

Solving the **Cyprus conflict**

Difficult achievement but far-reaching **benefits**
ahead

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EXECUTIVE SUMMARY

Peace talks on the future of Cyprus have brought the small, but strategically important, Mediterranean island the closest to reunification in over a decade.

The purpose of this paper is twofold. First, it analyses the possibility of a peace agreement and outlines the main contentious issues and stumbling blocks. Secondly, it examines the implications of an agreement for the EU and the union's status in the Eastern Mediterranean the Levant region, a region that is essential from a geopolitical, security and economic perspective.

It argues that a peace agreement and reunification of Cyprus are possible, but some important stumbling blocks still exist. In particular, due to the parties' concerns over security and guarantees and high domestic audience costs. The benefits of reunification would be far-reaching. Reunification would be an important diplomatic success for the European Union (EU) during troubled times, improve relations between the EU and Turkey, help NATO reinforce its southern flank, as well as boost regional energy cooperation and increase the energy security of both EU and Turkey.

The paper recommends that the EU should remain an active part of the negotiation and push all relevant parties to accept a compromise on the remaining contentious issues through a sticks and carrots approach.

Keywords: Cyprus; Reunification; Turkey; NATO; EU

Introduction

In January 2017, peace talks on the future of Cyprus have brought the small, but strategically important Mediterranean island the closest to reunification in over a decade. While the UN-facilitated high-level negotiations in Geneva between the Greek and Turkish Cypriots and Cyprus' three guarantor powers have failed, talks continue at the civil service level. Overall, experts express cautious optimism, and many are of the opinion that an agreement is at hand. The EU was an observer at the negotiations held in Geneva and has an important stake in solving this conflict which has kept the island de facto divided. Since 1974. This paper first analyses the possibility of an agreement while outlining the main contentious issues and stumbling blocks. Second, the paper examines the implications of an agreement for the EU and the union's status in the Eastern Mediterranean and the Levant region, a region that is essential from a geopolitical, security and economic perspective.

A brief history – decades of seemingly intractable conflict

Cyprus was affected by inter-ethnic violence before gaining independence from the UK in 1960. The island's population was comprised of about 77% Greeks and 18% Turks (Solsten, 1991). Hence, the 1960 treaty between Turkey, Greece, the UK (which became the country's three guarantor powers) and Cypriot community leaders provided for a power-sharing mechanism. However, Greece and Turkey, at the time bitter enemies, had their own regional struggle and fuelled local nationalist ambitions. The 1960 agreement failed after a bout of ethnic violence 1963. Finally, in 1974, Turkey invaded Cyprus, claiming a right to protect the Turkish minority following a coup carried out by ethnic Greeks and backed by the Greek government, which had sought to unite the island with Greece. Since then, the island has been de facto partitioned. Northern Cyprus, almost 40% of the island, has been controlled by the Turkish

community while the rest of the island has remained Greek. The UN has condemned the invasion, and Turkey is the only country in the world which recognises Northern Cyprus. The rest of the world holds "Greek" Cyprus as the legitimate entity. To date, there is a large Turkish military presence on the island - around 30,000 troops (Stefanini, 2017a). In 2004, following then-UN Secretary General Kofi Annan's peace plan (which entailed a federation of two constituent states joined together by a federal government), a referendum on the reunification of the island was held in both communities. The Turkish community voted in favour of the plan, but the Greek community rejected it, effectively ending the peace process. The peace process and referenda took place in the context of Cyprus's EU accession negotiations. During the membership talks, the EU tried to use a stick/carrot approach to solve the conflict (Tocci, 2002). Despite the failure of the Annan Plan, the EU nevertheless admitted Cyprus into the union in 2004, with EU law being suspended in the North until the conflict could be solved.

Current negotiations and contentious issues

Never before have the leaders of both communities invested more energy and political capital in peace negotiations, and have mobilised civil society to accept a peace agreement to such an extent (Pierini, 2017). North Cyprus President Mustafa Akinci was elected on a platform to restart the negotiations and has been a longtime proponent of peace, as the breakaway republic has continued to slip into poverty and has been hit by international sanctions. Nicos Anastasiades, president of the internationally-recognised Cyprus, also has consistently argued in favour of reunification (Smith, 2015).

