

**The ‘Cyprus Question’:
Reshaping Community Identities and Elite Interests
within a Wider European Framework**

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Abstract

Since 1963 the ‘Cyprus question’ has proved one of the most intractable inter-communal conflicts within the international system. Despite the assiduous involvement of the United Nations, the long list of negotiations and inter-communal talks have failed to yield any concrete agreement. What are the roots and causes of the ‘Cyprus question’ and what explains the international community’s repeated failures to resolve it? This paper argues that the causes of the ‘Cyprus question’ comprise two crucial dimensions. First, the conflict is caused by the underlying inter-communal dispute between Greek and Turkish Cypriots, which is in turn triggered both by real and by imaginary conditions of division and disparity. Second, the ‘Cyprus question’ is the product of a delicate balance of elite interests. Clearly, a solution to the problem must reflect both dimensions. An initial settlement that represents preferable payoffs than the current status quo to both community elites, must be brokered. Thereafter it is possible to tackle the real conditions of division and disparity, which cause the underlying inter-communal conflict. The overarching framework of prosperity and stability provided by the European Union could contribute in both respects by facilitating the formulation and implementation of an initial inter-elite settlement and accelerating the ultimate eradication of the underlying conflict between peoples.

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I. Introduction

Studies of the ‘Cyprus question’ often focus on the recent history of the island particularly since the last years of British colonial rule. As a result policy conclusions have tended to be based upon specific interpretations of history. Views favouring the Turkish Cypriot interpretation of events have called for two separate states joined at most through a loose confederation, in the light of the injustices committed by the Greek Cypriots in the period between 1963 and 1974. Arguments favouring Greek Cypriot versions of the past have favoured a unified federal state, given that anything but single and indivisible sovereignty would imply an implicit acceptance of what was in their view and illegal and immoral military intervention by the Turkish forces in 1974.

A past version of this paper did indeed include a short section on the recent history of the conflict, and the author’s interpretation of events. However, the analysis of the problem, was based upon the current situation in Cyprus. Its policy conclusions, while at times drawing from the lessons of history, aimed to be forward looking rather than an attempt to rectify past injustices. Given, among other factors, the near impossibility of briefly reviewing the historical evolution of the conflict in a non-contentious manner and the diversion of attention from forward looking analysis this implies, the current version abstains from an historical introduction to the ‘Cyprus question’ and begins with an analysis of the causes of the problem today.

II. Causes of the ‘Cyprus question’: community and elite conflicts

Examining the roots and causes of the ‘Cyprus question’ and the reasons behind failed attempts at settlement negotiation is fundamental to any study of conflict resolution on the island. The approach adopted in this paper is that modern intra and inter state

conflicts are neither inevitable nor irrational incidents, but rather stem from both from tangible conditions and realities on the ground and the rational calculation of interests of the actors involved¹. This is not to say that hatred and fear play no role in the creation and continuation of conflict. However, what appear to be irrational ethnic hatreds and fears are often driven by a set of concrete conditions, which render such sentiments not as irrational as they may first appear. On top of such conditions and the subsequent formation of popular attitudes and sentiments, elites articulate their interests adding a second crucial dimension to each conflict. Following this logic, it is clear that conflicts cannot be settled in a durable and non-coercive manner unless both the underlying conditions giving rise to particular popular attitudes are eradicated and elite interests in the conflict are accounted for. Only once these two dimensions are understood and incorporated in an agreement, can peace be attained. Long-lasting settlement can be achieved only following the construction of a viable political economy of peace based upon an understanding of that of conflict.

1. The causes of the ‘Cyprus question’ today

Historical factors ranging from the Ottoman *millet* system of governance to British ‘divide and rule’ strategies, the traditional Greek Cypriot aim of *enosis* (union between Greece and Cyprus), Turkey’s strategic interest in the island and the role of external powers in the Cold War context, go far in explaining the initiation of ethnic conflict in Cyprus. But these do not explain its continuation to the present day. Additional and arguably more powerful factors have emerged since the 1960s and early 1970s hugely exacerbating the inter-communal dispute between a new generation of Cypriots. Real conditions of division and the total absence of multiethnic society complemented by irrational fear and prejudice, together with further complicating factors such as extensive militarisation and immigration flows, explain the persisting inter-communal conflict on the island. The inability of negotiators to address these real *and* imaginary divisions partly explains their failure to resolve the ‘Cyprus question’.

¹ Keen.D. (1997).

a) Inter-communal divisions, the absence of a Cypriot identity and the failure of negotiations

Persisting inter-communal conflict in Cyprus is driven by real conditions of division and disparity, which, exacerbated by the accompanying deep-rooted fears and misperceptions of the 'other', have rendered the emergence of either a shared Cypriot identity or two peacefully coexisting and complementary identities increasingly distant prospects. Let us single out the precise conditions of division spurring the inter-communal conflict.

i. Separate governance

The first condition of division creating two antagonising nations is the existence of a clear division in governance. Since 1967 Cyprus has witnessed two systems of governance: the formally recognised Republic of Cyprus governing the Greek Cypriot people and the de facto Turkish Cypriot government, governing the Turkish Cypriot community. In the light of persisting conflict, the latter was transformed from being an administration serving the Turkish Cypriots in 1967-1974, to being a de facto state since 1983 when Denktas declared the formation of the Turkish Republic of Northern Cyprus (TRNC). The emergence of two distinct states with separate and non-communicating governments, administrations, judiciaries, police and military forces has greatly exacerbated division between peoples, wiping away all experience of joint governance and shared political culture.

ii. Lack of social, cultural or economic relations

The second condition of division has been the virtual absence of any social, cultural or economic links between the two communities. The existing and already limited links between Greek and Turkish Cypriots began to be severed in 1963, when over 30,000 Turkish Cypriots were relegated to enclaves. The government, regarding the enclaves as a state within the state², imposed an economic embargo of strategic goods and services upon the enclaves and restricted the latter's free movement. Thereafter, following the 1974 Turkish military intervention and the resulting territorial separation of the two

² Between 1967 and 1974 Turkish Cypriots managed their affairs through the Provisional Turkish Cypriot Administration.

communities on opposite sides of the impenetrable ‘green line’ which runs from Famagusta (Magusa) in the east to Morphou Bay in the north west³, contact between the two parties virtually disappeared. In the social and cultural spheres, linkages between the two peoples are inhibited by the territorial separation preventing relations between groups or individuals from opposing sides of the boundary. In the economic sphere, the economic embargo of the Republic of Cyprus on its northern counterpart has rendered economic linkages through trade and joint initiatives almost non-existent. Economic relations are limited to the delivery of electricity from the south to the north, water distribution from the north to the south and marginal employment of Turkish Cypriots in the Republic of Cyprus. Any other linkage is either banned or under strict control. Hence, new generations of Cypriots are growing without any form of contact with the opposing community. Most young Cypriots today have never met anyone from the other ethnic group living on the opposite side of the border. This in turn has encouraged radical political opinions based on biased evidence and prejudice and therefore hampered prospects of peace based at most upon the reintegration of the two peoples of Cyprus or at least on their peaceful coexistence.

iii. Inter-communal economic disparities and the integration of the TRNC with Turkey

The third condition fostering contrasting identities and purposes is the wide disparity in standards of economic development between the two communities. Even prior to the overt emergence of the inter-communal conflict, economic levels of the two communities differed substantially. Under Ottoman rule, while the politically advantaged Muslim population permeated government, the Greek Orthodox community became deeply entrenched in the Cypriot economy and gained substantial economic power. These existing disparities greatly increased in the decades following the emergence of the conflict. The 1974 military intervention and the subsequent partition of the island left both ethnic communities in a state of total economic disarray. Industries relying on inter-communal backward and forward linkages became unviable, tourism declined dramatically and unemployment spiralled upwards as a result of the large ethnic migratory flows within the island. However, while the Greek Cypriot

³ See map 1

economy in the southern regions of the island experienced a successful recovery and subsequent economic prosperity, the Turkish Cypriot economy in the north remained stagnant and undeveloped. Hence, the exacerbation of economic disparities between the two communities which have fostered difference and conflict.

The Greek Cypriot economic success has been facilitated by the status of the Republic of Cyprus as the only internationally recognised state on the island. As a small economy it has hugely benefited from trade and investment flows and it has been able to reconstruct its economy based on international markets and division of labour. This has enabled it to develop its two major comparative advantages, the light manufacturing industry aimed at the European public and tourism. The Republic of Cyprus has also successfully developed an offshore financial service sector. These three branches of economic activity contributed to an average growth rate of approximately 7% and an unemployment rate of 3% in the 1990s. The Republic of Cyprus also manifests well-managed public accounts and stable money markets. Average public deficits in southern Cyprus amounted to 1.3% in 1987-1997 and in 1997 the public debt was approximately 54% GDP, discount rates were 7% and inflation was 2.6%⁴. In addition the Cypriot pound has been stable since it was anchored to the DM with a +/-1.25% fluctuation bound in 1992 and thereafter to the euro in 1999 with a fluctuation bound of +/-2.25%.

On the other hand, the northern regions present a starkly opposed scenario. Although the 37% of the island's territory under Turkish Cypriot control is fully equipped with the necessary infrastructure for tourism and includes a high proportion of the potential for total cultivated land, the northern economy lags a long way behind the southern one. The productivity of TRNC amounts to only 38% of the productivity of the Republic of Cyprus⁵. Agriculture remains undeveloped and largely subsistence based. Fertiliser and tractor use are limited and desertification widespread. Despite adequate infrastructure and noteworthy environmental, cultural and architectural attractions in northern Cyprus, tourism is under-exploited and largely consists of visitors from Turkey⁶. The economy

⁴ International Financial Statistics, (09/1999).

⁵ Dodd.C.H (1993).

⁶ Over 80% of all tourists in northern Cyprus are Turkish.

is dominated by an unproductive public sector which leads to serious fiscal imbalances that are only partially rectified by Turkish transfers. Extensive state capitalism has also implied considerable corruption and clientelism further hampering the efficiency and productivity of the north.

This stagnant and unproductive economy has been to a large extent a result of the TRNC's international non-recognition and the economic embargoes imposed by the Republic of Cyprus and Greece and recently led by the EU⁷. The international community, excluding Turkey, has repeatedly rejected the self-proclaimed state of northern Cyprus⁸. This has induced both the under-exploitation of the economic potential of this small economy and the close ties between northern Cyprus and Turkey. Trade in agricultural and manufactured goods is limited due to serious international trade restrictions. Investment is deterred by the uncertain legal status of the 'state', the high production costs of the small economy, inflation and the inconvertibility of the Turkish lira. Especially since the crash of the international trading company Polly Peck, foreign investment in Turkish Cypriot agriculture, manufacturing and services has been virtually non-existent. Tourism is minimal given the fear of travelling to an internationally deemed 'illegal' state and the absence of international air-links from destinations other than Turkey. Finally, international non-recognition has implied that northern Cyprus receives limited international state aid apart from Turkish aid. Most foreign aid is directed to NGOs operating in northern Cyprus.

As a small economy reliant on trade, international ostracisation has led to the growing economic affiliation of the TRNC to Turkey. Economic ties with Turkey have taken the form of regional economic co-operation, Turkish credit facilities to northern Cyprus and numerous joint transport networks and industrial development projects. In 1998 Turkey formed an Association Council with the TRNC foreseeing a close union in trade outlets,

⁷ In 1994 the ECJ passed a ruling prohibiting the acceptance of goods deriving from Cyprus without accompanying certificates from the authorities of the Republic of Cyprus (Anastasiou case). Hence; the effective EU economic ban on products from the TRNC.

⁸ UN General Assembly Resolution 54120 (1983), Security Council Resolutions 541 (1983) and 550 (1984), Council of Europe Resolution 1056 (1987) and European Council Declaration (1990)

political solidarity and budgetary support. However, economic links to Turkey have not only been insufficient to compensate the costs of international isolation, but have also implied the inheritance of Turkish macroeconomic imbalances. The TRNC has recognised the Turkish lira as its legal tender and has therefore imported Turkish inflation and monetary instability. Standing in sharp contrast to figures in the southern economy, in the TRNC inflation fluctuates around 60% and real bank lending rates and market interest rates are approximately 30%. The absence of a large capital market and the lack of control over monetary policy have also implied that the TRNC's public deficits depend upon transfers from the Turkish Republic for rectification⁹. Imported fiscal and monetary instability has further hindered trade, investment and therefore overall growth.

Table 1: Comparison between the Greek & Turkish Cypriot communities: 1976-95

	Republic of Cyprus	TRNC*
Annual average GNP growth	6.8%	3.8%
GDP per capita 1997	\$12,850	\$4,158
Employment in primary sector 1997	12%	23%
Employment in public sector 1997	3%	18%
Tourists per year 1994	2,069,000	361,692
Public deficit %GDP 1997	1.3%	14%
Annual inflation 1995-1999	2.1%	60%
Discount rates 1999	7%	31%
Unemployment 1996	3.1%	25%

* Real figures for northern Cyprus are higher in the light of the level of unrecorded economic activity.
Source: Planning Bureau, Republic of Cyprus (1996).

These wide and all-encompassing economic disparities add to the conditions of inter-communal division, which in turn breed conflict. Economic disparities imply radically different ways of life and standards of living, which impose tight constraints to inter-communal contact and relations. As E. Olgun put it: 'so long as such disparities exist it will not be possible to build up the necessary trust, confidence, mutual respect and recognition which are essential ingredients of a win-win solution'¹⁰.

