open because the event was ambushed by anti-settlement Greek Cypriot activists, who delayed the agreed arrival of pilgrims, added unlisted passengers to buses and refused to show documents as is usual at Turkish Cypriot crossing points. Crisis Group interviews, officials from all sides, Nicosia and Ankara, September 2009.

²¹⁹ "The message Christofias is giving us is that he doesn't want to finalise in 2009". Crisis Group interview, senior Turkish official, Ankara, July 2009. "I don't trust them. For us the guarantees are like a big lock saying 'you burned down the house twice and stole everything. Why should I trust you this time?'" Crisis Group interview, Turkish official, Ankara, July 2009. On the Greek Cypriot side, Foreign Minister Markos Kyprianou said he believed Turkey showed no "practical support" for the talks, cited in *Cyprus News*, August 2008. President Christofias said that "if a settlement was to be reached before the end of 2009, Turkey and Mr Talat would have to make a major tack away from their demand for a 'partnership state'". Cited in *ibid*, July 2009.

²²⁰ Crisis Group interview, European official, Istanbul, 5 June 2009.

²²¹ "This Limnitis crossing has been a fiasco. How can we come out strongly when Talat and the Turkish army are being so unhelpful? It managed to kill off public confidence, symbolic of a complete inability to agree on anything. Even with an opening, the damage has been done". Crisis Group interview, Harris Georgiades, spokesman for Greek Cypriot main opposition party DISY, Nicosia, 19 June 2009.

²²² A UN official said that instead of 600 named Greek Cypriot pilgrims appearing on 2 September 2009 in 27 buses at 5.30am to cross by showing their identity cards in the normal manner, 80 arrived two hours later with a dozen people not on the list. Accord-

credits Ankara with facilitating the process²²³ as well as expediting the talks.²²⁴ The extent of misunderstandings and exaggerations is illustrated by Greek Cypriot fears that they are threatened by 43,000 Turkish troops on the island, double the numbers international and Turkish officials give.²²⁵

Turkey would do well to reach out directly to allay Greek Cypriot fears, even if the gestures are simply statements of reassurance. Turkish officials should avoid talking about Cyprus in terms of “two states”, “two peoples” and “two religions”, all expressions that provoke fears of bad faith and secession among Greek Cypriots. It should take seriously poll findings that Greek Cypriots simply do not trust it.²²⁶ 45 per cent of Greek Cypriots undecided about how they would vote in a referendum reportedly want to be satisfied that “Turkey will have convinced me that it intends to honour the agreement”. The four top concerns of all Greek Cypriots about implementation of the agreement relate to Turkish non-compliance.²²⁷ The paradox is that these are almost all areas in which Turkish officials sincerely believe their government would implement an agreement.

Similarly, Christofias constantly questions Turkey’s good faith and blames it for the whole problem,²²⁸ and believes

ing to a Greek Cypriot official, “our people also made grave mistakes”. Crisis Group interviews, Nicosia, September 2009.

²²³ Crisis Group interview, UN official, New York, August 2009. On the 2 September attempt to open the border, Turkish officials were directly involved in making sure of all preparations, including cooperation from the Turkish Armed Forces. Crisis Group interview, Turkish official, Ankara, September 2009.

²²⁴ According to a leaked version of talks between senior U.S. and UN officials published by *Phileleftheros* on 10 September 2009, “both interlocutors agreed that Turkey, which was often castigated by the Greek Cypriots as the main obstacle to a solution, was not actually the problem this time”.

²²⁵ A Turkish official estimated there are 21,000 Turkish soldiers and 9,000 of their dependents on the island. Crisis Group interview, Ankara, September 2009.

²²⁶ “The most important reason for the rejection of the Annan Plan was mistrust, that Turkey never honours its signature”. Crisis Group interview, Nicos Anastasiades, pro-compromise leader of main Greek Cypriot opposition party DISY, Nicosia, 17 October 2008.

²²⁷ In a ranking of Greek Cypriot scenarios considered most likely, tops were Turkey’s non-withdrawal of troops on schedule (77 per cent of respondents), Turkish “settlers” who were agreed should leave not doing so (77 per cent), Turkey and the Turkish Cypriots refusing to honour a property settlement (71 per cent), and Turkey’s abuse of guarantor status. Lordos, Kaymak and Tocci, op. cit.

²²⁸ “I also told the UN Secretary-General, just as I told Mr Erdogan [over lunch], that Turkey is the key to the solution of the Cyprus problem and that Mr Talat must be helped by Turkey to change his stance.... We, therefore, look forward to a change in Turkey’s

that Prime Minister Erdoğan would happily make big compromises on Cyprus were he not held back by Turkish establishment factions.²²⁹ These unrealistic and erroneous ideas only serve to make Turks and Turkish Cypriots doubt his good faith.²³⁰ For the same reason, in public Christofias should also stick to the agreed goal of “two constituent states” with “political equality” for the future federation.²³¹ He should persuade Ankara of the sincerity of his declared aim and undoubted need to help Turkey towards EU membership by opening as many as possible of the half of Turkey’s negotiating chapters now blocked by Cyprus issues. As noted above, Christofias seems genuine in seeking a settlement.²³² According to one diplomat on the island, “If you put a blindfold on both sides and asked them to draw a picture of how they saw a tolerable settlement, both pictures would look pretty much the same”.²³³

Turkish officials say they would be ready to meet with Greek Cypriots if Greece was ready to arrange a meeting that included Turkish Cypriots.²³⁴ Yet, if it wishes for this to happen, Turkey should also be prepared to reach out to Greece, for instance by announcing an end to overflights of inhabited Greek islands in the Aegean Sea. Another way to bring Turkish and Greek Cypriot officials together would be to persuade Christofias and Talat to apply together to Ankara for a \$350-\$400 million freshwater pipeline from the Turkish coast to the Turkish Cypriot zone of Cyprus and then on to the Greek Cypriot zone. This project has undergone detailed fea-

stance and of course in Mr Talat’s stance in the talks”. Demetris Christofias, Greek Cypriot leader, press statement, New York 23 September 2009.

²²⁹ Diplomats who meet Christofias say he sees a struggle between Erdoğan and the military and deep state”. Crisis Group interviews, Nicosia, October 2008. This view, while partly true, does not reflect the fact that the Cyprus problem in Turkey, just as among the Greek Cypriots, is a national issue that inspires different perspectives in all political and institutional factions.

