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*policy brief*

# Cyprus, Turkey and the EU: Time for a sense of proportion and compromise

*By David Hannay*

★ The start of Turkish accession talks provided a faint glimmer of hope for unfreezing the Cyprus stalemate that has prevailed since the Greek Cypriots voted down a UN-sponsored settlement plan in 2004. However, the negotiations could be blocked unless Turkey fully implements its customs union agreement with the EU by allowing Greek Cypriot ships into its ports. Turkey has refrained from doing so because the EU has not fulfilled its pledge to restore trade links with Northern Cyprus.

★ A prolonged stand-off would only make the search for a comprehensive settlement even more difficult. Neither the EU nor Turkey should think of postponing an effort to sort out the Cyprus problem until later in the accession process. The risk of the Greek Cypriot administration vetoing Turkish membership would remain, and that would prevent a reunification of the island in the long term.

★ The EU can help to avoid this risk by supporting separate solutions to the ports and trade questions, while at the same time supporting longer term efforts to find a comprehensive settlement.

In April 2004, Greek and Turkish Cypriots held referendums on a UN-sponsored plan to re-unite their island. While the Turkish Cypriots accepted the so-called Annan plan, the Greek Cypriot side rejected it. Since then, the Cyprus dispute has been deadlocked, perhaps even more so than before the referendums, since politicians on both sides can now claim a popular mandate for their position. During the last two years, nothing has happened to encourage the belief that a settlement acceptable to both sides is within reach. On the contrary, subsequent events have mostly been discouraging. Not surprisingly therefore, the traditional external advocates of a negotiated settlement – the UN, the European Union, the United States – have kept their powder dry, somewhat traumatised and frustrated by the unsuccessful outcome of so much diplomatic hard labour.

One major event – of potentially great significance for the solution of the Cyprus problem – did occur during

this dead season: the opening of Turkey's EU accession negotiations in October 2005. It is reasonable to assume that the Cyprus problem will have to be resolved before Turkey joins the EU, not because that is a formal legal requirement but because Turkey could not become a member of the EU while the north of the island remains in its present limbo.

But even the positive impact of the start of accession talks has been mitigated by growing opposition to Turkish membership within the EU, and by the waning enthusiasm of the Turkish government for sweeping aside the obstacles to membership under its own control. Moreover, Turkey has allowed itself to be manoeuvred into a no-win situation over the extension of its customs union with the EU to the ten new member-states that joined in 2004, including Cyprus. Under the terms of its accession negotiations, Turkey committed itself to ratifying the protocol for the extension of the customs union, which among

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other things, requires the opening of its ports and airports to ships and planes registered in Cyprus.

If the Turkish government continues to block access for Cypriot vessels, it will put itself on a collision course with the EU, and it faces the risk that its accession negotiations could be held up or even suspended. If it does open the ports, it will no doubt pay a heavy price domestically, given that it has argued – not very convincingly – that this step would amount to recognising the existing (Greek Cypriot only) government of Cyprus.

Turkey is by no means the only party which is in default of its commitments towards Cyprus. The EU, in the immediate aftermath of the Cyprus referendum upset, undertook to provide a substantial quantity of aid to Northern Cyprus and to re-establish trade links with it. The declared objective was to bring the north of the island closer to the EU. Cyprus became a party to this commitment when it joined the EU a few days later. However, the implementation, or rather the failure to implement, this commitment has been a sorry tale of obfuscation and bad faith. Now, after two years of grinding negotiation, with the government of Cyprus resisting every inch of the way, a reduced package of aid has been agreed. But this has only underlined the EU's failure to make progress on the more important part of the package, trade. Even a minor measure to facilitate trade across the 'green line' in Cyprus remains largely entangled in bureaucratic red-tape.

### **Wait and see is not a good option**

So should the EU simply let the Cyprus issue be, given that all previous attempts to grasp nettles have painfully stung those who grasped them, without bringing any benefit? Why not just let the Cyprus problem stew a bit longer until, hopefully, some external event or some internal shift of opinion makes it more promising to engage?

There are good reasons not to embrace a policy of neglect. One is that in a negotiating vacuum, such as has prevailed for the last two years or more, the chances of eventually getting a settlement tend to diminish. The outcome of the recent Greek Cypriot parliamentary elections highlights this risk. Although well short of a major shift of opinion against a settlement based on the Annan plan, the elections certainly did not represent a shift in the opposite direction. Worryingly, the desire for a negotiated settlement seems to be stronger among the older generations than among the younger ones.