⁹ In 1990 budget transfers from Turkey amounted to 12% of the TRNC's GNP. Dodd.C.H. (1993).

¹⁰ Olgun.E. in DoddC.H. (1993) p.288.

International ostracisation and the resulting integration of the TRNC with Turkey has also deepened the conflict. The TRNC can only trade through Turkey, it shares the same currency and it receives Turkish budgetary and political support. In addition post and telecommunications can only reach the TRNC through Turkey and in order to travel outside Turkey, Turkish Cypriots require a Turkish passport. Greece and the Republic of Cyprus as well as all other international spectators are thus inclined to view northern Cyprus as an effective Turkish province. This cannot but reinforce the conflict by consolidating the inter-communal antagonism.

iv. The underlying Greek-Turkish rivalry

The final cause of division between the two ethnic communities on the island is the underlying conflict between their respective motherland countries: Greece and Turkey. Since the Ottoman conquest of Constantinople in 1453 and the subsequent four centuries of Ottoman rule over Greece, which terminated with the Greek wars of independence against Ottoman rule in 1821-29, tensions between the two nations have been high. Rivalries were reinforced in the late 19th and 20th centuries with the wars of 1897, 1912-13 and 1919-23 and since 1974 by conflicts over oil drilling rights in the Aegean off the Greek island and Thassos close to the Turkish border. As long as these rivalries persist and the two ethnic communities in Cyprus identify with Greece and Turkey respectively, the creation of constructive and complementary identities will remain unfulfilled.

v. Inter-communal misperceptions and fears and the ‘securitisation’ of the conflict

The real conditions of division and difference analysed above have fuelled a set of illusory fears and misperceptions, and the widespread ‘securitisation’¹¹ of all aspects of the ‘Cyprus question’, which have aggravated the initial conflict and reduced the likelihood of its resolution.

Conditions of division and disparity have reinforced perceptions of separate identities and have cemented deep-rooted distrust and fear of the ‘other’ amongst both

¹¹ see Diez.T. (2000).

communities. Real conditions have transformed the mindset of both peoples, in a manner precluding a long-lasting solution based either upon a shared Cypriot identity or upon the peaceful and complementary coexistence of two communities. Media and books have selected primordial elements of division and antagonism such as ethnicity, language and religion to define and legitimise respective 'imagined communities'¹² while neglecting other aspects such as the shared colonial history, customs and traditions. The peoples of Cyprus have chosen to forget those common aspects of everyday life which they continue to share despite separation and disparity thus adding on top of real causes of division, imaginary differences fuelled by irrational fear and prejudice.

People's attitudes towards the 'other' community were illustrated by a recent poll carried out in March 2000 in the Republic of Cyprus¹³. The poll revealed that Greek Cypriots are only willing to live with Turkish Cypriots at a distance. 75% of the interviewed Greek Cypriots stated they would not accept a member of their family marrying a Turkish Cypriot, over 80% stated that in the event of a federal solution they would not live in the Turkish Cypriot unit and between 30 to 40% of the interviewees were against working in the same place as a Turkish Cypriot, living in a mixed village or allowing their children to attend the same schools as Turkish Cypriot children. These figures highlight how real conditions have transformed the mindset of the peoples, in a manner precluding a long-lasting solution based either upon a shared Cypriot identity or upon the peaceful and complementary coexistence of two communities within the same political entity.

Conditions of division have also triggered the 'securitisation' of the conflict, i.e. the depiction of the 'other' and the issues at stake in the conflict as an essential threat to one's own identity and existence. Separation and lack of contact, economic disparities and the integration of the TRNC with Turkey to a large extent driven by the former's international non-recognition, and the overarching aura of Greek-Turkish tensions have encouraged the extensive 'securitisation' and 'counter-securitisation' of the question.

¹²Anderson.B (1991).

Consequently, the conflict has been transferred in the realm of security, legitimising words and actions lying beyond the sphere of ‘normal political debate’¹⁴ and thus reducing the scope for conflict resolution.

vi. Militarisation of the island and the settler problem

The process of ‘demonisation of the other’ gained a momentum of its own in the light of extensive militarisation of the island and the substantial influx of Anatolian settlers in the north. First, militarisation in Cyprus has exacerbated mutual fears and suspicion between the two communities, particularly on the Greek Cypriot side given the disproportionate presence of Turkish troops on the island. In an island with less than 800,000 inhabitants there are 30,000 Turkish troops and 4,500 Turkish Cypriot troops in northern Cyprus. Militarisation in the TRNC considerably outweighs that in the Republic of Cyprus. Tsardanidis and Nicolau¹⁵ claim that ratios of military manpower are 3.5:1 for example. On the one hand, Turkish Cypriots favour the extensive presence of Turkish troops, which they regard as a guarantee for their continued separation from their Greek Cypriot counter-parts and thus in their eyes for their physical survival. On the other hand, the knowledge of such extensive militarisation in the north exacerbates the fears of Greek Cypriots and confirms in their eyes the view that the ‘Cyprus question’ is determined by the Turkish occupation of the island due to the strategic significance of the latter to Turkey¹⁶. In turn since 1997 Greek Cypriots have been undergoing significant military upgrading through the ‘Joint Defence Doctrine’ placing the Republic of Cyprus under the Greek military umbrella and increasing annual defence expenditure to \$300m, i.e., 7% of Greek Cypriot GNP. Glafcos Clerides decided in 1998 to run his presidential election campaign on a pledge to ignore warnings from the international community and deploy Russian S-300 missiles¹⁷.

¹³ Christou.J. Cyprus Mail, 10 April 2000.

¹⁴ Buzan et al. (1998). Woaever (1995)

¹⁵ In Stavridis.S., Coulumbis.T., Veremis.T. and Waites.N. (1999).

¹⁶ Hitchens,C. reports that in an interview with Professor Mümtaz Soysal it was revealed that ‘Turkish military presence in Cyprus was a matter of protection of southern Turkey- ‘a strategic question, not a humanitarian one’ (1988).

Second, the influx of poor and landless Anatolian settlers has also added additional momentum to the Cyprus conflict. In the past three decades between 30,000 and 80,000 immigrants from Southeast Anatolia and the Black Sea coastal area have settled in northern Cyprus. The settlers have been encouraged by northern Cyprus authorities first because of the acute labour shortages in northern economy and second and most important as a perceived form of security and legitimisation for their disproportionate territorial occupation. Faced with an overwhelming Greek Cypriot demographic majority and its disproportionately low ratio of land to ethnic inhabitants, northern Cypriot governments have encouraged a massive influx of Turkish settlers on the island. Hence, the increase of Turkish population from 18.5% to 24% of the overall population of the island¹⁸. The influx of settlers and their deep affiliations to motherland Turkey have in turn exacerbated fears and prejudices amongst the Greek Cypriot population, who fear that such a deliberate demographic alteration is intended to encourage the domination of Turkish Cypriots over their Greek compatriots.

Hence, real and imaginary divisions and respective 'securitisations' ensure the persistence of the Cyprus conflict and explain its intractability. The inability of the international community and the negotiating parties to adequately address these conditions represents a major cause of the failure of settlement talks. A settlement of the 'Cyprus question' has not been attained because conditions of separation and difference persist and so communities continue to define themselves in mutually exclusive terms resisting the creation of a shared identity or the prospect of peaceful coexistence. The international community has to a large extent neglected and according to some partly caused these conditions cementing and exacerbating the conflict. Internationally mediated negotiations have concentrated on formulating feasible structures of a federal settlement while often neglecting the existing conditions of separation and disparity which represent the ultimate barrier to a true settlement of the problem beyond its ostensible resolution. It was not until 1993 that the UN proposed a set of CBMs intended to reverse some of the very conditions mentioned above but the measures have

¹⁷ In January 1999 Greek Cypriot President Clerides decided against the deployment of the Russian S-300 anti-aircraft missiles. The missiles were transferred to Crete.

¹⁸ McDonald.R.

not yet been implemented. Moreover, the international community has fuelled the dynamics of the conflict by widening the economic disparities between northern and southern regions. Economic isolation has exacerbated the divisions between the economically prosperous south and stagnant and unstable north and has induced the progressive integration of the latter into Turkey. Until conditions are rectified to 'desecuritize' the conflict and induce the two communities to live, trust and cooperate with each other, a long-lasting resolution of the 'Cyprus question' will remain a utopian prospect.

b) Elite interests in the 'Cyprus question' and the failure of negotiations

So far we have analysed the causes of the continuation of the conflict between the two ethnic communities in Cyprus. The balance of elite interests in the 'Cyprus question' presents another important dimension of the conflict explaining why the problem persists and why settlement negotiations have failed to resolve it. In other words the 'Cyprus question' cannot be only interpreted as a conflict between two peoples triggered by a set of unfavourable conditions, but must also be seen as the result of balance of elite interests. This in turn affects the framework of analysis in which one can begin to speculate on proposed solutions. Existing inter-elite bargaining positions create a set of constraints which seriously limit the viable options open for bargaining. Negotiations are carried out in a second best world in which feasible solutions must offer both negotiating parties preferred payoffs than the standing status quo. Under any other proposal incentives to resolve the conflict are absent. Regardless of what the 'ideal' or 'first best' solution to the conflict may be, the means to attain it must pragmatically account for the current state of elite positions. Understanding these positions is therefore crucial to a thorough appreciation of the dynamics of the 'Cyprus question' upon which a lasting settlement can be built.

So let us probe deeper into the dynamics of elite interests. In order to understand elite positions in the negotiating process it is necessary to understand first what are the ultimate aims and second what are the current payoffs. These two factors together determine elite bargaining positions, crucial to the determination of a political settlement.

Beginning with the Turkish Cypriot side, Turkish Cypriot elites aim at a political settlement in which the two communities effectively run their own affairs as two separate sovereign states within either a loose confederation or two separate states. They fiercely resist a settlement based on single sovereignty and territoriality in which, due to demographic realities, they fear that Turkish Cypriots would be at best be granted full individual rights and community minority rights. Due to their reliance on Turkey, the Turkish Cypriot elite also calls for a retention of Turkey's guarantor status. Turning instead to the current status quo, it is imperative to account for the reality that, despite international ostracisation, the Turkish Cypriots *have* been governed by a de facto state since 1974. The Turkish Cypriot state is fully equipped with a government, a central bank, a judiciary and an administration, it is effectively secured by a large mainly Turkish military force and it is recognised as the legitimate government in 37% of the island's territory. It follows that Turkish Cypriot negotiating elites *will not* settle for a compromise in which their de facto achievements will be substantially removed without adequate compensation in terms of first and foremost international political recognition and then economic gains. Hence, Denktas' persistent refusal of majority rule within a federal arrangement¹⁹ and his rejection in 1998 of a federal arrangement in favour of a confederation in which the principle of unanimity would prevail.

Turning to the Greek Cypriots, the Republic of Cyprus's negotiating elite aims at a settlement based on the single sovereignty and territorial integrity of an independent Cyprus. They accept a bi-communal and bi-zonal federation but nonetheless call for a relatively strong central government, in which, due to demographic realities, they would represent a strong majority. The political equality of the two communities would be represented at the level of the federated states and not explicitly at the federal level²⁰. In

¹⁹ Dodd.C. (10/1999) argues that in so far as a federation implies majority rule and thus could harm the smaller state within the federal arrangement, the Turkish Cypriots have always called for a confederation in so far as they have always advocated the principle of unanimity.

²⁰ In the 1989 Greek Cypriot 'Outline Proposals for the Establishment of a Federal Republic and the Solution of the Cyprus Problem' interpreted political equality at the level of the federated states: 'each community will administer a province, which will have equal status vis-à-vis the other province. The two Provincial Governments, will be equal to each other and coordinate with the Federal Government'

terms of current achievements it is important to realise that the Republic of Cyprus is both a de facto and a de jure state, the only state in Cyprus recognised by the international community. It thus enjoys a superior political status compared to its northern counterpart. To a large extent as a product of its international status, the Republic of Cyprus is also a prosperous state whose per capita GNP is three to four times that of the TRNC. This explains Clerides' insistence on a tight federal arrangement, refugee return, the withdrawal of Turkish troops and a redefinition of territorial boundaries.

However, the 'Cyprus question' is not simply determined by the inter-communal conflict and Cypriot elite bargaining positions. A much wider international dimension comprising Greece, Turkey, the EU and the wider international community also shapes the conflict in two distinct ways. First, external actors have their own positions on the conflict, which influence and pressurise elites on the island. Second, their actions and decisions affect the bargaining field of negotiating elites. Although inter-communal elite interests form the first and most important stratum of the conflict, the effects of wider elite positions on the overall shape of the inter-elite balance of interests are also of crucial significance.

Let us therefore analyse the interests and influencing roles of Greece, Turkey, the European Union and the United Nations in the 'Cyprus question'. Beginning with Greece, the political elite in Athens strongly backs the Greek Cypriot cause and condemns the illegality of the TRNC imposing an economic blockade on it together with the EU. Greece calls for a political settlement in which the Republic of Cyprus is recognised as the only sovereign state within a bi-communal and bi-zonal federation. Furthermore, it firmly supports the Greek Cypriot incorporation in the European Union and the resulting liberalisation of the 'three freedoms'. Hence, its pressure within the EU exerted through the threat of veto on the EU-Turkey customs union in 1995 to ensure the initiation of accession talks with the Republic of Cyprus. The Greek concern with the 'Cyprus question' was again manifested at the 1999 European Council in Helsinki.