²³⁰ “I’m not very clear [about the possibility of a settlement]. I fluctuate. Sometimes I’m optimistic. Sometimes I’m pessimistic. I can’t tell about Christofias. He’s trying to prepare his people. But sometimes I feel he won’t be able to give political equality. I have my doubts. My tendency is to be optimistic ...” Crisis Group interview, Mehmet Ali Talat, Turkish Cypriot leader, Nicosia, 17 October 2008.

²³¹ For instance, Christofias’s use of the expression “a federal state consisting of two largely autonomous regions” in his 24 September 2009 speech to the UN General Assembly was viewed by one pro-compromise Turkish official as a “deal killer”. Crisis Group email communication, September 2009.

²³² “This is the target of my life ... my mission, and I feel it with a passion, is to reunify this country”. Crisis Group interview, Nicosia, 17 October 2008.

²³³ Crisis Group telephone interview, Cyprus-based diplomat, September 2009.

²³⁴ Crisis Group interviews, Turkish officials, Ankara, 2 July 2009.

sibility studies,²³⁵ but politics have held it up, even though water is greatly needed on the island. Turkish officials are open to the idea, since it is humanitarian and commercial and has no fundamental link to status issues.

2. Greece

Greece, despite a long history of intimate engagement with its ethnic cousins on Cyprus, has tried to stand on the sidelines since the EU accession of the Republic of Cyprus in 2004. Officials are adamant that they have no role to play other than to provide moral support for its sovereign government,²³⁶ according to a policy summed up as “Cyprus decides, Greece follows”.²³⁷ Athens believes that its critical support for the Republic of Cyprus’s EU accession purged its historic guilt for triggering the 1974 Cyprus coup and the subsequent Turkish invasion.²³⁸ Greek Cypriot cynics perceive a more fundamental divergence of their interests with a government that has pursued its own rapprochement with Ankara for a decade.²³⁹

At the same time, Athens is increasingly upset at Turkish overflights of inhabited Greek Aegean islands, which nearly tripled between 1 January and 30 April 2009 compared to the same period a year before.²⁴⁰ It also criticises what it sees as Turkey’s failure to staunch the flow of illegal immigrants, an estimated 150,000 in 2008.²⁴¹

²³⁵ The feasibility study by Turkey’s Alarko Group of Companies foresaw an 81km-long polyethylene pipe suspended 250 metres below the surface from anchors. It would deliver about 75 million cubic metres of water per year (2.38 cubic metres per second). This is about three times what is currently available to the Turkish Cypriots from natural groundwater.

²³⁶ Crisis Group interview, Greek official, Ankara, July 2009.

²³⁷ “Athens over the last twenty years has come around to accepting whatever solution the Greek Cypriots negotiate, or at least to keep its advice to Nicosia from public knowledge”. Pavlos Apostolidis, former director of Greece’s National Intelligence Agency and retired diplomat, “Cyprus”, Hellenic Foundation for European and Foreign Policy (ELIAMEP) thesis, July 2009.

²³⁸ “Our domestic politics are still linked, but Cyprus is not what it used to be. Athens has other agendas”. Crisis Group interview, former Greek ambassador, Istanbul, June 2009.

²³⁹ “Even Greece has opted to stay away. She simply gradually builds her relations with Turkey in all sectors. For those who can read between the lines, Greece’s message to us is: ‘Once you are not interested in a solution, why should we bother?’”. Former Greek Cypriot Foreign Minister Nicos Rolandis, *Cyprus Mail*, 3 February 2008.

²⁴⁰ Crisis Group interview, Greek official, Ankara, July 2009. One Turkish official believed that this related to military jousting over a Greek sentry box placed on an otherwise uninhabited Aegean islet. Crisis Group interview, Ankara, September 2009.

²⁴¹ Crisis Group interview, Greek official, Ankara, July 2009.

Greece could play a key role that might help with both its own problems and those of Cyprus. As noted, Turkish officials say they will meet with Greek Cypriot officials only if Greek and Turkish Cypriot representatives are present.²⁴² If a strong new government emerges from Greek parliamentary elections on 4 October, Greek leaders might engage with the Cyprus question again²⁴³ and end the exclusion of Turkish Cypriot representatives. Outside actors should put considerable effort into persuading Greece to do this. Such a meeting could be held in a third country, while an alternative might be to host a four-sided conference, for instance, to commemorate the tenth anniversary in 2009 of the Greece-Turkey normalisation process.

Aside from the new military frictions over the Aegean, the current Greek government has engaged significantly less with Turkey than, say, the government in 1999 that was the architect of the normalisation process and an economic upswing between the two countries. Greek officials have always avoided talking about Cyprus with Turkey for fear of appearing to negotiate above the heads of the Cypriots, a factor also cited by Turkey in its refusal to speak directly to the Greek Cypriots. However, such restraint has not brought a solution closer for any of the parties.²⁴⁴ Any government in Greece is right to argue that it may have little direct influence on the Greek Cypriots.²⁴⁵ But given the extra defence costs that Greece has borne and the insecurity it has incurred for not solving its problems with Turkey in the 1980s and 1990s, including near-wars in 1987 and 1996, it should be uniquely well positioned to advise Nicosia on the risks posed by an attitude that a former Greek official summed up as “if they [the Turks] want to be in Europe, they should come crawling”.²⁴⁶

3. United Kingdom

The UK, the former colonial ruler of Cyprus, has been discreet about its position on the key question of possible changes to the 1960 UK-Turkey-Greece Treaty of Guarantee and Alliance. A senior British official said the UK “will be ready to discuss that at the appropriate

²⁴² Crisis Group interviews, Ankara, July and September 2009.

²⁴³ James Ker-Lindsay, “The Greek Elections and Cyprus”, Hellenic Foundation for European and Foreign Policy (ELIAMEP) blog, 15 September 2009.

²⁴⁴ “Athens and Ankara have to talk, and about Cyprus too”. Crisis Group interview, former Greek ambassador, Istanbul, June 2009.

²⁴⁵ Only 3 per cent of Greek Cypriot swing voters said that Greece’s position on the deal was one of the top five factors that would influence their approval. Lordos, Kaymak and Tocci, op. cit.