However, the more important reasons for ending the current stasis can be derived from an analysis of the underlying positions and interests of the four principal parties concerned – the Greek and Turkish Cypriots, and Turkey and Greece.

The Greek Cypriot administration of President Tassos Papadopoulos has certainly gained

domestically from its intransigence. Its refusal to prioritise its problems with the Annan plan, to have ministerial contacts with the Turkish Cypriots, to allow stronger links between the Turkish Cypriots and the EU, and to help narrow the prosperity gap between the two Cypriot communities, may have infuriated the international community and its EU partners, but it has had no real costs to Cyprus itself. But there is now a growing risk that the Cyprus government will unwittingly destroy its own main foreign policy objective, namely the re-unification of the island in a bi-zonal, bi-communal federation. The frustration of Turkey's EU ambitions would certainly put an end to any hope of getting a solution to the Cyprus problem. And yet that is the path down which the Greek Cypriots are being tempted to go. They are encouraged by plenty of fair-weather friends in the EU who would no doubt be delighted if Turkey's EU candidature could be shipwrecked on the rocks of Cyprus.

Only steady progress in Turkey's accession negotiations can bring the Greek Cypriots closer to their main objective. Such progress would also form a conducive background for resolving one of the key issues in the dispute, namely the de facto occupation of Greek Cypriot property by Turkish Cypriots in the north of the island. Meanwhile, the Greek Cypriots have had to sit by and watch helplessly as a property boom in the north has resulted in ever more Greek Cypriot property there moving into new hands. This could not have happened if the Annan plan had been implemented.

For the Turkish Cypriots the present situation is equally uncomfortable and fraught with risks. While they have stuck with commendable determination, and through a series of parliamentary and presidential elections, to their support for a settlement based on the Annan plan, this has brought them no tangible rewards. Their hopes of a major EU package of support have so far been disappointed. The risks of their de facto absorption into Turkey and the weakening of their separate Turkish Cypriot identity have increased.

Turkey is perhaps in the most difficult position of all. If it digs in on Cyprus, and on the ratification of the customs union protocol, it risks facing a whole series of Cyprus-related problems as its accession negotiations progress – even assuming that failure to ratify the protocol does not bring them to a premature halt. For the Turkish government, solving each Cyprus problem as it goes along would be costly in terms of domestic support, with no immediate benefit accruing. But the alternative of leaving everything to do with Cyprus to the end of the accession negotiations is not a viable option either. It would be almost certain to bring about the worst possible outcome both for Turkey and for the Turkish Cypriots. For example, Turkey could be forced into last-minute concessions over Northern Cyprus to secure its accession. There cannot be many Turks who

still think, as some used to, that rising EU enthusiasm for Turkish membership would carry them over the Cyprus bar.

In the case of Greece, the problems are less immediate and acute, but none the less real. The shipwreck of Turkey's EU aspirations would most likely sink the rapprochement between Greece and Turkey, to which the government of Costas Karamanlis remains as committed as its predecessor. The hard fact is that Greek-Turkish rapprochement can never rest on a solid foundation so long as the Cyprus problem remains unresolved. Control over the ultimate success or failure of one of Greece's main foreign policy objectives is in the hands of a Greek Cypriot administration that emphasises intransigence over compromise. That cannot be heartening for Greece.

### **An unwise link**

So, if the wait-and-see option is inconsistent with the underlying interests of all concerned, what is to be done? There are immediate short-term problems related to the ratification of the customs union protocol and the fulfilment of the EU's commitment to the Turkish Cypriots on trade. The Turks have, understandably but unwisely, attempted to link these two issues. This was unwise because the first is an inescapable legal obligation while the second is a quite separate political pledge; but even more unwise because it ignored the iron rule of Cyprus diplomacy, which, to adapt one of Newton's laws of physics, means that any proposal by one party immediately provokes an equal and contrary reaction from the other.

Someone outside the inner circle, such as the European Commission – which is directly involved in both these issues – now needs to help the parties disentangle these issues; and find acceptable solutions to both, but separately. In doing this, it may be necessary to look a little further than the immediate subject matter.

The ghostly tourist town of Varosha, just south of Famagusta, lies abandoned and uninhabited, as it has been since 1974. It was due to be handed back to the Greek Cypriot administration under the Annan plan. The port of Famagusta, just to the north, was due to stay under Turkish Cypriot administration but it remains underused, deprived of its natural hinterland. It ought to be possible, under the umbrella of agreed international administration – such as the UN or the EU – to free up these two frozen situations to the benefit of all concerned. In that context, it should then be possible also to open up direct trade between north of the island and the rest of the EU.