This leads us to the EU position regarding the 'Cyprus question'. In the past the Union has been relatively uninvolved with the Cyprus conflict merely supporting UN initiatives and resolutions. However following the Republic of Cyprus' application for EU membership, its involvement has had to necessarily intensify, becoming an internal party to the conflict. Positions within the Union are notoriously divided on the issue. France, Germany, Italy and Holland have repeatedly called for a political settlement prior to Cyprus' EU accession. Germany has also recently adopted a more pro-Turkish stance manifested by the recent invitation of Denktas by the German Foreign Minister. However, Greece has stood firm on its position, threatening to veto the entire eastern enlargement if Cyprus is not admitted to the Union on the grounds of the persisting 'Cyprus question'. Such a firm stance has proved to act as the determinant of the overall EU position on the issue, prevailing over other member states', most notably France's position. Hence, the Union, while advocating a settlement based on UN recommendations prior to membership, is ready to admit a divided Cyprus to the European family. The Helsinki European Council of December 1999 formally removed any precondition of political settlement to Cyprus' EU membership.

On the other hand, Turkey under the present leadership of Bülent Ecevit, i.e., the leader responsible for the 1974 Turkish military intervention, is overwhelmingly supportive of Denktas' call for the TRNC's international recognition. Turkey regards its 1974 intervention as a responsibility under the 1960 Treaty of Guarantee and holds that a phased withdrawal of Turkish troops will only be possible following political settlement. It also repeatedly declares its strategic interest in the island, maintaining the 'Cyprus question' near the top of its foreign policy priorities. In the past, external developments facilitated Turkey's hard stance regarding the 'Cyprus question'. The perception in Turkey of an EU rejection following the 1997 Luxembourg summit gave the country greater freedom to support the Turkish Cypriot cause. Until Ankara's way to EU membership was blocked, its incentives to compromise on Cyprus were non-existent. However, such a degree of freedom has diminished substantially following the December 1999 European Council decision for two inter-related reasons. First, Turkey's prospect of EU membership has risen following the decision to grant Turkey its long desired candidate status on 10 December 1999. Although Turkey will not begin

accession negotiations until it complies with the Copenhagen political criteria and resolves its territorial disputes with Greece, its EU membership is now a more realistic prospect. Hence, the importance of the Cyprus obstacle to Turkey's EU membership. The resolution of the conflict is a formal condition for Turkey's EU membership. Second, as mentioned above, the 1999 European Council explicitly removed the precondition of political settlement to Cyprus' accession to the Union. This implies that Cyprus is likely to become an EU member before Turkey and therefore that unless a political settlement is found, Turkey will find itself in the uncomfortable position of being an EU candidate invading EU territory. If the current optimism in Turkey EU relations persists, these two developments could soften Turkey's position on the 'Cyprus question'. However, Turkey's road to the European Union is long and ridden with serious obstacles and the current optimism is already beginning to falter²¹. Turkey's position vis-à-vis Cyprus is thus more likely to remain unaltered.

Finally, turning to the UN's role in the 'Cyprus question', the UN, being itself a reflection of the international system of clear-cut states, has traditionally supported the Greek Cypriots' call for a single independent state with one indivisible sovereignty and territorial integrity. All UN resolutions so far have called for a political settlement along these lines and rejected the self-proclaimed TRNC.

But let us draw these diverse external factors together and analyse their cumulative impact on the negotiating process in Cyprus. On the one hand, the removal of any precondition on Cyprus EU membership effectively means that if a settlement cannot be found, a divided Cyprus is likely to enter the Union with the Republic of Cyprus as its only recognised government. Hence, the reduced incentives of the Greek Cypriots to compromise on their positions. On the other hand, the Helsinki decision implies that Denktas has no veto over the island's EU membership. This in turn greatly increases his need to broker a settlement in the next four to five years. Additional pressure on the Turkish Cypriots may also come from Ankara. While continuing to back the Turkish Cypriot cause, Turkey may begin to pressurise the Turkish Cypriots to find a political

²¹ for example following the EU's decision to exclude Turkey from ESDI decision-making prior to membership.

settlement. It is thus not surprising that only one week after the Helsinki conclusions, Denktas proposed a settlement *within the EU* provided the Union would recognise the TRNC as a separate entity on the island²². Nonetheless, Turkey's support for the TRNC's claim to sovereignty is likely to persist and therefore Turkish Cypriot bottom line demands would probably remain unaltered.

The brief exposition of opposing elite interests in Cyprus highlights the reality that not only are the options open for compromise severely restricted but also that both sides are relatively content with the status quo and thus their incentives to compromise are low. Paradoxically elite incentives to compromise have been at times further reduced by the involvement of international community. The UN has become a channel through which the Greek Cypriots, fully represented in the General Assembly, succeeded in internationalising the 'Cyprus question' through political debate, diplomacy and publicisation. Furthermore, the provision of UN peace keeping forces has reduced the costs of conflict in Cyprus thereby reducing the need to seriously negotiate an agreement²³. Relations with the EU have further reduced incentives to compromise by allowing the possibility of an accession of a divided Cyprus to the Union.

Another issue to be considered when analysing elite interests is the dynamic nature of the conflict. After almost thirty-seven years of conflict, the questions to be tackled remain unaltered. However, given that de facto conditions and consequently elite interests have significantly changed, viable answers have been considerably transformed. It is therefore not surprising that official elite demands have changed accordingly. For example, inter-communal negotiations between 1964 and 1974 were based upon the joint objective of a unitary state and yielded agreements on the merging of the constitutional and high court and the abolition of presidential vetoes and separate legislative majorities. Agreement however was not found because the Greek Cypriots refused the concept of Turkish Cypriot autonomy in local government, claiming this would signify a concealed federation²⁴. Following the de facto partition of the island in

²² Turkish Daily News (18/12/1999).

²³ Dodd.C.H. (1993).

²⁴ Clerides.G. (1989b) p.381.

1974, the common aim stated in the 1977 and 1979 high level agreements²⁵ was that of a bi-communal and bi-zonal federation, whose precise format was to be subsequently debated. In the absence of any agreement, Denktas explicitly refuted in 1998 even the idea of a federal arrangement in favour of a confederation in which the two states would retain their sovereignty. These changes appear rational once changing elite interests in response to changing conditions are accounted for. Although prior to territorial partition an agreement based on a unitary state had been feasible, following de facto bi-zonality and separate governance, a federal solution became the new common ground. Similarly, while after three years of partition Denktas regarded a bi-communal federation an appealing solution, after over thirty years of a de facto Turkish Cypriot state, a preferred payoff would require the de facto *and* de jure recognition of the TRNC. This reality highlights the gravity of inaction. The more settlement is delayed and proposals ignore the realities of changing elite interests and the more the conflict acquires additional momentum and positive sum options become increasingly scarce.

III. Moving towards a resolution of the ‘Cyprus question’

Having analysed the today’s causes of the Cyprus conflict, let us offer some suggestions regarding a possible peace plan. The above analysis suggests that moving towards peace in Cyprus requires a three step process incorporating the two dimensions of the Cyprus conflict, i.e. the inter-communal and the inter-elite conflict. A first and immediate step could foresee a series of independent measures aimed at increasing confidence between the two communities. A sustainable resolution of the conflict requires an elimination of the inter-communal conflict and the creation of elements of a shared Cypriot identity to complement the separate identities and community affiliations with Greece or Turkey. Hence, the need to eradicate the underlying conditions fostering the ‘securitisation’ of the conflict. Measures to eradicate the inter-communal conflict do not require an agreement between the two parties and could thus be independently implemented by one or both communities prior to a solution.

²⁵ See annex 2

Second and most important the two negotiating elites must agree to an initial settlement proposal. To achieve such an agreement it is crucial to account for the interests of the negotiating parties. Conflict resolution will be carried out in a second best world, where the optimal solution may not necessarily be a viable one. A solution is only feasible if it can be interpreted as a positive sum game in which both elites can benefit.

Finally, one would foresee the dynamic evolution of the constitutional agreement. The Cyprus conflict cannot be truly resolved with an initial agreement between state elites. Once confidence building measures are implemented and the inter-communal conflict gradually erodes, the initial inter-elite agreement may evolve to account for the changing realities on the island. Conflict resolution will thus involve a dynamic process, where the constitutional system and the erosion of the inter-communal conflict will evolve together.

1. Independent confidence building measures prior to an agreement

An agreement between the two authorities on the island is not expected in the very near future. Nonetheless, some action could be undertaken immediately to gradually bridge divisions and misperceptions between communities and thus erode the inter-communal conflict. Such action does not require an agreement between the two negotiating parties, but could be undertaken independently if the two sides allowed civil society groups and NGOs on the island to operate freely and the Republic of Cyprus in particular opened its labour market. Were these two developments to take place, they could facilitate the erosion of the inter-communal conflict and thereafter encourage an inter-elite agreement.

a) Increasing social and cultural inter-communal relations

Social and cultural contact should be encouraged by both sides independently in order to bridge divisions between communities and reduce misperceptions and fears. The importance of social and cultural ties between the communities has been recognised and some progress in deepening and widening such links has been made. For example there are three bi-communal educational groups which organise bi-communal choir and drama activities, public lectures, exhibitions and student exchanges. Such activities

should certainly be encouraged and supported by both authorities on the island. Furthermore, inter-communal discussion groups could be established as an integral element of conflict resolution. Inter-communal groups could meet regularly to discuss elements of similarity between the two communities in terms of history, culture, traditions and way of life, gradually building upon those elements of a joint Cypriot identity which could form essential and constructive elements of the separate communal identities and thus contribute to the ‘desecuritisation’ of the conflict.

b) Increasing economic relations and re-balancing economic disparities

Second, economic relations should be encouraged by immediately lifting the Greek Cypriot embargo on the north and allowing the employment of Turkish Cypriots in the Republic of Cyprus. Inter-communal economic cooperation over water and sewage projects for example would not only foster peace by representing another route of inter-communal contact, but it would also increase economic efficiency. Moreover, the employment of Turkish Cypriots workers in the more prosperous Republic of Cyprus would also contribute to a rebalancing of regional inequalities.

2. An initial agreement between state elites

While initial confidence building measures would be desirable in so far as they would prepare the ground for the future settlement of the Cyprus question, the resolution of the conflict ultimately hinges upon an initial agreement between the two conflicting authorities. Without the constraints inbuilt in the Cyprus conflict one could feasibly propose an agreement between Greek and Turkish Cypriots along UN lines based on a unitary and bi-communal and bi-zonal state. However, despite the merits of such a solution, a unitary bi-communal state along the lines of the 1960 Republic of Cyprus and the UN resolutions since 1974 would be both unviable if one accounts for the matrix of elite positions, and above all unsustainable once one foresees the likely consequences of its immediate implementation on the island. A state without the backing of a nation fails in the context of an underlying ‘securitised’ ethnic conflict. In Cyprus a solution based on a unitary sovereign state failed in 1963 and would be even more likely to do so today. It is therefore crucial to propose a settlement which is both

viable in terms of an initial agreement and sustainable in terms of its subsequent implementation.

a) An initial constitutional settlement

Let us focus first on the viability of an initial settlement. Given an initial agreement must account for the constraints imposed by the current status quo of elite positions, a second best solution must entail an improvement from the situation for both negotiating parties.

Currently the leaderships on the island appear to stand for opposed and seemingly unmoveable positions. The Greek Cypriots call for a federation comprising two politically equal federal units and a more or less strong sovereign federal authority. The Turkish Cypriots on the other hand stand for a confederation between two sovereign states in Cyprus who may jointly determine their policies in certain areas of government on the basis of unanimity. (see Box 1 for the definition of federations and confederations).

Box 1: Static definitions of federation and confederation in international public law²⁶

International public law sets out a number models for the organisation of state structures which are conventionally used in the discussion of the constitutional resolution of ethnic conflicts. The key legal concept underlying these models is that of sovereignty, which according to standard theory is assumed to be one and indivisible. All models thus fall into one of two categories: there is either one or more than one state. Each state has indivisible external sovereignty and inviolable borders. All other matters including internal sovereignty, are considered to be an internal state affair.

Within the class of a single state, one possible form of constitutional design is the *federation*. A federation exists when within one unified state with single international status, the division of competences between the central and the regional levels is constitutionally entrenched and thus may not be unilaterally revoked by the former. Within a federal constitution: '*Central and regional authorities are each endowed with exclusive fields of legislative and executive competence*'²⁷ allowing each to be co-ordinate but independent in their spheres of governance. A federation may be one in which the central government remains co-equal to member state governments, or one in which it is superior to them.

²⁶ see B. Coppieters, 'Federalism and Conflict Resolution: Perspectives for the Caucasus' RIIS/Brookings Institution Press, forthcoming 2001

²⁷ S.A. de Smith 'The New Commonwealth' p.254

However, while internal sovereignty may be divided, externally the federation remains one internationally recognised state, with a single nationality and territory²⁸. As far as the international community is concerned a federation ranks equal to a unitary state and the decision to federalise a unitary state does not change the latter's international personality. Naturally, the federation may wish to entrust some policy competences in the field external relations to the federated states: "*Constitutive units of a federal state are not sovereign notwithstanding the fact that they may.....engage in limited international relations*".²⁹ The international role of federated states does not however amount to its external sovereignty. The federation remains a sovereign state consisting of non-sovereign states³⁰.