²⁴⁶ Crisis Group interview, former Greek ambassador, Istanbul, June 2009.

time. We will certainly not stand in the way of an agreement".²⁴⁷ Relatively good relations with all parties should have made London a lead player in finding a way forward, but it cannot quite be a neutral actor.

One reason is the UK's EU membership. The other is the presence of its Sovereign Base Areas, two facilities that occupy 3 per cent of the island and are unpopular.²⁴⁸ The UK tried to sweeten the Annan Plan by offering to give back half the base areas, but as a result of the negotiations on membership for the Republic of Cyprus, the bases achieved legal status within the EU. An attempt to renegotiate their status might offer an opportunity for either a future Greek Cypriot or a reunified all-Cyprus government to stage an anti-base campaign.²⁴⁹

B. THE EUROPEAN UNION

Before and since taking up the EU Presidency in the second half of 2009, Sweden showed a strong willingness to advance a Cyprus settlement.²⁵⁰ However, the EU and its rotating presidency have limited leverage. They cannot mediate, since three parties in the dispute are full member states, and the other two parties – the Turkish Cypriot community and Turkey – are either deprived of political representation in the EU or are outside it. Continued resentment that the EU failed to reward the Turkish Cypriots for their "yes" vote in 2004²⁵¹ is coupled with incomprehension at the way new member Cyprus was able to force Brussels to back down on its 26 April 2004 promise to mitigate the "isolation" of the Turkish Cypriots.²⁵² While Turkish Cypriot exports through Greek Cypriot outlets pursuant to the EU's 2004 Green Line regulation are now one seventh of total

Turkish Cypriot exports,²⁵³ restrictive Greek Cypriot practices still give rise to complaints.²⁵⁴

Which road the Cypriots take has major consequences for the EU and its eastern neighbourhood. A settlement would clear the path for full cooperation between the EU and NATO, smoother relations with the rising regional power of Turkey and a more persuasive advocate for the EU and its goals in the Middle East. Failure would mean the opposite, including "the temptation for Turkey's foreign policy to take a clearly anti-Western slant. ... overall the probability is that the Eastern Mediterranean would once again become prey to instability and insecurity".²⁵⁵ Instead of concentrating on wooing Turkey as an ally in its quest for energy security and against the contingency of a threat from Russia, Brussels is prioritising a Greek Cypriot member state that often goes against majority EU opinion.²⁵⁶

The way the EU is now an integral part of the Cyprus problem was dramatised by the April 2009 ECJ decision in *Orams* that Greek Cypriot court judgments can be enforced throughout the EU, even though the *acquis communautaire* is suspended in the Turkish Cypriot north, Turkish Cypriots face difficulties in applying to Greek Cypriot courts,²⁵⁷ and most Turkish Cypriots were

²⁴⁷ UK Minister for Europe Caroline Flint, statement to parliament, 15 January 2009.

²⁴⁸ Their presence is opposed by 74 per cent of Greek Cypriots and 57 per cent of Turkish Cypriots. Lordos, Kaymak and Tocci, *op. cit.*

²⁴⁹ "The ultimate goal must be Cyprus' demilitarisation and the withdrawal of the British Bases". Conclusion of four-day meeting of the National Council, grouping the president, all Greek Cypriot political party leaders and former presidents, 18 September 2009.

²⁵⁰ "The Cyprus peace talks [are] probably the single most important political event in Europe during the next few months". Foreign Minister Carl Bildt, comments to reporters, 5 September 2009, www.se2009.eu/en/meetings_news/2009/9/5/discussions.

²⁵¹ However, one reason the EU in December 2004 gave Turkey the chance to open accession talks in October 2005 was its support for Cyprus reunification.

²⁵² "I was in the room when the commitments were made, and we didn't keep them". Crisis Group interview, former EU member state foreign minister, Ankara, 24 April 2009.

²⁵³ Annual exports by this route increased from an initial annual €440,000 to €7.2 million in 2008, according to Turkish Cypriot data.

²⁵⁴ A European official reported Greek Cypriot customs delays caused fish to perish; sustained Greek Cypriot media and business attacks on a Turkish Cypriot potato merchant who braved his community's ire by trying to export through Greek Cypriot channels; and Greek Cypriot demands that Turkish Cypriot tomatoes and cucumbers be labelled as coming from the Turkish Cypriot areas. Crisis Group interview, 16 June 2009. See also Mete Hatay, Fiona Mullen & Julia Kalimeri, "Intra-Island Trade in Cyprus: Obstacles, oppositions and psychological barriers", Peace Research Institute-Oslo (PRIO), 2008.

²⁵⁵ Hannay, "Cyprus", *op. cit.*

²⁵⁶ For instance, Nicosia opposes the EU consensus on Georgia and the EU majority on Kosovo, and aligns itself with Russian positions on other matters. Crisis Group interviews, diplomats, New York, August 2009. Russia still plays the role of Greek Cypriot ally in UN meetings, even if less firmly than in the past, perhaps due to improving relations with Turkey. Most recently this was observed in Russian support for Greek Cypriot positions in the manoeuvring over UN Security Council Resolution 1873, which included reference to possible changes of the mandate of UN troops in Cyprus. Crisis Group interviews, diplomats, New York, August 2009.

²⁵⁷ "Greek Cypriot complaints can go straight to the European Court of Human Rights. For us Turkish Cypriots, we have to sue in the south, find a Greek Cypriot lawyer and trust him. Judges don't turn up for our cases. There are delays, sometimes as long as five years. On the other hand, the *Orams* case shot through

scared out of Republic of Cyprus judicial structures ten years before the Turkish occupation began. Turkish Cypriot and Ankara sensitivities were further affected by the fact that the presiding ECJ justice in the case was Vassilios Skouris, who was twice Greek interior minister, received a Greek Cypriot national award in 2006 and visited Christofias three months before the ruling was handed down.²⁵⁸

The timing of the judgment damaged the peace process by adding to Turkish Cypriots' perception that they do not get a fair hearing in Europe and reinforcing the Greek Cypriots' mistaken belief that the status quo and international courts can eventually deliver a better solution than the negotiations.²⁵⁹ The injustice that Greek Cypriots are deprived of their property must be redressed, but the most realistic way is through a political settlement.²⁶⁰

In the event of a settlement, the EU should be ready to respond to the hope of both Cypriot sides that it would bear or guarantee much of the financial burden.²⁶¹ Both communities would welcome information on the extent of EU funding. A thorough study concluded that the public and private sector cost of needed new housing, renovation and infrastructure investment would total roughly €9 billion over five years, including interest payments on property bonds.²⁶² This study foresaw Turkish, Greek and local banks supplying €3.75 billion, the European Investment Bank and the European Central Bank contributing €2 billion, another €1 billion coming

the Greek Cypriot courts". Crisis Group interview, Turkish Cypriot civil society activist, Nicosia, June 2009.