### **A long-term vision is needed**

Such a deal would help to provide some initial momentum. However, the parties involved will have to avoid allowing the search for short-term solutions to divert attention away from the search for an overall

solution to the Cyprus problem. All too often in the past this has been the case.

The resumption of the search for an overall solution needs to be approached with caution, however. It would be unrealistic to envisage an early resumption of full negotiations under the UN's aegis, although that remains the ultimate objective. Before full negotiations can usefully take place, the Greek Cypriots will need to indicate, directly or indirectly, which were the main points that they objected to in the Annan plan and how they wish to see them adjusted. Those points will need to be sufficiently limited in number and scope to make the renewal of negotiations a realistic proposition and not a ticket to another train wreck. It has to be borne in mind that this time really could be the last chance to get a Cyprus settlement. Another failure, in the middle of Turkey's EU accession process, would almost invariably result in a Greek Cypriot veto of Turkey's EU accession and rule out a solution to the Cyprus problem.

### **The importance of technical talks**

Moreover, the political parties on both sides first need an intensified dialogue to tease out the areas where adaptations of the Annan plan could be acceptable and advantageous to both sides. It is as unwise to suggest that the Annan plan is set in stone as it is to imagine that there is some completely different basis for an agreement out there, waiting to be discovered. But it will take time and patience to identify those adaptations.

In the south, the position of Akel, the communist party that is currently supporting the Papadopoulos administration, will be crucial. The recent parliamentary elections have demonstrated yet again that their solid block of nearly a third of the electorate makes it almost impossible for any negotiated settlement to be endorsed in a referendum without their support. In 2004 they voted No on the grounds that the UN (and the Turks) were not prepared to postpone the referendum to give more time for the settlement plan to be considered. In the past they have always been the most dovish of the Greek Cypriot parties and they retain working links with their Turkish Cypriot opposite numbers, who are now in power in the north.

As for the north, the key will be as much in Ankara as with the Turkish Cypriots. This implies that any significant move back to formal negotiation may have to wait until after the two Turkish elections in 2007, for a new president and a new parliament.

In the meantime, the UN and the two Cypriot parties have agreed to 'technical talks' taking place under the UN's aegis. However, the parties involved are not clear on what 'technical talks' should entail. While the Greek Cypriots want a broad remit, including many, if not most, issues covered by the Annan plan, the Turkish Cypriots prefer a narrow focus, such as

the handling of an outbreak of bird flu or illegal immigration. These latter issues certainly merit joint discussion. There is also a whole mass of technical legislation that would be required to make a bi-zonal, bi-communal federation work and that was not completed satisfactorily before the 2004 referendums. Such legislation could also, in due course, be discussed at an expert level, as was being done quite effectively in the months before the referendums. By establishing technical talks, the parties are demonstrating – without raising excessive expectations too soon – that the ground-work can be laid for a further effort to find an overall solution. An improved atmosphere, in turn, could underpin the search for immediate solutions to the trade and ports problems.

### **A shift in attitude is needed**

As always when dealing with Cyprus it is wise to anticipate plenty of snags and delays. No one has ever lost money betting against a successful outcome to negotiations on the Cyprus problem. As much will depend on largely intangible shifts in political attitudes as on the diplomatic techniques of negotiation. Will the Cypriot parties be able to move away from the zero-sum approach to negotiation which takes it as axiomatic that any benefit to the other side will be to your own detriment? Will they be able to abandon the stilted and offensive terminology of confrontation and begin to address each other as future partners in a re-united Cyprus? Will the essential balance between external inputs to the negotiation and Cypriot ownership of the

outcome prove possible to strike, as it has never been possible to do before? Will the outsiders be willing to give the UN and the EU the unified support without which their negotiating efforts will surely fail; or will the tensions within the EU over Turkish accession mean that Cyprus once again becomes a mere pawn on a wider chess-board? These are difficult questions to answer, and ones that will not be answered at the outset of any new process; but they will determine its outcome.

This analysis began with Turkey and it needs to end with it. Cyprus is an issue which modern Turkey has never found easy to handle, and by no means all the faults have been on the Turks' side. Future generations of historian will surely find it difficult to understand or to justify the extent to which the Cyprus problem should have come to play such a prominent role in determining the course of Turkey's relationship with the rest of Europe. To say this is not to belittle the Turkish Cypriots who have every right to insist on their security, and on their right to governmental autonomy for all matters not allocated for joint decision-making with their Greek Cypriot neighbours. However, the parties will need a sense of proportion and a spirit of compromise if this next phase in the handling of the Cyprus problem is not to end in tears, like each of the ones that preceded it.

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