The classic form a state structure where each state retains its sovereignty and international personality is the *confederation*, which is a treaty based association of sovereign states. The confederated states voluntarily choose to assign to the central authorities particular functions and powers in order to serve particular purposes. Confederal activity is usually limited to certain essential areas such as defence or foreign relations, where a union of states better serves the interests of the separate sovereign members. The confederated states are linked through their governments and decisions are taken on the basis of unanimity. Citizens of a confederation retain the nationality of the sovereign confederated state.

A confederation may of course represent the first step in a move towards federation. In such a case the confederation chooses to adopt a constitution and thereby transform into a federation. While in substance of competences may little change, for international public law the step is crucial. The move to a constitutional structure implies a change in the international personality of the states (from two or more states to one). Thus, while the member states of a confederation have a unilateral right to secede, in a federation they do not.

On the basis of negotiating actors' interests, a possible solution for Cyprus could be one which moves away from these standard constitutional recipes firmly rooted in the nation-state language of sovereignty and territorial integrity, and selects elements of both models coherently fitting them in a wider regional framework, i.e. the European Union.

Let us turn first to the internal features of a constitutional settlement in Cyprus. In the context of the 'Cyprus conflict', employing the terms federation and confederation with their standard interpretation appears particularly fruitless not simply because of the current diametrically opposed elite positions, but also because as cases such as Belgium suggest, workable solutions exist with marked elements of both models.

²⁸ M.Prélot, J.Boulouis 'Institutions Politiques et Droit Constitutionnel, 11th ed. P.262-63.

²⁹ Encyclopedie, vol.10 p.408 H.Steinberg

³⁰ F.Ermacora, 'Allgemeine Staatslehre, p.649

An interesting solution in Cyprus could be the 'common state', a term used in the constitutional debate of the two major conflicts in the South Caucasus: Nagorno Karabakh and Abkhazia. The 'common state' has neither a clear legal definition nor it has ever been implemented in practice. However it may be defined as a confederal model in which member states do not have a unilateral right to secede, and where foreign policy is delegated to the confederal authorities. The common state model does not fit in easily with conventional state models as it would essentially imply a federation (given the single external sovereignty of the state) driven by an essentially confederal logic. It may nonetheless be a useful model in the case of Cyprus particularly if projected into the post-nation state world of the European Union.

In Cyprus, arguably, the most important constitutional principle included in the 'common state' proposal would be that of non-hierarchical relations between authorities and the dominant use of unanimity rule within central institutions. Non-hierarchical relations in cases where one community represents a distinct numerical majority are fundamental in order to ensure the respect of the principle of political equality often cited in UN resolutions for Cyprus but interpreted in contrasting ways by the two conflicting parties. The two entities in the island, recognising their potential common interests and purposes could discuss and develop common policies in a number of government areas and consequently form a central authority in which the principle of unanimity would prevail. Hence, the crucial difference between such an arrangement and a classic federation, in which sovereignty unambiguously lies in the central level representing the entire population and thus in which majority rule prevails.

However, the 'common state' solution would envisage that secession would only be permitted if agreed by both units. Here one can notice how the proposed solution also differs from a classic confederation, which resting upon an international treaty may be unilaterally broken by any of the sovereign entities at any time.

In the case of a Cyprus, Greek and Turkish Cypriot units would be recognised *within* the common state structure and not as separate sovereign states. Both units would have separate, mutually recognised yet linked constitutions. Hence, a Turkish Cypriot entity

would become internationally recognised, but the Greek Cypriots and the international community would not be called to recognise the TRNC's independence, but to recognise a Turkish Cypriot unit *within* the 'common state' of Cyprus. On the grounds of their status, asymmetric relations could also be established between the units and foreign states in particular spheres of competence. Hence, Turkish Cypriots could formalise links with Turkey and Greek Cypriots with Greece independently of each other and on an equal standing as the independent and recognised states.

In terms of citizenship, one could envisage a single but differentiated citizenship. Although the peoples of the island would have a Cypriot passport, the latter would be issued by the separate units and would indicate the community of origin of the passport holder.

As far as foreign representations and membership of international organisations and the EU are concerned, Cyprus would be treated as a single entity, which would nonetheless include voices from both units. In the case of EU membership, intra-EU institutional realities imply that the Union could only afford one new member standing for Cyprus and thus the two distinct units. How could a single membership operate? In areas such as regional funds and the Committee of the Regions, similar arrangements as those existing for other countries with defined regional structures could be envisaged, whereby one representant from each unit would be present. As far as membership of the Council of Ministers and the European Commission, where only one representant could be present, either a system of rotation or one of division of posts would have to be agreed upon. Alternatively in the Council of Ministers a system of split votes could be envisaged³¹. In either case, the central level in the 'common state' would have to provide the necessary forums in which to ensure either common stances or effective coordination.

Turning to the role of a central authority in Cyprus in greater detail, we suggest that in the initial stages of the settlement, other than foreign representation, the central

³¹thanks to Bruno Coppieters for this suggestion

authority would be responsible for providing experience of joint governance and minimising conflict. It would thus provide inter-communal forums for conflict resolution and policy discussion particularly on issues which in the long-run *could* be determined and managed by the same. One could also foresee that in order to ensure the efficacy of these policy forums at central level, a High Representative appointed by the international community could be permanently based on the island to carry out a mediating role. Depending on what the 'first best' or 'unconstrained' constitutional arrangement may be, in the longer term as the bases of conflict gradually erode, the central government could develop competence in foreign trade policy, customs policy, monetary and fiscal policy and possibly also public health and infrastructure policy. If this were to occur, it would have to be accompanied with the creation of an all-island parliament as well as a central level constitution compatible with the separate constitutions of the units. However, the main innovation of this approach is that a devolution of power to the central level would only occur if, as the bases of the conflict erode, the two separate units agree that optimality calls for a strong central government. Below we will expand further on the dynamics of such an agreement, a major argument for its desirability.

Such a solution appears to be one of if not the only viable option for the Turkish Cypriot elites. As stated above the Turkish Cypriot political elite, having effectively governed as a de facto state for twenty-six years, would not agree to an immediate renunciation of their control over the TRNC and thus agree to anything but a horizontal arrangement with some form of differentiated citizenship. This would represent a two-fold gain for the Turkish Cypriots who would not only retain control over their de facto state and gain international recognition as an entity in Cyprus, but would also enjoy a significant boost to their economy. Recognition would revamp the potentially competitive agricultural sector, removing restrictions on international tourism and increasing foreign aid receipts.

Such a constitutional arrangement also offers some attractions to the Greek Cypriot elite. For example, retaining a two-unit system would imply lower economic costs to the Greek Cypriot community. Under a federal arrangement, federal taxation and

redistribution would imply a considerable burden on the more prosperous Greek Cypriot community³². In the light of escalating economic disparities, a federal fiscal policy today would imply an even greater economic burden on the Greek Cypriot community and may not prove to be a viable outcome fostering peace and coexistence. A looser system instead would offer the Greek Cypriots the economic gains that can be derived from increased economic contact without the costs of having to continuously redistribute to their poorer partners. Furthermore, the constraints on secession would ensure Greek Cypriot elites that such an arrangement would not simply represent a first step to a permanent and legally sanctioned division of the island.

b) The desirability of a dynamic ‘common state’ solution

Any static agreement would be undesirable in so far as it would not necessarily represent the ‘ideal’ or ‘unconstrained’ arrangement within a conflict-free situation. Such a proposition seems particularly relevant for Cyprus, which unlike most other cases of ethnic conflict, has witnessed explicit dispute and division for thirty-seven years. In the context of the Cyprus conflict, a dynamic constitutional settlement appears a vital ingredient for the successful resolution of the conflict. An initial arrangement should only represent the first step towards the elimination of inter-communal barriers which would in turn allow the natural establishment of the first-best solution. Once the inter-communal conflict erodes and elements of shared identity are enhanced, constitutional arrangements could evolve symbiotically. Hence, the powers and functions entrusted to the central government for example would not be static, and it is possible to envisage that with growing experience of joint governance, the authority of the central government could grow accordingly. History includes several cases of federations evolving by aggregation rather than disaggregation. Examples include the Netherlands (1579-1795), the US (1776-1787), Switzerland (1815-1848) and Germany

³² See annex 5. It can be shown that under a federation redistribution aiming to increase Turkish Cypriot GDP by 50% or reduce the difference between Greek and Turkish Cypriot GDP by 20% would amount to 5% and 4% of Greek Cypriot GDP; i.e. \$320m and \$256m respectively. Clearly, these magnitudes would represent a minimal expense for a larger entity such as the EU.

(1815-1866). The possibility of transforming into a tighter federal state would clearly depend upon the gradual dissolution of the inter-communal conflict.

The time involved in such a process explains why both initial unilateral secession clauses and the immediate creation of powerful central institutions would be undesirable. On the one hand, initial restrictions on secession would be necessary to prevent an initial solution from being a first step to secession and to allow a sufficient period of time for the two political entities to constructively learn to work together. One cannot exclude however, that as conflict erodes, the two units mutually agree to disengage and transform into separate states. On the other hand, the immediate creation of a tight federation would be unsustainable. A successful federation, while not necessarily requiring the backing of a single nation should at least be supported by peacefully coexisting communities. In the words of Andrew Mango: 'a marriage cannot be valid, let alone be happy, without mutual consent'³³. History from the Soviet Union, Yugoslavia and Czechoslovakia teaches that artificial and involuntary federations are likely to fail in the long-term. A similar lesson can be learnt from Cyprus itself in the 1960s. If a tight federal arrangement failed in the 1960s, it is even more likely to fail after almost four decades of division and conflict. Unlike other cases of ethnic conflict, in which constitutional solutions may also envisage very high degrees of autonomy, in Cyprus, the immediate creation of a central authority legally entrusted with several policy areas would not be advisable because of the duration of the unsolved conflict and the lack of experience in joint governance. Immediate close contact both in governance and in community activity without common experience, norms and values would create deadlocks in decision-making and inter-communal tension, which may ultimately destroy the bases of the settlement rather than consolidate them³⁴. Hence, the desirability of a fluid arrangement which would allow the two community elites to gradually and voluntarily proceed to the first best arrangement when constraints imposed by the existing dynamics of the conflict are removed. Such a first best arrangement attained as the conflict erodes may well be a tight federation. But

³³ Mango.A. (2000)

³⁴ Theophanous.A. (1996).

regardless of what the ‘first best’ may be, it will only be achieved once an initial sustainable settlement is enacted arguably in the form of a dynamic arrangement.

c) Territorial readjustment, refugee questions, demilitarisation, immigration policy and the three freedoms of movement, settlement and property

A ‘common state’ arrangement without additional elements of a solution would be entirely unacceptable particularly to the Greek Cypriot elites, who would lose their international political and economic supremacy without adequate compensation. Other issues need to be considered.

First, on the question of territory allocation, an initial solution would imply land redistribution between the two communities. As it stands the territorial distribution ratio between Greek and Turkish Cypriots is 63:37 although population ratios are 74:24³⁵. Moreover, the Turkish Cypriots are in control of the island’s two water springs (Kythrea and Lapithos), a high proportion of the potential of total cultivated land (including the cereal producing Mesaoria Plain, the tobacco growing Karpass Peninsula and the citrus rich Kyrenia district), the largest port on the island (Famagusta) and the potentially major tourist resorts along the coast of Kyrenia and Famagusta. In return for the Turkish Cypriot international recognition and in the light of the Greek Cypriot strong bargaining position post-Helsinki, compromise would include substantial alteration of land allocation ratios. Land reallocation could in general follow the map³⁶ proposed by the 1992 ‘Set of Ideas’³⁷ which reallocates territory on a 29:71 basis and allows boundaries to run across Famagusta and Nicosia up to the southern tip of the Morphou Bay. However, in return for international recognition of a Turkish Cypriot entity in Cyprus, there could be greater territorial concessions to the Greek Cypriots than those suggested by the Ghali map. In particular, it could be argued that territorial readjustments could give Greek Cypriots 73-5% of all territory. The additional 2-4% of territory could come from the Morphou Bay, where arguably the line could run along Fyllia, Masari, the

³⁵ See first map in annex 4.

³⁶ See second map in annex 4

³⁷ See annex 2

Serrachis river up to Morphou and then again run along the river up to the western coast³⁸.

Land redistribution would resolve automatically a substantial part of the pressing refugee question given the transfer of land and property currently administered by the TRNC to the Republic of Cyprus. Under the Ghali map around 100,000 Greek Cypriots³⁹ could automatically return to their home land. This figure would be clearly higher under a 27-5:73-5 ratio where additional land would be transferred from the Morphou area formerly densely inhabited by Greek Cypriots. Well over half the number of Greek Cypriots displaced people would be automatically transferred to their own unit.

This leaves unsolved the questions of remaining Greek Cypriot displaced people and of old and newly created Turkish Cypriot displaced people. On these questions, some of the proposals of the 'Set of Ideas' could be endorsed. First, there could be a voluntary exchange of property between Greek Cypriot property in the Turkish Cypriot administered zone and Turkish Cypriot property in the Greek Cypriot administered zone. These exchanges would take place as a substitute to compensation for those who are eligible for it. The 'Set of Ideas' suggests the creation of two communal agencies dealing with these matters. Second, there could be adequate compensation for those who own property in the opposing unit but do not wish to live under the latter. Clearly, the redrawing of territorial boundaries will increase the numbers of Turkish Cypriots in this position. Compensation could take the form of comparable property and housing in one's own unit. Funds for compensation could be acquired from the expropriation of all remaining Greek Cypriot private property in the Turkish Cypriot administered zone and all Turkish Cypriot private property in the Greek Cypriot administered zone, in which the owners do not wish to move back to and which are not occupied by displaced people. Third, there could be the right of return to Greek Cypriots driven from northern territories where they owned property and vice versa for Turkish Cypriots. However, in cases where former property is occupied by displaced people *including* Anatolian

³⁸ See third map in annex 4

settlers *rooted* in Cyprus, compensation could be provided in the form of housing and property either in the same area or in the area administered by one's own community.