This month, UN-sponsored peace talks in Geneva intensified after progress had been made in 20

months of negotiations. The discussions culminated in the first-ever international conference on the guarantee powers, on January 12, 2017. Foreign ministers from Greece, Turkey, and Britain, UN Secretary General António Guterres, European Commission President Jean-Claude Juncker, and High Representative Federica Mogherini joined the leaders of the two Cypriot communities (Stefanini, 2017a). The conference broke down after just one day over questions of security guarantees for the two communities. However, the peace process continues, with an agreed-upon roadmap of future talks. Negotiations continue at the technical level and when significant results are achieved there will be another high-level conference in the same format as on January 12 (Stefanini, 2017b). The two Cypriot leaders have already asked the UN to prepare a new peace conference in early March (Hürriyet Daily News, 2017). Like the Annan Plan, any final deal will have to be put to referenda in the two communities, which could occur as early as mid-2017, according to President Akıncı (Erel, 2017).

Greek Cypriots want to remove the guarantor system established in 1960, and the Turkish military presence

Negotiations started from the premise that the reunited state should be a federation of two constituent states under a common status of bi-zonality, bi-community, and political equality. To conclude this power-sharing agreement, the sides have to agree on difficult topics, inter alia on whether the new federal government's presidency would rotate between the two sides, and on drawing the boundary between the constituent states (Stefanini, 2017a).

Furthermore, a number of contentious issues remain which could become stumbling blocks in the negotiations. These challenges are related both

to the domestic and the international context. Most importantly, there is the question of security and guarantees. Greek Cypriots want to remove the guarantor system established in 1960, and the Turkish military presence. Meanwhile, the Turkish Cypriot side refuses to scuttle this system as it ensures its security via Turkey's involvement (Kambas, 2017). Removing the system would entail a leap of faith and place the safety of the Turkish minority in the hands of the EU, something that the Turkish Cypriots have been reluctant to do to date. At the high-level conference in Geneva President Akıncı stated that, since the Turkish Cypriot community is isolated and has no diplomatic relations with the rest of the world, the only security it has relied upon so far has stemmed from Turkey (Stefanini, 2017b). The question of third-party security guarantees is a recurring problem in negotiations on ending civil conflicts. The sides often will not commit to a power-sharing agreement if they have no guarantee that they can transform their military power into political power when the agreement is implemented (Walter, 2002). So far, this crucial issue has not been solved. The technical-level negotiations between the sides are focused specifically on how to address the issue of security and guarantees (Kambas, 2017). Both President Anastasiades and President Akıncı have suggested the possibility of a compromise phasing out the guarantee system and removing the Turkish troops. Differences remain on the number of years in which this would happen - the Greek side has suggested one, two or three while the Turkish side would prefer 15 (Stefanini, 2017a). Negotiations will continue, but the Turkish side will need significant security guarantees, possibly through the mandate of the existing UN Peacekeeping Force in Cyprus, and a multinational police force.

The territory has long been a contentious issue, as the sides have to agree on the borders of the constituent states. However, progress has been made on this recently. In what has been termed a "groundbreaking move" (Kambas and Karadeniz,

2017), the two sides have submitted proposals on how to define the post-settlement boundaries by exchanging territorial maps. The proposals differ just by 1% of the island's total surface, though reportedly in sensitive areas (Leigh, 2017). However, the proposals mean Turkish Cypriots would retain between 28.2 and 29.2% of the island, significantly less than the roughly 36% they control now. The UK also has offered to give up about half of the territory it still administers as part of the 1960 agreement, which currently makes up about 3% of the island (Kambas and Karadeniz, 2017). Other thorny issues include: the return of properties in the north and the south of the island belonging to Greek and Turkish Cypriots respectively, as well as financial compensations those who were dislocated by the war. However, these seem easier to handle than the main contentious issues (Pierini, 2017).

Potential spoilers and domestic audience costs

Negotiations are made much more difficult and complex by the involvement of Greece and Turkey, both of which have high stakes in solving the conflict. Reconciling the interests of the Greek and Turkish Cypriot communities seems to be easier than aligning the foreign policy objectives and priorities of Greece and Turkey. The two countries' positions differ most significantly on the topic of security and guarantees. On these, they seem to be less flexible than their client states. On the one hand, Greek Foreign Minister Nikos Kotzias repeatedly has called for an end to the guarantor powers system and for the removal of Turkish troops immediately after reunification (Ekathimerini, 2017b). Greek Prime Minister Alexis Tsipras, too, has urged EU leaders to back Athens in this publicly (Ekathimerini, 2017a). On the other hand, Turkish President Recep Tayyip Erdogan has refused to give up his country's guarantor status and stated last week that Turkey should retain troops on the divided island to protect the minority Turkish Cypriot community. However, he has left open the possibility of reverting to the initial troop

levels provided by the 1960 treaty, namely 950 Greek and 650 Turkish troops (Kambas, 2017).