²⁵⁸ Skouris served as a minister relatively briefly in cabinets of technocrats for the purpose of elections and such visits and awards are normal for an ECJ court president. "You cannot challenge him on the basis of ethnic origin, but it doesn't look too good". Crisis Group interview, Emine Erk, Turkish Cypriot lawyer and civil society activist, 18 June 2009.

²⁵⁹ Crisis Group interview, diplomats, Nicosia, June and September 2009. A former Greek Cypriot foreign minister counted fifteen separate attempts to solve Cyprus that he said were rejected by his compatriots since 1948 and maintained that the deal on offer keeps getting less attractive. Nicos Rolandis, "When you cast your vote, remember the dove whose feathers we have clipped", *Cyprus Mail*, 23 February 2008.

²⁶⁰ Such concerns are highlighted in several dissenting opinions in the landmark *Loizidou v. Turkey* judgment by the European Court of Human Rights. See above and www.ehcr.coe.int, 18 December 1996.

²⁶¹ "The EU should promise to accommodate a settlement, whatever we agree. The EU should get ready for financial costs and assistance". Crisis Group interview, senior Turkish Cypriot official, Nicosia, 18 June 2009.

²⁶² Praxoula Antoniadou Kyriacou, Özlem Oğuz, Fiona Mullen, "The day after II: Reconstructing a reunited Cyprus", International Research Institute, Oslo (PRIO), 2009. The public sector cost estimate minus interest was €4.3 billion.

from international bond issues of the new government and still another €1 billion resulting from partnerships with the private sector and syndicated loans. The EU would be expected to contribute €690 million (€138 million per year) in grants. An additional €205 million a year for each of five years might be needed from bilateral donors.

EU-financed civil society projects have accelerated in recent months and are a natural vehicle for improving bicomunal cooperation.²⁶³ The EU should approve renewal of the European Commission's financial assistance to the Turkish Cypriot community, to ensure continuity of its successful Aid Regulation that began in 2006. The program, worth a total of €259 million, will otherwise start winding down at the end of 2009. That cut-off would happen just as the program has started to achieve concrete results and has put the EU back on the map for Turkish Cypriots. The EU is apparently holding off on renewal in order to put pressure on the two sides to reach a deal.²⁶⁴ But this looks like punishing the Turkish Cypriots for a situation for which they are not to blame.

The European Commission should also be doing more to prepare the north to adopt the *acquis communautaire*. It should prepare financial aid to help the future Turkish Cypriot constituent state reduce the economic gap with the south and to meet EU requirements. It could also set up an initiative similar to its Program for Peace and Reconciliation, which offered €700 million for projects in support of the Northern Ireland peace process. Once a Cyprus settlement is reached, the new Turkish Cypriot entity should be able to benefit from substantial EU agricultural policy and structural funds, and the Commission should prepare a donor conference.

1. The EU-Turkey-Cyprus triangle

Any settlement is inextricably linked to EU-Turkey relations.²⁶⁵ The European Commission, Turkey and the Republic of Cyprus are coming to understand that without a deal, Ankara's increasingly slow accession

²⁶³ EU funding for the Turkish Cypriot community has financed or will finance projects to support better education, farming practices, compliance with EU rules, replacing asbestos water pipes, new sewage plans, a desalination plant, and telecommunications. The money has helped or will also help civil society organisations, schools, farmers, villages and 200 postgraduate students. Crisis Group interview, Alessandra Viezzer, EU Turkish Cypriot Community Programme Team, Nicosia, 19 June 2009.

²⁶⁴ Crisis Group interview, European diplomat, Nicosia, June 2009.

²⁶⁵ "Ups and downs of the [Turkey-EU] relationship seem to be remarkably associated with the Cyprus problem". Atila Eralp, "Temporality, Cyprus Problem and Turkey-EU Relationship", Centre for Economics and Foreign Policy Studies, July 2009.

process – which they all say they want to succeed – will grind to a standstill.²⁶⁶ Similarly, it is inconceivable that a Turkey rebuffed by the EU would offer settlement terms Greek Cypriots could accept.²⁶⁷ Some EU leaders, currently including those of France and Germany, are aiming for a scenario that ends Turkey's EU membership hopes anyway.²⁶⁸ As a senior diplomat put it, "the EU is certainly the elephant in the room. ... it is regrettable that some EU member states see the issue as more about Turkey's bid to join the EU as opposed to a process aimed at resolving the Cyprus conflict".²⁶⁹

Success in the Cyprus talks would have strongly positive consequences for the Union.²⁷⁰ To build up support for Turkish compromise, like-minded EU countries should find ways to rekindle enthusiasm for the EU in Turkey and vice versa, and work harder to lift all blocks on Turkey's EU negotiating chapters.²⁷¹ Improvement in European rhetoric would be vital to persuade any Turkish government to go the extra mile to embrace a Cyprus settlement, withdraw troops and eventually allow arguments for changes in the guarantee to win the day in the parliament. Outreach and visits to Ankara by willing EU leaders would be an effective method to remind all in the Turkish capital that it has friends helping it toward the EU.

Officials from member states should also underline to Greek Cypriot colleagues their expectation of a settlement. Honest public assessments of past European and Cypriot mistakes by Swedish Foreign Minister Carl Bildt may have offended some Greek Cypriots,²⁷² but such injections of realism into the Nicosia debate create more space for the Greek Cypriot leadership to make the

arguments for compromise. They also help to persuade Turkey and Turkish Cypriots that the EU can be fair and to rebuild their disappointed hopes in the accession process.²⁷³ EU leaders must do much more to push for a reunification while it is still possible, visiting the two communities' leaders in their offices in Cyprus, enlisting support for the process from a reluctant Greece and finding ways to work towards implementing parts of the 2004 promise to end the isolation of the Turkish Cypriots (see below).