Second, on the question of the militarisation, while both parties would be expected to make concessions, Turkish Cypriots could be called to make greater adjustments. Although a final settlement of the problem of militarisation may not be stipulated immediately, initial demonstrations of goodwill would be imperative. Both communities could demonstrate their commitment to peace by diminishing their military spending, reducing the presence of Greek and Turkish troops under the supervision of international forces and not allowing new weapons on the island. Given the greater extent of militarisation in the north, greater concessions would be expected from the Turkish Cypriot community. An initial settlement could envisage the re-scaling of foreign troops as stated in the 1960 Treaty of Alliance as well as a plan for the longer-term demilitarisation of the island monitored by international forces.

Third, on the question of Anatolian settlers, an initial agreement would have to include the Turkish Cypriot commitment repatriate to Turkey a proportion of Anatolian settlers who have not yet taken root in Cyprus. Such a provision would be crucial for a long-lasting peace in Cyprus for three principal reasons. First because settlers alter the demographic structure of the island and thus induce Greek Cypriots' fear and suspicion. Second, Anatolian settlers are closely linked to Turkey and therefore hinder the enhancement of those elements of shared identity which could complement separate communal identities. Third, a partial repatriation of settlers would increase availability of property to be employed for compensation to displaced people.

Finally, on the question of the 'three freedoms', as proposed by the 'Set of Ideas' an initial settlement could envisage the full liberalisation of the freedom of movement for all citizens subject to normal police functions, but continued restrictions on freedoms of settlement and property in the medium term. Freedom of movement appears to be a pressing necessity of everyday life on a small Mediterranean island and should thus be

³⁹ Including a 1% annual population growth since 1974.

incorporated immediately in an initial settlement. It would also foster social, cultural and economic links between the two communities as well as encourage the phased reduction of inter-communal economic inequalities by allowing migrant Turkish Cypriots to work in the more flourishing southern economy. However, the liberalisation of freedoms of settlement and property, while equally desirable in the long term, would prove problematic in the short-run if incorporated in an initial settlement, given the glaring economic disparities between the two communities. Turkish Cypriots would refuse an initial liberalisation of these freedoms fearing the total domination of the richer Greek Cypriots over their land. Hence, for the first five to ten years, until material conditions are sufficiently re-balanced it is unrealistic to expect a full liberalisation of the freedoms of settlement and property throughout the island of Cyprus.

3. Confidence building measures following an agreement

Long-lasting settlement to the 'Cyprus question' can only be attained with the comprehensive 'desecuritisation' of the underlying inter-communal conflict. In order to 'desecuritize' the inter-communal conflict it is crucial to eradicate those conditions of division and disparity causing and exacerbating the 'Cyprus question' and rendering its deep-rooted resolution increasingly difficult. Only once these conditions are removed it will become possible to move towards a meaningful resolution of the 'Cyprus question', i.e., a resolution of the conflict between communities. As mentioned above some measures could be taken prior to an agreement between conflicting parties. However, more comprehensive action could and should be taken immediately after an initial agreement.

a) Building experience of shared governance

First, on the question of separate governance, it has already been suggested that an initial solution would encourage cooperation and the development of shared norms and values between governing elites by institutionalising inter-communal dialogue and consultation at the central authority level supported by the mediating role of a High Representative especially on matters which could be ultimately devolved to the central level. Such mechanisms would gradually develop experience of joint governance, thus eliminating the first condition of inter-communal division on the island. In addition to

such provisions, there should also be important institutional mechanisms to encourage increased joint political participation at lower levels of the political system. The central authority could be responsible for the creation and coordination of joint policy forums between top-level state representatives as well as between lower-level political authorities and between external bodies such as trade unions and other lobbying entities within the policy-making arena. It is crucial to involve as many sectors of the population as possible in joint workshops and discussion groups on the political resolution of the conflict and the possible areas of shared governance on the island. These micro-level initiatives would allow peoples to understand each other and endorse wider perspectives on the conflict, thus serving both an educational and a political purpose.

b) Increasing social and cultural inter-communal relations

As mentioned above, efforts to establish social and cultural inter-communal relations already exist and could be greatly encouraged even prior to an agreement. However, until an agreement is found, these activities are severely restricted by the green line separating the two peoples. Once this line begins to be severed through an initial settlement and the accompanying freedom of movement, a comprehensive program designing and organising joint activities and exchanges between sporting, social, cultural and educational institutions should be enacted thus beginning to give life to a shared civil society on the island. Furthermore, integrated schools should be established and books, press and media should be carefully screened to eliminate biased perceptions and opinions. Several joint universities should be established educating together the academic elite of the island.

c) Re-balancing economic disparities

Opening the Republic of Cyprus' labour market would indeed contribute to the reduction of socio-economic inequalities. However, the progressive narrowing of economic inequalities would be greatly facilitated with effective termination of international ostracisation of northern Cyprus following an agreement. International trade would allow the potential comparative advantages of northern Cyprus such as agriculture and tourism to be fully exploited. Northern Cyprus would benefit

substantially from foreign direct investment, which is currently deterred by the political status of the self-declared state and the persisting conflict. International recognition and settlement would also increase aid receipts in northern Cyprus, given the Turkish Cypriot administration would begin to administer a proportionate share of overall foreign aid.

d) Eliminating the Greek-Turkish rivalry

Fourth and final is the overarching Greek-Turkish conflict, which adds additional momentum to the internal ethnic conflict in Cyprus. A reduction or elimination of the centuries long rivalry between the two nations is crucial for an ultimate resolution of the 'Cyprus question'. The increased rapprochement between Greece and Turkey since August 1999 and with the high level meetings between Greek Foreign Minister George Papandreou and his Turkish counterpart Ismail Cem in January and February 2000 are crucially important developments. Beginning with the 'earthquake diplomacy' over the summer of 1999 and developing into nine agreements on cooperation in economic, technological, scientific, environmental, tourism, investment, customs, education and anti-terrorism matters, confidence between the two historical rivals is rapidly building up. Initial cooperation on relatively unproblematic issues should be encouraged in order to avoid the mistakes made in 1988, when the 'Davos spirit' evaporated once the two parties began linking their discussions to their most pressing area of discord, namely Cyprus⁴⁰. Strong international support for such a process and most crucially the development of the adequate framework within which the two countries could gradually come to discuss their disputes would facilitate the enhancement of shared elements of communal identity thus aiding the dissolution of the 'Cyprus question'.

4. The role of the EU in promoting peace in Cyprus

The changes necessary to build durable peace in Cyprus are numerous and all-encompassing and require an irrevocable effort and commitment. They involve not only an initial settlement between elites accounting for the latter's interests but would also call for a progressive elimination of those conditions fostering inter-communal conflict

⁴⁰ Mango.A. (2000).

over the longer-term. However, the task of bringing about a permanent settlement of the Cyprus conflict could be rendered both speedier and less costly if incorporated in the overall framework of the EU.

But what has been the role of the European Union in the ‘Cyprus question’ so far? Up until the 1990s, the EU’s approach to the ‘Cyprus question’ was one of caution and unequivocal support for the UN resolutions⁴¹. The situation reversed in the 1990s, when following the Republic of Cyprus application to EU membership the Union was effectively internalised in the conflict.

In July 1990 the Republic of Cyprus presented its application for EC membership. Despite a memorandum sent by the TRNC deploring the application of the Republic of Cyprus on behalf of the whole island, the Commission’s 1993 Opinion endorsed by the Council deemed Cyprus eligible for membership and its accession possible *following* the resolution of the conflict. The Opinion stated that the economic obstacles to Cyprus’ accession are not insurmountable and mainly relate to the island-wide economic disparities. But given the small size of the island a rapid economic catch-up with average EU standards could be feasible. Adoption of the EU *acquis* is also far from complete but again difficulties do not appear insuperable.

The Opinion was followed by technical talks between Cyprus and the Union in order to allow the former to familiarise with the *acquis*. Following the conclusion of the technical talks in 1995, Cyprus embarked on a structured accession dialogue with the Union, in the light of the 1995 Corfu summit in which the EU formally recognised Cyprus and Malta in the next stage of the enlargement process. In 1995 Cyprus was granted a fourth financial protocol of 210m euros which took a distinctive pre-accession character. In 1998 the Republic of Cyprus began accession negotiations with the Union as agreed in the 1995 Madrid Summit’s ‘historic’ package deal brokered by the French presidency, which linked Cyprus’ accession negotiations to Greece’s removal of the veto on the EU-Turkey customs union. So far Cyprus has participated to two rounds of

⁴¹ European Foreign Affairs Council decision (1974), European Parliament Resolution (1993 and 1995).

ministerial negotiations which provisionally closed ten chapters of the negotiations. Since the initiation of accession negotiations, the precondition of conflict resolution prior to EU membership has not been discussed. In the December 1999, the Helsinki European Council formally abandoned this precondition.

What explains the Greek Cypriot application for EU membership in 1990? There are two principal reasons behind the Republic of Cyprus's aim to incorporate the entire island in the European integration project. First, there is a strong economic rationale behind the Republic of Cyprus's application to the Union. EU membership would ensure free access to a large and dynamic market for the small and open economy of Cyprus, a market with whom the Republic of Cyprus already carries out 47% of its total trade⁴². More specifically, Cyprus would gain from its inclusion in the Common Agricultural Policy (CAP). Second, and most important there are political strategic reasons why the Republic of Cyprus would gain from EU membership. The inclusion of Cyprus in the Union with the Republic of Cyprus acting as the spokesman for the country would further discredit the self-proclaimed TRNC and strengthen the Greek Cypriot position in the bargaining process. For example, with Cyprus and Greece in the Union and Turkey still in the accession process, while any Greek from the mainland would be able to buy property and set up a business on the island, Turks would not enjoy any of these rights unless special EU provisions were devised⁴³.

The Turkish Cypriots on the other hand strongly reject Cyprus' application to the EU and the subsequent evolution of the relations between the southern Republic and the Union for three principal reasons. First, they regard the application illegitimate given it was submitted by the Republic of Cyprus on behalf of the whole island although the Turkish Cypriot population recognises the TRNC as their legitimate authority. Second, they regard the application illegal because it violates the 1959 Treaty of Guarantee which states that Cyprus would not participate either wholly or in part to any political or economic union with another state, or to any international organisations unless *both*

⁴² Figures for 1994, Dodd.C.H (1994).

⁴³ Mango.A. (2000).

Greece *and* Turkey participated as well⁴⁴. As long as Greece is a member of the Union and Turkey is not, Turkish Cypriots fear that Cyprus' EU accession would effectively imply a 'backdoor route' to attain *enosis*⁴⁵. Third, they reject the application and the subsequent evolution of the relations between the Republic of Cyprus and the EU given the Union's position vis-à-vis the 'Cyprus question'. The EU's support for UN resolutions implied its non-recognition of the TRNC and its exclusive relations with the Greek Cypriot Republic. This stance somewhat hardened following the 1988 Coste-Floret report and the closer ties between Greek Cypriots and the EU within the enlargement process. This in turn led to the Turkish Cypriot refusal to participate to accession talks, in so far as participation to a Cypriot delegation without veto rights would effectively serve Greek Cypriot aims of a federation, and induced the deeper integration of the TRNC with Turkey⁴⁶. Although the Turkish Cypriot community favours EU accession in the long-run, it holds that accession should only take place following a resolution of the conflict.

Currently therefore the introduction of the EU variable into the complex dynamics of the 'Cyprus question' has merely served to exacerbate the conflict by reducing Greek Cypriot incentives to broker a political settlement, consolidating political, social, cultural and economic inter-communal divisions and inducing the TRNC's closer ties with Turkey. The EU has thus further 'securitised' rather than 'desecuritised' the conflict in the 1990s⁴⁷. Since the Republic of Cyprus initiated accession negotiations in 1998 direct relations between the two community elites have been absent. Nonetheless the Union could ultimately act as one of the, if not the principal factor facilitating peace on the island. Via which routes could the EU play a constructive role in conflict resolution?

a) Including Turkish Cypriots in relations with the EU

⁴⁴ 'The Greek Cypriot Administration is not entitled in international law to apply to join or join the European Union whilst Turkey is not a member. Greece and the United Kingdom are under obligation to prevent such accession'. M.H. Mendelson Q.C. (1998). See annex 1.

⁴⁵ eg: see argument by Mango (2000) above.

⁴⁶ i.e., through the 1998 Association Council.

⁴⁷ Diez.T. op.cit.