Greece and Turkey have shown a need to save face and to avoid being perceived as giving in on key issues. However, an aggressive posture by either side could derail the peace process

Greece and Turkey have shown a need to save face and to avoid being perceived as giving in on key issues. However, an aggressive posture by either side could derail the peace process, as exemplified by the recent Greek military exercises on the island of Kos in the Aegean Sea, which Turkey has claimed breached international law (Reuters, 2017). Thus, domestic audience costs represent a huge impediment. An example of this is the failed high-level conference on January 12, 2017. According to one source, troubles started when Mr Kotzias held an impromptu press conference for the Greek media in which he issued unrealistically tough demands for Turkey and Turkish Cypriots, to the surprise of both Cypriot presidents. In return, President Erdoğan reacted with a bellicose statement in which he refused to give in (Stefanini, 2017b). Additionally, Turkey's flexibility is hampered by Erdoğan's campaign for constitutional reform that would expand the powers of the presidency, and potentially keep him in office until 2029. His plan is to organise a referendum on the topic, a plan which already has gained the support of Parliament. The public vote is likely to be held by mid-April of this year (Fraser and Soguel, 2017), meaning that Erdoğan's position on Cyprus is unlikely to change until then in order not to appear weak ahead of the referendum. However, in the spring of 2017, Cyprus President Anastasiades likely is going to start campaigning for the February 2018 presidential elections (Stefanini, 2016). This means that the window of opportunity for a final deal is quite short.

An analysis of the situation suggests that an agreement and a future reunification are possible. Significant progress has been made, and the island is the closest to reunification since the 2004 Annan Plan. However, an important stumbling block remains in terms of security and guarantees. Further, domestic audience costs and the possibility of aggressive posturing by Greece and Turkey also could derail the peace process. Moreover, it remains to be seen whether Greek Cypriot citizens will accept an equal power-sharing agreement sought by the less numerous Turkish Cypriots, considering their previous rejection of the Annan Plan. Surveys show that Turkish Cypriots' support for reunification is waning. The most recent polls suggest that the results would be close, with 53% of Greek Cypriots and 48% of Turkish Cypriots backing the peace process (Papageorgiou, 2017).

Implications for the EU and the region

Beyond the security and economic benefits for the island, a potential peace agreement and reunification deal would be in the interests of the EU and the region.

First, solving a decades-old, seemingly intractable conflict would provide the EU, which has suffered a series of major setbacks in recent years, with a much-needed foreign policy success. Past challenges include: Brexit, Russian resurgence, the Ukraine crisis, and the election of an unpredictable US president. The EU has held an active, high-level observer status in the negotiations (Triantaphyllou, 2017). The bloc could consolidate its reputation as an honest, but also an influential actor in international negotiations, and build on the recent diplomatic success of signing the Iran nuclear deal. Reunification also would play a minor role in countering the current populist, Eurosceptic trend across the continent by legitimising the EU in the eyes of its citizens. Most significantly, however, reaching a successful agreement on Cyprus would remind people that the EU remains a project of

peace and reconciliation, as it was since its inception, and with each enlargement wave (Tocci, 2017).

Solving the Cyprus problem would improve EU – Turkey relations, increase the two sides' bilateral trust, open the way towards finding common solutions in the Middle East, and diminish Russia's growing influence in the region

Second, a peace deal would ease tensions between the EU and Turkey, which have had a difficult year. In March 2016, the two sides struck a deal through which Turkey would stem the flow of refugees towards Europe in exchange for financial aid, visa-free travel of Turkish citizens in the Schengen area, and the expediting of EU accession talks. Far from solving the refugee crisis, the deal was favoured by European leaders as it diminished the short-term pressure on their borders, particularly in the context of the 2017 elections in key states such as Germany, France or the Netherlands. However, the failed July 2016 coup in Turkey, Erdogan's rising authoritarian and indiscriminate response made Europeans critical of the state of democracy, rule of law, and human rights in the country. It became clear that Turkey's EU membership bid was instrumentalised by Erdogan for political gains and did not represent an honest intention of the Turkish government. The Turkish side, too, has had complaints about delays in payments, the slow progress of the EU accession talks, including a European Parliament vote urging the European Council to end the accession negotiations completely, and the fact that visa-free travel has yet to be awarded (Shaheen, Wintour and Rankin, 2017). Furthermore, to force the EU's hand, Turkey has focused on building good relations with Russia, with which it shares some short-term military and energy goals (Pierini, 2016). Thus, solving the Cyprus problem would improve EU - Turkey relations, increase the two sides' bilateral

trust, open the way towards finding common solutions in the Middle East, and diminish Russia's growing influence in the region.