The moments of high diplomatic drama over Cyprus are notoriously prone to last-minute grandstanding, often due to inadequate preparation, complacent cynicism and the deep-rooted frustrations produced by decades of impasse. Member states seeking a Cyprus settlement and better relations with Turkey should thus be developing now plans and partnerships and preparing for major developments on the island towards the end of the year so as to be ready to exploit any breakthrough quickly. A sudden, clear, attention-grabbing change in the situation could provide new opportunities. Cypriots are fortunate that the EU presidency is held in the second half of 2009 by Sweden, which is well informed and has considerable credit in Ankara and among the Turkish Cypriots. Lines of communication and joint strategies should be discussed with willing EU leaders and other statesmen in order to put persuasive arguments on settlement benefits to the Greek Cypriot, Turkish Cypriot, Greek and Turkish governments.

2. The Additional Protocol and the end-2009 crunch

In 2005, as part of the start of its EU accession negotiations, Turkey signed an Additional Protocol to open up its airports and seaports to Greek Cypriot traffic. This built on the 1996 Customs Union with the EU. When Turkey kept its ports closed, the 2006 European Council, as noted above, suspended parts of the accession process and required the European Commission to observe the situation "in particular" for the next three years. What comes next is under discussion in the lead-up to the December 2009 European Council.

²⁶⁶ "What happens will affect the pace and nature of EU relations. ... we're trying to ignore the bullets whizzing over our heads, and create realities ... but the court is out [on whether we will succeed]". Crisis Group interview, senior European Commission official, Istanbul, June 2009.

²⁶⁷ "The negotiations ... are likely to be overshadowed by the existential issue of Turkey's EU accession negotiations". Hannay, "Cyprus", op. cit.

²⁶⁸ See Crisis Group Europe Report N°197, *Turkey and Europe: The Decisive Year Ahead*, 15 December 2008.

²⁶⁹ Crisis Group interview, UN official, New York, 10 August 2009.

²⁷⁰ "Both the EU and Turkey should urgently refocus attention both on the Cyprus talks and the wider accession negotiations. To allow them to fail by default would be a tragedy. It would also sour relations between the EU and a vital partner whose engagement is essential for Europe's future security, prosperity and dynamism". *Financial Times* editorial, 8 September 2009.

²⁷¹ France, for example, imposed five informal blocks in 2007 on key chapters of Turkey's EU accession process.

²⁷² He reminded the European Parliament foreign affairs committee of shared Greek responsibility for the 1974 disasters in Cyprus, prompting a Greek Cypriot official to warn that "Bildt is treading on thin ice". Crisis Group interview, Nicosia, September 2009.

²⁷³ "Back in 2005, Turkish Cypriots were open to Europe. It was an opportunity. Now Talat is associated with the failed EU agenda. Compromises are very unpopular. People are enclaving, not engaging". Crisis Group interview, Erol Kaymak, Turkish Cypriot academic, Famagusta, 16 June 2009.

Some Greek Cypriot leaders have hinted threateningly about blocking Turkey's overall EU relationship,²⁷⁴ and some other EU states might try to use non-compliance to derail the accession negotiations. But the Additional Protocol issue seems unlikely to provoke a crisis on its own.²⁷⁵ A senior Greek Cypriot official said that the Republic of Cyprus "has not [a] veto ... it wants Turkey in the EU, wants Turkey to conform to EU rules" and that he did not believe there would be an EU consensus for suspending the talks.²⁷⁶

Some are tempted to believe that a deal can be struck by balancing implementation of the Additional Protocol by Turkey with an EU concession to ease the isolation of the Turkish Cypriots. Elements of that isolation include an official EU practice of minimising contact with their administration, taxation on Turkish Cypriot exports as if they come from outside the EU, a block on interaction with Turkish Cypriot sports clubs and cultural groups and an inability to get round the Republic of Cyprus's ban on international use of the Turkish Cypriot airport. A breakthrough would lift blocks on eight negotiating chapters for Turkey, thereby improving the climate for Turkey's accession negotiations, as well as increase contact and commerce between Turks and Greek Cypriots in a way that might establish a better environment for discussing a lasting settlement.

Such an interim deal would be no panacea for Cyprus or EU-Turkey relations, however. The efforts to obtain one could risk distracting efforts that might be better focused on the comprehensive settlement. Moreover, past discussions of such an arrangement have stuck on the complex issues of the main talks. The Greek Cypriots want to regain the ghost resort of Varosha in any deal, which Turkey is most unlikely to surrender before a final solution; the Turkish and Turkish Cypriot sides are determined to win an opening of the Ercan airport to international flights, which the Greek Cypriots would most likely deny, viewing it as undermining their core negotiating leverage to grant or withhold international legiti-

macy. Turkey's Foreign Minister Davutoğlu brushes aside even talking about the Additional Protocol, saying his attention is on a comprehensive settlement.²⁷⁷ These difficulties argue against putting too much emphasis on the issue.

A former mediator wrote that the Cyprus problem "suffers from what could be called 'the Goldilocks syndrome': it is neither hot enough to instil in both sides, either from fear or exhaustion, a desperate desire to settle; nor is it cold enough to make low-key, partial compromises politically viable".²⁷⁸ The whole picture will change, however, if the Christofias-Talat talks break down. Against that contingency, the EU should have a well researched and prepared strategy to revitalise talks on the Additional Protocol.

C. THE UNITED NATIONS

The UN remains respected as the sole legally-empowered facilitator of the talks. The current peace process benefited early on from important support from Under-Secretary-General for Political Affairs Lynn Pascoe. Since summer 2008, former Australian Foreign Minister Alexander Downer, the Secretary-General's special adviser for Cyprus and chief of the good offices mission to the talks, has shuttled to and from the island. Though he has spent much less time on the issue than previous envoys, this has arguably underlined that the Cypriots must come up with their own solution and kept him mostly free of the intense attacks made on his predecessors by the Greek Cypriot press.²⁷⁹ He travelled only twice to Ankara in the first year but has gained some credit there.²⁸⁰ Most Security Council members have expressed full support for his efforts. Maintaining a profile acceptable to all negotiating sides in Cyprus is in itself an unusual and important success, as was being able to steer the sides to a publicly declared calendar and agenda for new rounds of talks in the last quarter of 2009.