The EU's role in the Cyprus conflict can only be constructive if it is balanced. The first imperative is therefore to incorporate the Turkish Cypriots in any relations but especially in accession negotiations between Cyprus and the Union. Given political constraints, this could be possible once an initial agreement is brokered and the Turkish Cypriot administration is recognised as a political equal to the Greek Cypriot administration in accession negotiations and ultimately within the Union. An additional incentive for the Turkish Cypriots is provided by a rapprochement between Turkey and the Union. Although political and economic realities suggest that Cyprus may become an EU member before Turkey, greater ties between the latter country and the Union reversing the post-Luxembourg deadlock, could be conducive to the establishment of relations between the Turkish Cypriots and the EU. Once both communities are incorporated in relations with the EU and are ultimately included as one Union member, a constructive role of the latter could be envisaged. Concretely, the EU could foster peace in Cyprus in the following ways.

b) The EU's role facilitating the functioning of an initial agreement

First, the EU could facilitate the implementation of an initial agreement between the two inter-communal elites by taking some of the pressure off the units. Four problematic areas of the above mentioned solution would be the role of the military, the operation of monetary policy, status of displaced people and the liberalisation of the three freedoms of movement, settlement and property.

i. The EU's role in the defence and security of Cyprus

On the question of the military, we have already noted that a long-run solution cannot be attained in the short-term while inter-communal divisions are still wide. However the EU could both render this interim period smoother and shorter, and ensure the successful attainment of longer-run goals. During the interim period, military forces in Cyprus could be incorporated in the wider European defence arrangement, where a European Rapid Deployment Force could be stationed in the presently British bases of Dhekelia and Akrotiri in order to monitor the activities of Greek, Turkish and Greek and Turkish Cypriot military forces. Clearly both Greece and Turkey would contribute to a European defence initiative in Cyprus despite the latter's non-membership of the EU in

the medium term. This is first and foremost necessary to ensure the Turkish Cypriot acceptance of the plan and compliance with the terms of the Treaty of Alliance and Article 3 of the Treaty of Establishment⁴⁸. Moreover, the participation of both Greek and Turkish troops would also provide an additional arena of cooperation between the two historic rivals within an EU structure. In the longer-term, European forces could assist the gradual demilitarisation of the island, as specified in the initial agreement creating the desirable environment for stability and security in Cyprus.

ii. The EU's role in the monetary policy of Cyprus

On the question of monetary policy, a major disadvantage of a common state structure would be the possible operation of two distinct monetary authorities, two monetary policies and two circulating currencies implying a lack of uniformity in services and payments. Moreover, in so far as Turkish Cypriot monetary policy is effectively determined by Turkish monetary authorities, the TRNC, like Turkey itself, has been afflicted with rampant inflation and monetary instability, which exacerbates the gap separating the economically stagnant north from the prosperous south.

A preferred solution to two distinct monetary policies in Cyprus would be the immediate adoption of the euro and thus ECB determined monetary policy throughout the island prior to EU membership. The Cypriot pound is already pegged to the euro on a 2.25% fluctuation bound since 1999. The Turkish lira could enter a similar arrangement until 2002 when both currencies are replaced by the euro. Financial circles in northern Cyprus have frequently advocated the replacement of the Turkish lira by a stronger currency such as the Cypriot pound, which is often used in estate transactions. But persisting political conflict renders such an economically rational policy unviable. The adoption of the euro in Cyprus could break this impasse by offering both a politically viable and an economically sound alternative inducing the gradual convergence of the two Cypriot economies.

iii. The EU's role in, in speeding up the liberalisation of the 'three freedoms' and resolving the refugee problem in Cyprus

⁴⁸ See annex 1.

If both Greek and Turkish Cypriot authorities participate to accession negotiations and ultimately attain full membership, the Union could provide the adequate framework to resolve the problems of the restricted freedoms of movement, property and settlement and of displaced people on the island. Clearly, until economic disparities are bridged, the full liberalisation of the freedoms of settlement and property cannot be attained, and the EU would have to account for the specificity of the Cyprus case in the short and medium term. Nonetheless, if both Greek *and* Turkish Cypriot communities adopted the Community *acquis* and operated within the EU single market framework, hidden restrictions deriving from diverse communal systems would be more easily overcome accelerating the ultimate attainment of full freedoms of settlement and property.

This, together with Cyprus' incorporation in the EU's third pillar of Justice and Home Affairs (JHA) would also contribute to the resolution of the refugee problem on the island. As mentioned above, one measure undertaken to resolve the refugee question would be to allow the voluntary return of Greek Cypriots to their property in the north and vice versa for Turkish Cypriots with property in the south if these are not occupied by displaced people. The liberalisation of the three freedoms under the overarching framework of the EU single market and the incorporation of Cyprus in the JHA pillar would thus aid the rapid implementation of this measure. The EU could also ease the refugee problem by contributing to the refugee compensation fund mentioned above. This would be critical especially in the early days of an agreement when freedoms of property and settlement would remain limited and therefore the persisting psycho-political problem of displaced people could threaten the success of the peace settlement.

c) The EU's role in resolving the underlying inter-communal conflict

In addition to measures facilitating the formulation and implementation of an initial settlement, another route through which the EU could contribute to a lasting settlement of the Cyprus conflict could be by speeding up the transition to the ultimate desirable constitutional division of competences. By encouraging the eradication of the underlying conditions fuelling inter-communal division, the EU could aid the

enhancement of elements of shared identity, the ‘desecuritisation’ of the conflict and consequently the ultimate attainment of an ‘unconstrained’ constitutional arrangement.

First, participating to supra-national European institutions would add a second dimension to that provided by a central government within which Greek and Turkish Cypriots could learn to cooperate in joint governance. Especially in the light of the EU institutional constraints allowing only one single Cypriot membership, Greek and Turkish Cypriots would have an additional incentives to work together and find common ground. Working together to support the national Cypriot interest within a wider context of European cooperation would increase the scope or common goals between inter-communal elites and accelerate the formation of shared norms and values. This may be particularly true within an enlarged EU, in which broad regional coalitions may form on the basis of shared interests within the European forum.

Second, the EU could encourage and finance numerous social and cultural initiatives through which members of the two communities could enhance their relations and contacts. Under the European Social Fund, EU member states decide whether and how to give priority to their cultural programmes. Such programmes are eligible to EU funding either under objective 1⁴⁹ or under the new objective 2 in which cultural programmes are accepted if they are shown to be a source of employment enabling local and regional development. This implies that programmes have to cover one of the following policy fields, namely: active labour market policies to counter unemployment, the promotion of social cohesion, education and training systems to promote employability and the anticipation and facilitation of social change and equal opportunities for men and women. These goals could to a large extent be compatible with social and cultural programmes, serving to create inter-communal links in Cyprus.

Third the EU could encourage inter-communal economic contact and the reduction of economic disparities. While a resolution to the ‘Cyprus question’ may not be a precondition to the Republic of Cyprus’ EU accession, the EU could include the lifting

⁴⁹ i.e. areas with per capita GDP below 75% of the EU average

of the Greek and Greek Cypriot economic blockades on northern Cyprus as a precondition to accession⁵⁰. Hence, economic contact would resume and disparities would begin to even out. Following the EU membership of a 'resolved' Cyprus, inclusion in the EC single market would then imply even closer economic relations between Greek and Turkish Cypriots as well as an acceleration of economic development in the north. Inclusion in a European single market would benefit economically both communities. But in the light of the existing disparities between the regions caused to a large extent by the TRNC's international non-recognition, EU accession is bound to benefit the northern regions in particular and thus contribute to a progressive narrowing of inter-communal economic disparities. In addition to trade, the Turkish Cypriot economy would also gain from proportional shares of EU aid and structural funds following EU accession. As calculated in annex 5, the Turkish Cypriot community would benefit from approximately 500 euro per capita, implying a rise of 12.5% GDP per capita.

Finally, the EU could contribute to a reduction of the underlying Greek-Turkish rivalry by integrating Turkey closely in EU affairs. This would first induce Turkey to settle its disputes with Greece and second, following Turkey's inclusion in the Union, the EU would provide a single umbrella within which the two countries could manage their affairs. So far the Union has appeared to act as an additional arena in which the Greek-Turkish rivalry could be fought. Since the mid-1980s, Greece has directed its foreign policy vis-à-vis Turkey towards incorporating the disputes between Athens and Ankara within the wider EU framework. Most notably, Greece has repeatedly used its veto power in EC decision-making to block the implementation of the 4th Financial Protocol to Turkey and applied the policy of conditionality to the 'Cyprus question'. However, the rapprochement between Greece and Turkey, which began in August 1999 with the 'earthquake diplomacy' between the rival countries paved the way for Turkey's formal incorporation in the EU enlargement process. Turkey's closer links with the Union could in turn facilitate the ultimate resolution of Greek-Turkish territorial disputes. The Helsinki Council conclusions called for the resolutions of territorial disputes preferably

⁵⁰ This would imply a reversal of the ECJ's own ruling on the question.

through political settlement, but failing that through recourse to the International Court of Justice. One week before the December 1999 Council, former Turkish President Demirel accepted the possibility of an ICJ adjudication of Greek-Turkish territorial conflicts. Hence, the increased likelihood of Turkey's EU membership is creating positive dynamics towards a resolution of Greek-Turkish points of contention, explaining Greece's recent insistence of a clear 'road map' for Turkey's EU accession. Greece seems to appreciate that a clearly defined accession process will give Turkey the incentives to settle their disputes. But the EU's role could go well beyond the encouragement of Greek-Turkish territorial settlements. As Turkey gradually approaches the EU family, Greece and Turkey would be able to conduct bilateral affairs within the shared economic, security and civil society structure of the Union. Hence, the progressive elimination of covered and unspoken differences between the two historical rivals and the subsequent encouragement to a unification of the peoples of Cyprus.

d) The EU's role in creating a post-modern state in Cyprus

More generally, the EU could contribute to a lasting settlement in Cyprus by remoulding Cyprus as a 'post-modern state'⁵¹. The transformation of Cyprus from a 'pre-modern' state in which 'state' and 'nation' do not coincide, into a modern state with single independence, sovereignty and territorial integrity as advocated by UN resolutions is an unlikely outcome, which has prevented conflict resolution for over three decades and which is becoming increasingly obsolete as time passes and inter-communal division is further entrenched. However, the international system's language of the modern state has difficulty accepting fuzzier constitutional solutions, which may more adequately capture realities on the ground. For example, in the rigid language of the modern state, the proposal of a 'common state' implies an effective constitutional contradiction. A 'common state' implies a union by treaty. But a voluntary treaty between states, which may not be revoked unilaterally, would limit the external sovereignty of the member states and thus be internally inconsistent.

⁵¹ Cooper, R. (1996) and Buzan, B., de Wilde, J. and Wæver, O. (1997).

Yet such a constitutional solution could be possible if incorporated in the regional environment of the EU. As the Belgian and Northern Irish models teach, the EU allows an easing of perennial tensions between different 'nations' within one 'state', through the transformation of the meaning of statehood itself as well as of key concepts such as sovereignty and territorial integrity. When placed within the economic, monetary, and future security and civil structures of the EU, rigid concepts of indivisible sovereignty and territoriality gradually lose meaning. Hence, with the prospect and subsequent reality of Cyprus' accession, more complex 'post-modern' constitutional solutions for Cyprus could be foreseen. This could be possible through two inter-related effects.

First, the prospect of Cyprus' full EU membership and thus of the EU's decision-making roles in the economic, monetary, foreign, defence and justice policies of Cyprus, would encourage the two parties' acceptance of a non-hierarchical arrangement within one formally recognised state. Generally one would envisage that Greek Cypriot elites would view favourably the transfer of competences from the units to the European level, while Turkish Cypriot elites would be more willing to devolve power to the supra-national than to the central level.

Second, the transformation of Cyprus into a 'post-modern state' would facilitate the ultimate creation of an optimal constitutional arrangement (whatever this may be) by reducing the importance of separate sovereignties and systems of governance. Within the all-encompassing European umbrella in which the mutual interference in domestic affairs is the norm and the philosophy of subsidiarity is rapidly developing, the distinctions between confederations, federations and unified states will become increasingly blurred. Secession from a state but not from the Union or reintegration in a unified state with regions retaining not only internal competences but also external roles in an enhanced Europe of the Regions would both become relatively unproblematic.

The prospect of EU membership would thus facilitate the attainment of an initial non-hierarchical settlement, while the reality of membership would act as a catalyst for the attainment of an optimal solution in which the two peoples of Cyprus peacefully coexist.

IV. Summary and Conclusions

Many approaches to the ‘Cyprus question’, including that of the UN itself, envisage a resolution of the conflict based on a reunification of the island and the close interaction between the communities sharing a same identity and purpose. However, agreeing upon and thereafter operating such a solution after over thirty years of conflict is first of all unfeasible and second it is arguably undesirable. Once we situate ourselves in a second-best world different options need to be considered. The approach adopted in this study involves an analysis of the conflict from two distinct levels.

First, it is important to recognise that the conflict in Cyprus is not simply one between states, but above all one between peoples, a conflict which began under Ottoman and British domination but which gained a momentum of its own during decades of separation following 1963. The inter-communal conflict can only be resolved if the underlying conditions fostering it are eradicated. Hence, the need to build experience of shared governance, to increase and deepen inter-communal social, cultural and economic links, to work towards the economic equality of the two communities and to ease the underlying Greek-Turkish rivalry. But many of these conditions can only be removed once an initial settlement between the negotiating parties is brokered. This takes us to the second dimension of the ‘Cyprus question’: the inter-elite conflict. Adopting a game theoretic approach, this study shows that an initial proposed settlement must represent a preferred alternative to the status quo for both parties in order to be viable.

Hence, the suggestion of a non-hierarchical ‘common state’ arrangement together with territorial readjustments and clauses concerning refugee statuses, military capabilities and the ‘three freedoms’. The main elements of an initial solution are summarised in Boxes 2 and 3 below.