Third, NATO would benefit greatly from reunification by reinforcing its southern flank. Cyprus is geopolitically very important due to its location at the crossroads of Europe and the Middle East, and its proximity to the Suez Canal. Whoever controls the island controls the Eastern Mediterranean Sea lanes. These are important trade and oil transport routes (Müftüler-Bac, 1999). Reunification would resolve an unstable, unpredictable political and security problem in the Eastern Mediterranean as well as the Greek - Turkish rivalry, which has affected NATO's southern flank since the Cold War. Currently, Cyprus is the only EU member state which is in neither NATO nor NATO's Partnership for Peace program. If reunification is achieved, Cyprus could become a NATO member, something which is currently impossible due to Turkish opposition. Reunification also would facilitate formal cooperation between the EU and NATO. This is also currently blocked because Turkey and Cyprus do not officially recognise each other. Most importantly, Cyprus' NATO membership would balance against Russia's naval and military build-up in Syria, which lies only about 100 kilometres to the east of the island, and help block its regional hegemonic aspirations. While Russia publicly has backed reunification talks, it stands to lose a lot from their successful conclusion, leading to fears that Moscow could try to use its soft power and disruptive tactics to derail the peace process (Leigh, 2017).

Finally, reunification would facilitate regional energy cooperation by offering a new source of natural gas imports for Turkey and the EU. This also would increase energy security by countering EU and Turkish dependence on Russia. Moscow currently seeks to increase its geopolitical clout and to boost revenues through the Nord Stream II and Turkish Stream pipelines (Pierini, 2016). In the Aphrodite gas field, part of the country's Exclusive Economic Zone, Cyprus has vast offshore gas reserves. The field contains an estimated 7 trillion cubic feet of gas reserves. It would make economic sense to collaborate with Israel, which has an estimated 18 trillion cubic feet of gas reserves in the nearby Leviathan gas field (Ayat, 2013). Together the two countries would need to build a gas pipeline to Europe, and a LNG terminal. The proposed pipeline would transport gas from offshore Israel and Cyprus to the EU through Greece or Turkey. However, currently Ankara is blocking a shorter and cheaper pipeline through Northern Cyprus and Turkey, which would be the optimal solution (Cohen, 2015). Cyprus, too, has tied the construction of this pipeline to the resolution of the conflict (Ellinas, 2015). It remains to be seen whether the potential economic and energy security benefits of reunification will incentivize the parties to solve the conflict, or whether they will heighten the differences. A pipeline from the Leviathan and Aphrodite gas fields clearly would greatly increase the EU's and Turkey's energy independence and decrease Russia's influence on both actors.

Conclusion and policy recommendations

A peace agreement and reunification of Cyprus are possible, and now the two sides are the closest to those goals in over a decade. However, some important stumbling blocks still exist, in particular regarding security and guarantees. Domestic audience costs in Greece and Turkey also could derail the process. Whether ordinary citizens will accept a deal or reject it, as the Greek Cypriots did in 2004, remains to be seen. Reunification would not be beneficial just for the island. Also it would have positive implications for the EU and the wider region. Reunification would be an important diplomatic success for the EU during troubled times, it would improve Turkey-EU relations, help NATO reinforce its southern flank, as well as boost regional energy cooperation, and increase the EU and Turkey's energy security.

However, the current peace process also entails some significant risks. Should it fail, its negative consequences would be equally far-reaching. The conflict likely would be frozen again for many years, EU - Turkish cooperation would hit an all-time low, relations between Greece and Turkey would deteriorate, Russia would increase its strategic presence in the Middle East and Eastern Mediterranean and reinforce relations with Turkey, while the energy security of the EU and Turkey also could be affected.

This is why the EU should remain active in the negotiations, and push all relevant parties to accept a compromise on the remaining contentious issues. The EU also should cooperate with the UN to offer security guarantees to the two communities. A sticks and carrots approach to reunification failed in 2004. Then, the carrot of EU accession was insufficient to convince the Greek Cypriots and Turkey that peace was desirable and the internationally-recognised Cyprus nevertheless was admitted in the EU. However, herein I have argued that the EU wields enough soft power to convince the parties that a solution is possible. In particular, Brussels' financial power is the key to attracting the impoverished, isolated Northern Cyprus as well as the internationally-recognised state. The latter has suffered from the financial crisis, still has high debts, and has had to borrow money from the EU and the International Monetary Fund (European Stability Mechanism, 2016). Similarly, the EU holds important leverage over Greece, which continues to rely heavily on EU loans (Hosken, 2016). The EU has less leverage over Turkey due to the refugee deal. However, from a strategic perspective, Erdoğan likely will not want to rely solely on Russia. Instead, the Turkish President will seek to balance between the EU and Russia. Solving the reunification conflict also would remove a long-standing Turkish foreign policy problem. Through active involvement and a neutral attitude, the EU could play an important role in moving the peace process forward.

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