²⁷⁴ "With negotiations continuing, we don't think it right to say we have a Plan B. But that doesn't mean the government has not worked on various scenarios on how things will develop in the light of the reconsideration of Turkey's membership process in December". Stefanos Stefanou, Republic of Cyprus government spokesperson, *Simerini*, 30 July 2009.

²⁷⁵ "There won't be a protocol crisis as long as talks continue. This will change if there is failure next year. It might make 2010 another train crash year". Crisis Group interview, senior European Commission official, Istanbul, June 2009.

²⁷⁶ "I expect stronger language than before but no postponement, no conditionality – a stern reminder of the obligations of Turkey towards the Union, to recognise the Republic of Cyprus and to cease vetoing Cyprus in international institutions". Crisis Group interview, senior Greek Cypriot official, Nicosia, September 2009.

²⁷⁷ "The port issue will leave the agenda if there is a settlement. We don't want a partial solution; we want a full solution. Putting pressure on Turkey over the port issue is against the spirit of the negotiations". Interview with NTV television, 30 August 2009.

²⁷⁸ Hannay, "Cyprus", op. cit.

²⁷⁹ "With the benefit of hindsight I believe that those of us from outside the island came to play too prominent a public role ... that enabled Cypriots, particularly Greek Cypriots, to blame outsiders for everything they did not like". Ibid. "While we always insisted that peace talks should be under the auspices of the UN, the organisation's envoys were never good enough for us. ... [Downer] is, after all, working for an objective that a section of the media and a number of politicians do not want". *Cyprus Mail* editorial, 4 June 2009.

²⁸⁰ Crisis Group interviews, Turkish officials, Ankara, July and September 2009.

Downer's role remains unique and vital in the next few months, and the UN or states supporting a solution should make available an aeroplane for his use in the region as talks go into their critical phase.²⁸¹

A new mood relating to the island was, however, registered by the mid-year discussions in the Security Council on a revision to the mandate of the UN Force in Cyprus (UNFICYP). This resulted in a call for the Secretary-General to report on contingency planning in light of a possible settlement²⁸² and sent a message that the status quo is changing to the two sides, especially the Greek Cypriots, who are much keener than the Turkish Cypriots to keep the 850 UN troops and who pay one third of the \$56.5 million annual budget.²⁸³ This warning was certainly intentional on the part of some international players, who believe that the Greek Cypriots are complacent and dragging their feet in the talks,²⁸⁴ but it also reflected a broader international impatience with the continuation of one of the UN's longest-running and most placid peacekeeping missions at a time when more obviously dangerous conflicts demand resources.

Turkey and Turkish Cypriots wish the UN would do more to force a settlement.²⁸⁵ But since the Greek Cypriots have decided that this must be a "Cypriot solution", the UN has little choice but to leave the Cypriots to sink or swim by their own efforts. Nevertheless, failure in the talks in 2010 could have deep repercussions for the UN presence. According to a senior diplomat:

This is the last chance. If it fails, I think the UN should give up. There is no point in pursuing a policy that doesn't work. Turkey will not come back to this [set of parameters]. We should say no further. In two

years, UNFICYP will be gone. Then, in the end, the Greek Cypriots will have to sit down with Turkey and discuss their mutual border, which will be going right through the middle of Nicosia.²⁸⁶

D. THE UNITED STATES

The U.S. has helped diplomatically behind the scenes to further a Cyprus settlement, partly because it views the division of the island as "unacceptable",²⁸⁷ and partly to help smooth the path of Turkey into the EU, a long-standing objective. Some in Cyprus believe that Washington has the power to break through all the obstacles.²⁸⁸ However, several Greek Cypriot factions do not trust the U.S., in some cases due to the communist origins of the current ruling party, limiting the potential for direct US help.²⁸⁹ Nevertheless, the Obama administration should prepare for the increased tempo of Cyprus discussions in the EU and UN later this year so that its officials posted in Europe are ready with arguments in EU member states and elsewhere on behalf of a settlement. It should also sustain the support it gives to bicomunal projects and to Turkish Cypriots to catch up with the Greek Cypriots, particularly since this is unhindered by the restrictions that bedevil EU financial aid.²⁹⁰

The Turkish Cypriot side has openly called for a U.S. special envoy to support the Cyprus talks,²⁹¹ an idea also supported by Turkey.²⁹² Given the likelihood that such an envoy would remind Greek Cypriots of unwelcome outside pressure from previous failed peace processes,

²⁸¹ For instance, the three-legged journey on commercial aircraft between Nicosia and Ankara takes at least 12 hours, and the availability of such an aircraft for special envoys in 2004 was a key factor in ironing out misunderstandings.

²⁸² "Welcoming the Secretary-General's intention to keep all peacekeeping operations, including those of UNFICYP, under close review, the Security Council requested him to submit a report on implementation of the current resolution, including on contingency planning in relation to the settlement, by 1 December 2009". UN Security Council, 29 May 2009.

²⁸³ Greece pays another \$6.5 million, while the balance is covered by a levy on all UN member states.

²⁸⁴ "It did rattle the cage of the Greek Cypriots". Crisis Group interview, EU ambassador, Nicosia, June 2009. "We showed them the stick under our coats". Crisis Group interview, EU diplomat, Istanbul, June 2009.

²⁸⁵ "I feel like I'm watching dud diplomats. Something radical has to be done. They should play the recognition card, or get a new face, get a new team, get a voice in Europe. I'm fed up with all this 'cautiously optimistic'. They must find a new vocabulary". Crisis Group interview, Turkish Cypriot civil society activist, June 2009.

²⁸⁶ Crisis Group interview, Nicosia, September 2009.

²⁸⁷ See www.state.gov/r/pa/ei/bgn/5376.htm.

²⁸⁸ "There's a stasis. I don't believe in the status quo, but significant outside coordination is needed to bring a resolution. The active role of the U.S. is essential in this". Crisis Group interview, Rana Zincir Celal, Turkish Cypriot civil society activist, Nicosia, 17 June 2009.