Box 2: The initial agreement between state elites

- Common state solution
 - i Unit recognition within the common state. Units can secede only if agreed by both parties
 - ii The central authority could evolve from a mainly policy discussion forum to a decision-making body in select policy areas. The dynamic mechanism would be encouraged by the mediating role an internationally appointed High Representative.
 - iii Single but differentiated citizenship
 - iv Single foreign representation and membership of international organisations and the EU

- Territorial readjustments (see map)

- Refugee policy
 - i Voluntary exchange of property
 - ii Compensation
 - iii Right of return to property not occupied by displaced persons

- Military and defence policy
 - i Initial reduction of spending, sizing down of troops as provided for by the 1960 Treaty of Alliance and freezing the purchase of new weapons.
 - ii Gradual demilitarisation

- Settler policy. Halt the immigration of Turkish settlers and repatriate a proportion of existing settlers

- Freedom of movement, property and settlement.
 - i Immediate liberalisation of the freedom of movement
 - ii Gradual liberalisation of the freedom of property and settlement

Box 3: Tackling the inter-communal conflict

- Increased experience in shared governance via the formation of inter-communal policy forums at all government levels coordinated by the central authority

- Enhanced social, cultural and economic inter-communal relations with the elimination of inter-communal restrictions and the construction of the necessary infrastructure to support such projects. Open labour markets.

- Reduced inter-communal economic disparities via the removal of the economic embargo by the Republic of Cyprus and the EU, encouraged FDI in northern Cyprus and the migration of Turkish Cypriot workers in the southern economy

- Greek-Turkish rapprochement through strong international support for the current evolution of diplomatic relations and the creation of a favourable institutional environment within the EU framework

The initial constitutional solution suggested in box 2 would first be viable in so far as it could represent a preferred solution for all parties than the current status quo. Second, the solution would be desirable in so far as it would tackle the underlying inter-communal conflict and allow the ‘desecuritisation’ of the question through the measures suggested in box 3. The solution would also be sustainable and preferred to the traditional UN approach to the conflict because it would both diminish potential for conflict during the initial stages of the settlement when goodwill and experience in cooperation are still low, and represent a fluid arrangement encouraging inter-communal contact to be followed by corresponding changes in governing arrangements. In other words, a flexible initial solution would imply an inbuilt virtuous circle, as growing experience of living and governing together would be followed by accompanying shifts in institutional and legal arrangements until the most rational constitutional solution would naturally arise. The effects of concerted efforts aimed at eradicating the underlying conditions fostering inter-communal conflict would represent an additional momentum to this ongoing process of settlement evolution, whose natural end point would be the peace and prosperity of the peoples of Cyprus.

Box 4: The role of the EU in resolving the Cyprus conflict

- EU recognition of a Turkish Cypriot unit within a common state, treated as a political equal to the Greek Cypriot unit in accession negotiations and ultimate EU membership
- EU role in the implementation of an initial agreement
 - i ERRF stationed in Dhekelia and Akrotiri initially ensuring stability and ultimately monitoring demilitarisation
 - ii Full euorisation in both units by 2002
 - iii Immediate priority in both units of adopting the EU *acquis* regarding the freedom of movement, more gradual adoption of *acquis* for the freedom of property and settlement.
 - iv EU insistence on Greek and Greek Cypriot lifting of the economic blockade on northern Cyprus
- EU role in eliminating the inter-communal conflict
 - i Single EU membership encouraging joint decision-making at the supra-national level
 - ii Immediate full utilisation of the European Social Fund promoting inter-communal relations
 - iii Immediate full utilisation of EU Structural Funds contributing to an elimination of inter-communal economic disparities
 - iv Full utilisation of the EU framework to encourage the Greek-Turkish rapprochement

The European Union is in a unique position to play an active role in promoting peace in Cyprus (see Box 4). While the UN can at best represent a microcosm of the international system and as such stresses notions of sovereignty, territorial integrity and independence, the European Union could successfully alter the context of the Cyprus conflict by opening up the framework of the post-nation state order, thus offering new and more complex solutions of power-sharing and division of sovereignties. First, the prospect of EU membership could act as a facilitating factor in the agreement and implementation of an initial solution by endorsing competences in many crucial policy areas. Second, the reality of membership could act as a catalyst for the attainment of an ultimate elimination of the conflict, both by encouraging the elimination of those political, social, cultural and economic conditions of division and by narrowing the substantive differences between formally opposed constitutional arrangements. In this way Cyprus' EU membership and the resolution of the deep-rooted 'Cyprus question' could evolve together, reinforcing each other in a virtuous circle of peace and prosperity.

Annex 1

Treaty of Establishment of the Republic of Cyprus

The United Kingdom of Great Britain and Northern Ireland, the Kingdom of Greece and the Republic of Turkey of the one part and the Republic of Cyprus of the other part.

Desiring to make provisions to give effect to the Declaration made by the Government of the United Kingdom on the 17th of February, 1959, during the Conference at London, in accordance with the subsequent Declarations made at the Conference by the Foreign Ministers of Greece and Turkey, by the Representative of the Greek Cypriot Community and by the Representative of the Greek Cypriot Community and by the Representative of the Turkish Cypriot Community.

Taking note of the terms of the Treaty of Guarantee signed today by the Parties;
Have agreed as follows.

ARTICLE 1

The territory of the Republic of Cyprus shall comprise the island of Cyprus, together with the islands lying off its coast, with the exception of the two areas defined in Annex A to this Treaty, which areas shall remain under the sovereignty of the United Kingdom. These areas are in this Treaty and its Annexes referred to as the Akrotiri Sovereign Base Area and the Dhekelia Sovereign Base Area.

ARTICLE 2

The Republic of Cyprus shall co-operate fully with the United Kingdom to ensure the security and effective operation of the military bases situated in the Akrotiri Sovereign Base Area and the Dhekelia Sovereign Base Area, and the full enjoyment by the United Kingdom of the rights conferred by this Treaty.

ARTICLE 3

The Republic of Cyprus, Greece, Turkey and the United Kingdom undertake to consult and co-operate in the common defence of Cyprus.

ARTICLE 4

The arrangements concerning the status of forces in the Island of Cyprus shall be those contained in Annex C to this Treaty.

ARTICLE 5

The Republic of Cyprus shall secure to everyone within its jurisdiction human rights and fundamental freedoms comparable to those set out in section I of the European Convention for the Protection of Human Rights and Fundamental signed at Rome on 4 November, 1950, and the Protocol to that Convention signed at Paris on 20 March.

ARTICLE 6

The arrangements concerning the nationality of persons affected by the establishment of the Republic of Cyprus shall be those contained in Annex D to this Treaty.

ARTICLE 7

The Republic of Cyprus and the United Kingdom accept and undertake to carry out the necessary financial and administrative arrangements to settle questions arising out of the termination of British administration in the territory of the Republic of Cyprus. These arrangements are set forth in Annex E to this Treaty.

ARTICLE 8

- (a) All international obligations and responsibilities of the Government of the United Kingdom shall henceforth, in so far as they may be held to have application to the Republic of Cyprus, be assumed by the Government of the Republic of Cyprus.
- (b) The international rights and benefits heretofore enjoyed by the Government of the United Kingdom in virtue of their application to the territory of the Republic of Cyprus shall henceforth be enjoyed by the Government of the Republic of Cyprus.

ARTICLE 9

The Parties to this Treaty accept and undertake to carry out the arrangements concerning trade, commerce and other matters set forth in Annex F to this Treaty.

ARTICLE 10

Any question or difficulty as to the interpretation of the provisions of this Treaty shall be settled as follows:

- (a) Any question or difficulty that may arise over the operation of the military requirements of the United Kingdom, or concerning the provisions of this Treaty in so far as they affect the status, rights and obligations of United Kingdom forces or any other forces associated with them under the terms of this Treaty, or of Greek, Turkish and Cypriot forces, shall ordinarily be settled by negotiation between the tripartite Headquarters of the Republic of Cyprus, Greece and Turkey and the authorities of the armed forces of the United Kingdom.
- (b) Any question or difficulty as to the interpretation of the provisions of this Treaty on which agreement cannot be reached by negotiation between the military authorities in the cases described above, or, in other cases, by negotiation between the Parties concerned through the diplomatic channel, shall be composed of four representatives, one each to be nominated by the Government of the United Kingdom, the Government of Greece, the Government of Turkey and the Government of the Republic of Cyprus, together with an independent chairman nominated by the President of the International Court of Justice. If the President is a citizen of the United Kingdom and Colonies or of the Republic of Cyprus of Greece or of Turkey, the Vice-President shall be requested to act; and, if he also is such a citizen, the next senior Judge of the Court.

ARTICLE 11

The Annexes to this Treaty shall have force and effect as integral parts of this Treaty.

ARTICLE 12

This Treaty shall enter into force on signature by all the Parties to it.

Treaty of Guarantee

The Republic of Cyprus of the one part, and Greece, Turkey and the United Kingdom of Great Britain and Northern Ireland of the other part.

Considering that the recognition and maintenance of the independence, territorial integrity and security of the Republic of Cyprus, as established and regulated by the Basic Articles of its Constitution, are in their common interest,

Desiring to co-operate to ensure respect for the state of affairs created by that Constitution.

Have agreed as follows.

ARTICLE I

The Republic of Cyprus undertakes to ensure the maintenance of its independence, territorial integrity and security, as well as respect for its Constitution. It undertakes not to participate, in whole or in part, in any political or economic union with any State whatsoever. It accordingly declares prohibited any activity likely to promote, directly or indirectly, either union with any other State or partition of the Island.

ARTICLE II

Greece, Turkey and the United Kingdom, taking note of the undertakings of the Republic of Cyprus set out in Article I of the present Treaty, recognise and guarantee the independence, territorial integrity and security of the Republic of Cyprus, and also the state of affairs established by the Basic Articles of its Constitution. Greece, Turkey and the United Kingdom likewise undertake to prohibit, so far as concerns them, any activity aimed at promoting, directly or indirectly, either union of Cyprus with any other State or partition of the Island.

ARTICLE III

The Republic of Cyprus, Greece and Turkey undertake to respect the integrity of the areas retained under United Kingdom sovereignty at the time of the establishment of the Republic of Cyprus, and guarantee the use and enjoyment by the United Kingdom of the rights to be secured to it by the Republic of Cyprus in accordance with the Treaty of Establishment of the Republic of Cyprus signed at Nicosia on to-day's date.

ARTICLE IV

In the event of a breach of the provisions of the present Treaty, Greece, Turkey and the United Kingdom undertake to consult together with respect to the representations or measure necessary to ensure observance of those provisions. In so far as common or concerted action may not prove possible, each of the three guaranteeing Powers reserves the right to take action with the sole aim of re-establishing the state of affairs created by the present Treaty.

ARTICLE V

The present Treaty shall enter into force on the date of signature. The original texts of the present Treaty shall be deposited at Nicosia. The High Contracting Parties shall proceed as soon as possible to the registration of the present Treaty with the Secretariat of the United Nations, in accordance with Article 102 of the Charter of the United Nations.

Treaty of Alliance

The Republic of Cyprus, Greece and Turkey,
In their common desire to uphold peace and to preserve the security of each of them,
Considering that their efforts for the preservation of peace and security are in conformity with the purposes and principles of the United Nations Charter.
Have agreed as follows:

ARTICLE I

The High Contracting Parties undertake to co-operate for their common defence and to consult together on the problems raised by that defence.

ARTICLE II

The High Contracting Parties undertake to resist any attack or aggression, direct or indirect, directed against the independence or the territorial integrity of the Republic of Cyprus.

ARTICLE III

For the purpose of this alliance, and in order to achieve the object mentioned above, a Tripartite Headquarters shall be established on the territory of the Republic of Cyprus.

ARTICLE IV

Greece and Turkey shall participate in the Tripartite Headquarters so established with the military contingents laid down in Additional Protocol No.I annexed to the present Treaty.

The said contingents shall provide for the training of the army of the Republic of Cyprus.

ARTICLE V

The Command of the Tripartite Headquarters shall be assumed in rotation, for a period of one year each, by a Cypriot, Greek and Turkish General Officer, who shall be appointed respectively by the Governments of Greece and Turkey and by the President and the Vice-President of the Republic of Cyprus.

ARTICLE VI

The present Treaty shall enter into force on the date of signature. The High Contracting Parties shall conclude additional agreements if the application of the present Treaty renders them necessary. The High Contracting Parties shall proceed as soon as possible with the registration of the present Treaty with the Secretariat of the United Nations, in conformity with Article 102 of the United Nations Charter.

Additional Protocol n.1

ARTICLE 1

The Greek and Turkish contingents which are to participate in the Tripartite Headquarters shall comprise respectively 950 Greek officers, non-commissioned officers and men, and 650 Turkish officers, non-commissioned officers and men.

ARTICLE 2

The President and the Vice-President of the Republic of Cyprus, acting in agreement, may request the Greek and Turkish Governments to increase or reduce the Greek and Turkish contingents.

ARTICLE 3

It is agreed that the sites of the cantonments for the Greek and Turkish contingents participating in the Tripartite Headquarters, their juridical status, facilities and exemptions in respect of customs and taxes, as well as other immunities and privileges and any other military and technical questions concerning the organisation and operation of the Headquarters mentioned above shall be determined by a Special Convention which shall come into force not later than the Treaty of Alliance.

ARTICLE 4

It is likewise agreed that the Tripartite Headquarters shall be set up not later than three months after the completion of the tasks of the Mixed Commission for the Cyprus Constitution and shall consist, in the initial period, of a limited number of officers charged with the training of the armed forces of the Republic of Cyprus. The Greek and Turkish contingents mentioned above will arrive in Cyprus on the date of signature of the Treaty of Alliance.