²⁸⁹ "If the U.S. was seen to have helped broker a settlement, it would be less likely to pass a referendum in the [Greek Cypriot] south". Crisis Group interview, Cyprus-based diplomat, September 2009.

²⁹⁰ The U.S. gives about \$11 million annual to support bicomunal projects, scholarships and towards the reduction of the conflict. These funds helped pay for the rooms where the negotiations are held, and have been pledged to the making of a road to open the Limnitis/Erenköy crossing point. Crisis Group telephone interview, Western diplomat, 24 September 2009.

²⁹¹ "By saying he will not allow timeframes, mediation, or the participation of the international community, [President Demetris] Christofias might as well be saying he doesn't want a solution to the Cyprus problem ... He might as well end it here". Turkish Cypriot leader Mehmet Ali Talat, speaking to the Council on Foreign Relations on 23 September, New York, *Cyprus Mail*, 24 September 2009.

²⁹² Crisis Group interviews, Turkish officials, Ankara, July 2009.

it is probably still better to continue with the all-UN process.²⁹³ The UN itself does not believe the time is right for such a step.²⁹⁴ A February 2009 visit to Cyprus, Greece and Turkey by Senator Richard Durbin, a figure close to President Obama, was however a welcome show of support for and outside engagement in the process.

E. RUSSIA

Russia has been historically close to its Orthodox cousins in Cyprus and has for decades been a major source of banking business. As part of longstanding coordination on UN actions, it killed a possible UN guarantee of implementation of the Annan Plan in 2004, apparently at Greek Cypriot request. But Moscow now has new and substantial interests in Turkey. During an August 2009 visit to Ankara, Prime Minister Vladimir Putin talked unusually of “developing economic relations with both sides in Cyprus”.²⁹⁵ Six weeks later, a Russian media group met Turkish Cypriot officials as part of a tour of the island. This followed a year of Turkish outreach to Russia, its main bilateral trading partner and second-biggest source of tourists. This newly positive Russian role could be vital in making sure that any UN-related elements of a possible new Treaty of Security and Implementation pass smoothly through the Security Council.

VI. CONCLUSION

The Greek Cypriot and Turkish Cypriot leaderships have been negotiating for a year to achieve a new reunification plan that should have been agreed in 2004. The current opportunity owes much to the good fortune that the communities are led by two men who see eye-to-eye and that there are supportive governments in Athens and Ankara. But if there is no agreement in place, it seems likely that a hardline nationalist will win the Turkish Cypriot leadership election in April 2010, and the current process will break down.

Both sides would lose from this, especially since the impasse does not appear to the international community to be the fault of any particular party. The Greek Cypriots lost their claim to moral advantage in 2004, when 76 per cent rejected the Annan Plan, which was widely judged to be a fair solution. They would lose further from the indefinite presence of Turkish troops on the island, the much-reduced likelihood of the return or compensation for occupied property, the alienation of Turkey from the EU, possible moves to withdraw UN peacekeepers and a greater risk that some countries would recognise Turkish Cypriot independence. Even in the EU, they already face increasing frustration of partners that are continually asked to choose between the rising regional commercial and strategic power of Turkey and a small member state that insists on the pre-eminence of one uncomfortable issue.

The Turkish Cypriots would lose too. Greek Cypriots are well-placed to continue frustrating their quest for EU aid, direct trade and recognition. The most likely result of hostile partition would not be independence for Turkish Cypriots but integration into Turkey, as a consequence of ever-deeper fiscal dependence, renewed inflow of poorer, less-educated immigrants and outflow of the original population to Istanbul, Europe and the Greek Cypriot zone. At the same time, Turkish officials are determined to cut the fat out of the Turkish Cypriot culture of official entitlement. Court decisions in Europe may not be able to force Turkish Cypriots or Turkey to compensate Greek Cypriots for property but have already crushed a once flourishing Turkish Cypriot building sector that is unlikely to recover.

Turkey has long proven it can bear the multi-billion dollar cost and diplomatic burden of a failure to solve Cyprus, but the burden is becoming much heavier as the pre-2004 status quo definitively changes. Without a settlement, Ankara’s EU accession process will grind to a halt, since there would be no more negotiating chapters to open by mid-2010, thus dimming its economic prosperity and regional charisma. Despite Turkey’s objectively much greater importance than Cyprus, EU member states have

²⁹³ “The Greek Cypriots want nothing from internationals”. Crisis Group interview, senior Western diplomat, Nicosia, October 2008.

²⁹⁴ Crisis Group interview, senior diplomat in the region, September 2009.

²⁹⁵ Anadolu Ajansı, 6 August 2009.

shown themselves unlikely to betray the principle of loyalty to a fellow member. Continued division of the island means they will be unable to develop EU-NATO ties, will face hostility from Turkey in the Middle East and will lose an old ally in any conflict of interest to Russia.

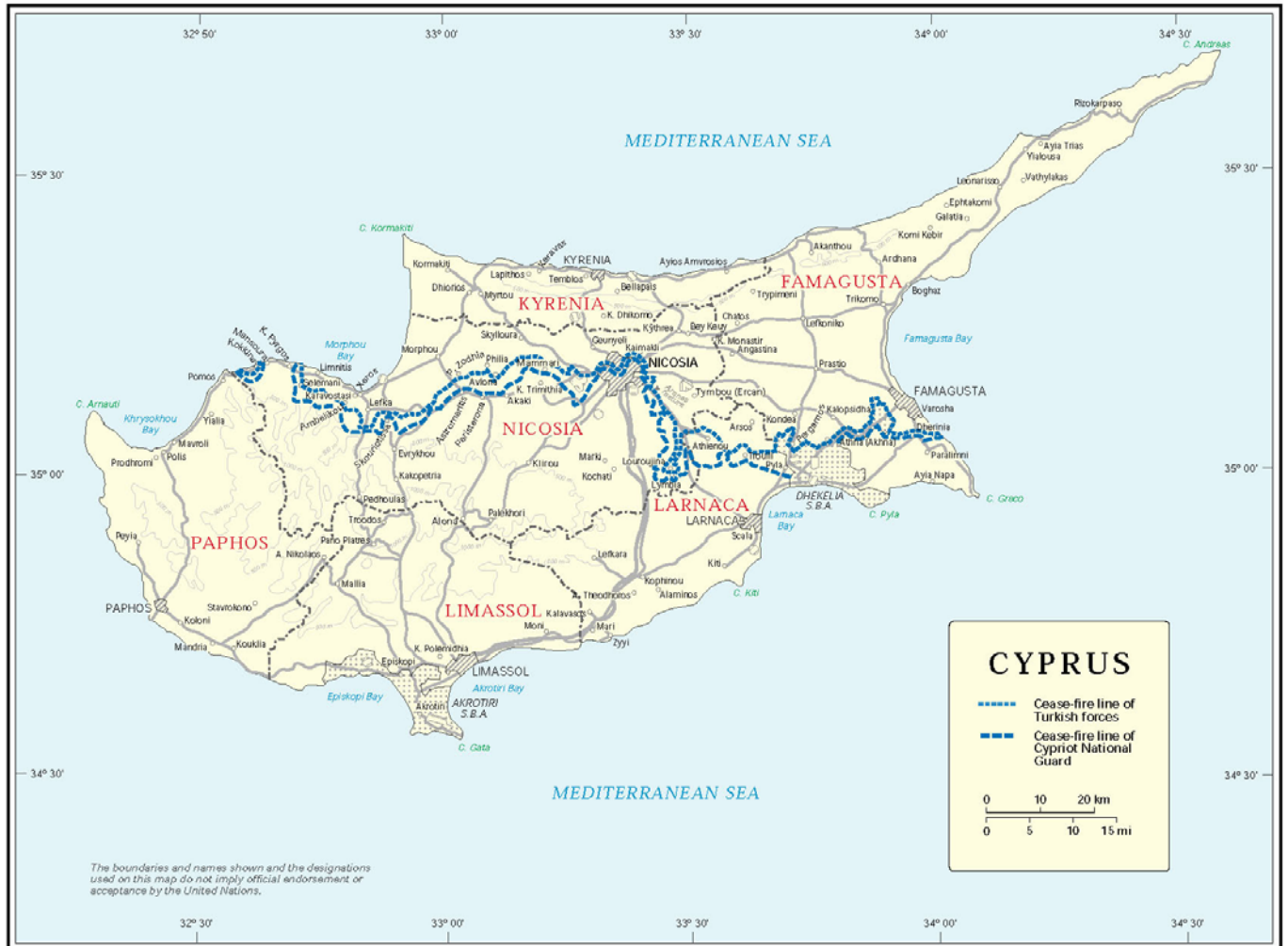
The long-term negatives of non-settlement would clearly be strong. At the same time, the gains in a comprehensive solution would easily outweigh any short-term pain of adjustment. There is every reason to believe success is possible. Three quarters of Turkish and Greek Cypriots believe a bicomunal, bizonal settlement of the sort that is under discussion would be satisfactory or at least a tolerable compromise; two thirds of all Cypriots hope the talks will succeed, and majorities show broad toler-

ance for everyday rights of each other's community. The long-established UN-mediated formula for federal reunification is also the only possible compromise with potential majority support in both communities. There is thus every reason for all sides to summon the political will to finalise the settlement deal. The difference between the reunification road and the partition road has become ever clearer since they began rapidly diverging in 2004; all sides should focus on how irreversible the consequences of choosing between a collaborative and a hostile approach will look in a decade's time.

Nicosia/Istanbul/Brussels, 30 September 2009

APPENDIX A

MAP OF CYPRUS



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

APPENDIX B

CHRONOLOGY

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- 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.
- 1964 UN deploys peacekeepers to protect Turkish Cypriots and head off Turkish invasion.
- 1974 After Athens-inspired coup in Cyprus in pursuit of *enosis* (union) with Greece, Turkish troops invade. Europe and the U.S. impose political and military sanctions against Turkey.
- 1977 First High-Level Agreement between Cyprus President Archbishop Makarios III and Turkish leader Rauf Denktash lays out basis for bicomunal, bizonal and federal solution.
- 1983 September: collapse of peace effort by UN Secretary-General Perez de Cuellar.
November: Turkish Cypriots unilaterally declare independence as Turkish Republic of Northern Cyprus.
- 1992-1993 Rise and fall of UN Secretary-General Boutros Boutros-Ghali's "set of ideas".
- 2003 February: Hardliner 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 new government and, with support of 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 per cent of Turkish Cypriots, rejected by 76 per cent of Greek Cypriots.
1 May: Cyprus enters EU as a divided island.
- 2005 April: Talat elected Turkish Cypriot president. Veteran hardliner Rauf Denktash steps down as Turkish Cypriot leader.
- 2006 8 July Agreement between Papadopoulos and Talat begins new UN-mediated contacts on a settlement, which soon stall.
- 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.
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 eleven months.
- 2009 10 September: Second round of UN-facilitated negotiations starts.
December: EU heads of state and government (European Council) to review Turkey's implementation of the 2005 Additional Protocol to the Customs Union committing it to open ports to Greek Cypriot shipping and aviation.

APPENDIX C

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

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Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in eighteen additional locations (Abuja, Baku, Bangkok, Beirut, Cairo, Colombo, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Ouagadougou, Port-au-Prince, Pretoria, Sarajevo, Seoul and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic

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George Mitchell <i>(Chairman Emeritus)</i>	Gianfranco Dell'Alba	Matthew McHugh	Christian Schwarz-Schilling
Hushang Ansary	Jacques Delors	Nobuo Matsunaga	Michael Sohlman
Ersin Arioğlu	Alain Destexhe	Miklós Németh	William O. Taylor
Óscar Arias	Mou-Shih Ding	Timothy Ong	Leo Tindemans
Diego Arria	Gernot Erlor	Olara Otunnu	Ed van Thijn
Zainab Bangura	Marika Fahlén	Shimon Peres	Simone Veil
Christoph Bertram	Stanley Fischer	Surin Pitsuwan	Shirley Williams
Alan Blinken	Malcolm Fraser	Cyril Ramaphosa	Grigory Yavlinski
Jorge Castañeda	L.K. Gujral	George Robertson	Uta Zapf
Eugene Chien	Max Jakobson	Michel Rocard	
Victor Chu	Todung Mulya Lubis	Volker Rühle	
	Allan J. MacEachen	Mohamed Sahnoun	
	Graça Machel	Salim A. Salim	