Additional Protocol n.2

ARTICLE I

A Committee shall be set up consisting of the Foreign Ministers of Cyprus, Greece and Turkey, It shall constitute the supreme political body of the Tripartite Alliance and may take cognisance of any question concerning the Alliance which the Governments of the three Allied countries shall agree to submit to it.

ARTICLE II

The Committee of Ministers shall meet in ordinary session by its Chairman at the request of one of the members of the Alliance. Decisions of the Committee of Ministers shall be unanimous.

ARTICLE III

The Committee of Ministers shall be presided over in rotation and for a period of one year, by each of the three Foreign Ministers. It will hold its ordinary sessions, unless it is decided otherwise, in the capital of the Chairman's country. The Chairman shall, during the year in which he holds office, preside over sessions of the Committee of Ministers, both ordinary and special. The Committee may set up subsidiary bodies whenever it shall judge it to be necessary for the fulfilment of its task.

ARTICLE IV

The Tripartite Headquarters established by the Treaty of Alliance shall be responsible to the Committee of Ministers in the performance of its functions. It shall submit to it, during the Committee's ordinary session, an annual report comprising a detailed account of the Headquarters' activities.

Annex 2

Major UN Resolutions

RESOLUTION 186 (1964)

Adopted by the Security Council on 18 February 1964

Noting that the present situation with regard to Cyprus is likely to threaten international peace and security and may further deteriorate unless additional measures are promptly taken to maintain peace and to seek out a durable solution.

Considering the positions taken by the parties in relation to the treaties signed in Nicosia on 16 August 1960.

Having in mind the relevant provisions of the Charter of the United Nations in its article 2 para.4 which reads: 'all members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations'.

- (a) Calls upon all member-states, in conformity with their obligations under the Charter of the United Nations, to refrain from any action or threat of action likely to worsen the situation in the sovereign Republic of Cyprus, or to endanger international peace.
- (b) Asks the Government of Cyprus, which has the responsibility for the maintenance and restoration of law and order, to take all additional measures necessary to stop violence and bloodshed in Cyprus.
- (c) Calls upon the communities in Cyprus and their leaders to act with utmost restraint.
- (d) Recommends the creation, with the consent of the Government of Cyprus, of a United Nations Peacekeeping Force in Cyprus. The composition and size of the Force shall be established by the Secretary-General, in consultation with the Government of Cyprus, Greece, Turkey and the United Kingdom. The commander of the Force shall be appointed by the Secretary-General and report to him. The Secretary-General, who shall keep the Governments providing the Force fully informed, shall report periodically to the Security Council on its operation.
- (e) Recommends that the function of the Force shall be for a period of three months, all costs pertaining to it being met, in a manner to be agreed upon by them, by the Governments providing the contingents and by the Government of Cyprus. The Secretary-General may also accept voluntary contributions for that purpose.
- (f) Recommends that the stationing of the Force shall be for a period of three months, all costs pertaining to it being met, in a manner to be agreed upon by them, by the Governments providing the contingents and by the Government of Cyprus. The Secretary-General may also accept voluntary contributions for that purpose.
- (g) Recommends further that the Secretary-General designate, in agreement with the Government of Cyprus and the Governments of Greece, Turkey and the United Kingdom, a mediator, who shall use his best endeavours with the representatives of the communities and also with the aforesaid four Governments, for the purpose of promoting a peaceful resolution and an agreed settlement of the problem confronting Cyprus, in accordance with the Charter of the United Nations, having in mind the wellbeing of the people of Cyprus as a whole and the preservation of international peace and security. The mediator shall report periodically to the Secretary General on his efforts.

- (h) Requests the Secretary-General to provide, from funds of the United Nations, as appropriate, for the remuneration and expenses of the mediator and his staff.

RESOLUTION 353 (1974)

Adopted by the Security Council on 20 July 1974

Having considered the report of the Secretary-General at its 1779th meeting about the recent developments in Cyprus,

Having heard the statement made by the President of the Republic of Cyprus and the statements by the representatives of Cyprus, Turkey, Greece and other Member States. Having considered at its present meeting further developments in the island.

Deeply deploring the outbreak of violence and continuing bloodshed,

Gravely concerned about the situation which led to a serious threat to international peace and security, and which created a most explosive situation in the whole Eastern Mediterranean area,

Equally concerned about the necessity to restore the constitutional structure of the Republic of Cyprus, established and guaranteed by international agreement,

Recalling its resolution 186(1964) of 4 March 1964 and its subsequent resolutions on this matter.

Conscious of this primary responsibility for the maintenance of international peace and security in accordance with Article 24 of the Charter of the United Nations.

- (a) Calls upon all States to respect the sovereignty, independence and territorial integrity of Cyprus;
- (b) Calls upon all parties to the present fighting as a first step to cease all firing and requests all States to exercise the utmost restraint and to refrain from any action which might further aggravate the situation;
- (c) Demands an immediate end to foreign military intervention in w the Republic of Cyprus that is in contravention of paragraph 1 above;
- (d) Requests the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements, including those whose withdrawal was requested by the President of the Republic of Cyprus, Archbishop Makarios, in his letter of 2 July 1974;
- (e) Calls upon Greece, Turkey and the United Kingdom of Great Britain and Northern Ireland to enter into negotiation without delay for the restoration of peace in the area and constitutional government in Cyprus and to keep the Secretary-General informed.
- (f) Calls upon all parties to cooperate fully with the United Nations Peace-Keeping Force in Cyprus to enable it to carry out its mandate;
- (g) Decides to keep the situation under constant review and asks the Secretary-General to report as appropriate with a view to adopting further measures in order to ensure that peaceful conditions are restored as soon as possible.

Adopted unanimously at the 1781st meeting.

RESOLUTION 367 (1975)

Adopted by the Security Council by consensus on 12 March 1975

Having considered the situation in Cyprus in response to the complaint submitted by the Government of the Republic of Cyprus,

Having heard the report of the Secretary-General and the statements made by the Parties concerned,

Deeply concerned at the continuation of the crisis in Cyprus,

Recalling its previous resolutions, in particular resolution 365(1974) of 13 December 1974, by which it endorsed General Assembly resolution 32 12(XXIX) adopted unanimously on 1 November 1974,

Noting the absence of progress towards the implementation of its resolutions

- (a) Calls once more on all States to respect the sovereignty, independence, territorial integrity and non-alignment of the Republic of Cyprus and urgently requests them, as well as the parties concerned, to refrain from any action which might prejudice that sovereignty, independence, territorial integrity and non-alignment, as well as from any attempt at partition of the island or its unification with any other country;
- (b) Regrets the unilateral decision of 13 February 1975, declaring that a part of the Republic of Cyprus would become a "Federated Turkish State" as, inter alia, tending to compromise the continuation of negotiations between the representatives of the two communities on an equal footing, the objective of which must continue to be to reach freely a solution providing for a political settlement and the establishment of a mutually acceptable constitutional arrangement, and expresses its concern over all unilateral actions by the parties which have compromised or may compromise the implementation of the relevant United Nations resolutions;
- (c) Affirms that the decision referred to in paragraph 2 above does not prejudge the final political settlement of the problem of Cyprus and takes note of the declaration that this was not its intention
- (d) Calls for the urgent and effective implementation of all parts and provisions of General Assembly resolution 3212(XXIX), endorsed by Security Council resolution 365(1974):
- (e) Considers that new efforts should be undertaken to assist the resumption of the negotiations referred to in paragraph 4 of General Assembly resolution 3212(XXIX) between the representatives of the two communities;
- (f) Requests the Secretary-General accordingly to undertake a new mission of good offices and to that end to convene the parties under new agreed procedures and place himself personally at their disposal, so that the resumption, the intensification and the progress of comprehensive negotiations, carried out in a reciprocal spirit of understanding and of moderation under his personal auspices and with his direction as appropriate, might thereby be facilitated;
- (g) Calls on the representatives of the two communities to cooperate closely with the Secretary-General in the discharge of this new mission of good offices and asks them to accord personally a high priority to their negotiations;
- (h) Calls on all the parties concerned to refrain from any action which might jeopardise the negotiations between the representatives of the two communities and to take steps which will facilitate the creation of the new climate necessary for the success of those negotiations;
- (i) Requests the Secretary-General to keep the Security Council informed of the progress made towards the implementation of resolution 365(1974) and of this resolution and to report to it whenever he considered it appropriate and, in any case, before 15 June 1975;
- (j) Decides to remain actively seized of the matter.

Adopted at the 1820th meeting without a vote.

RESOLUTION 649(1990)

Adopted by the Security Council on 12 March 1990

Having considered the report of the Secretary-General of 8 March 1990 (S/21183) on the recent meeting between the leaders of the two communities in Cyprus and on his assessment of the current situation.

Recalling its relevant resolutions on Cyprus,

Recalling the statement of the President of the Security Council of 22 February 1990(S/21160) calling upon the leaders of the two communities to demonstrate the necessary goodwill and flexibility and to cooperate with the Secretary-General so that the talks will result in a major step forward toward the resolution of the Cyprus problem,

Concerned that at the recent meeting in New York it has not been possible to achieve results in arriving at an agreed outline of an overall agreement,

- (a) Reaffirms in particular its resolution 367(1975) as well as its support for the 1977 and 1979 high-level agreements between the leaders of the two communities in which they pledged themselves to establish a bi-communal Federal Republic of Cyprus that will safeguard its independence, sovereignty, territorial integrity and non-alignment, and exclude union in whole or in part with any other country and any form of partition or secession.
- (b) Expresses its full support for the current effort of the Secretary-General in carrying out his mission of good offices concerning Cyprus.
- (c) Calls upon the leaders of the two communities to pursue their efforts to reach freely a mutually acceptable solution providing for the establishment of a federation that will be bi-communal as regards the constitutional aspects and bi-zonal as regards the territorial aspects in line with the present resolution and their 1977 and 1979 high-level agreements, and to cooperate, on an equal footing, with the Secretary-General in completing, in the first instance and on an urgent basis, an outline of an overall agreement, as agreed in June 1989.
- (d) Requests the Secretary-General to pursue his mission of good offices in order to achieve the earliest possible progress and, towards this end, to assist the two communities by making suggestions to facilitate the discussions.
- (e) Calls on the parties concerned to refrain from any action that could aggravate the situation.
- (f) Decides to remain actively seized of this situation and the current effort.
- (g) Requests the Secretary-General to inform the Council in his report due by 31 May 1990 of the progress made in resuming the intensive talks and in developing an agreed outline of an overall agreement in line with the present resolution.

Adopted unanimously at the 2909th meeting.

‘Set of Ideas’ (1992)

- (a) Politically equal communities in a federal republic, but politically equal is not to mean numerical equality in all institutions of government.
- (b) A Greek Cypriot President and a Cypriot Turkish Vice-President both elected universally.

- (c) Reductions of Cypriot Turkish territory as in the map to include Varosha/Maras and part of the Morphou/Güzelyurt area.
- (d) The right of refugees to return to their homes.
- (e) The three freedoms (of movement, settlement and property).

RESOLUTION 789 (1992)

Adopted by the Security Council on 25 November 1992

Having considered the report of the Secretary-General of 19 November 1992 on his mission of good offices in Cyprus (S/24830),

Noting with satisfaction that the two leaders discussed all the issues in the Set of Ideas with the result that there were areas of agreement as noted in the report,

Welcoming the agreement by the two sides to meet again with the Secretary-General in early March 1993 to complete the work on an agreed Set of Ideas,

- (a) Reaffirms all its previous resolutions on Cyprus, including resolutions 365 (1974), 367 (1975), 541 (1983), 550 (1984) and 774 (1992),
- (b) Endorses the report of the Secretary-General and commends him for his efforts.
- (c) Reaffirms also its endorsement of the Set of Ideas including the territorial adjustments reflected in the map contained in the annex to the report of the Secretary-General of 21 August 1992 (2/S/24472) as the basis for reaching an overall framework agreement,
- (d) Reaffirms further its position that the present status quo is not acceptable and that an overall agreement in line with the Set of Ideas should be achieved without further delay;
- (e) Notes that the recent joint meetings did not achieve their intended goal, in particular because certain positions adopted by the Turkish Cypriot side were fundamentally at variance with the Set of Ideas,
- (f) Calls upon the Turkish Cypriot side to adopt positions that are consistent with the Set of Ideas on those issues identified by the Secretary-General in his report, and for all concerned to be prepared in the next round of talks to make decisions that will bring about a speedy agreement,
- (g) Recognises that the completion of this process in March 1993 would be greatly facilitated by the implementation by each side of measures designed to promote mutual confidence;
- (h) Urges all concerned to commit themselves to the confidence building measures set out below:
 - i. That, as a first step towards the withdrawal of non-Cypriot forces envisaged in the Set of Ideas, the number of foreign troops in the Republic of Cyprus undergo a significant reduction and that a reduction of defence spending be effected in the Republic of Cyprus.
 - ii. That the military authorities on each side cooperate with the United Nations Peace-Keeping Force in Cyprus in order to extend the unmanning agreement of 1989 to all areas of the United Nations-controlled Buffer Zone where the two sides are in close proximity to each other.
 - iii. That, with a view to the implementation of resolution 550 (1984), the area at present under the control of the United Nations peacekeeping Force in Cyprus be extended to include Varosha.

- iv. That each side take active measures to promote people-to-people contact between the two communities by reducing restrictions to the movement of persons across the Buffer Zone;
 - v. That restrictions imposed on foreign visitors crossing the Buffer Zone be reduced;
 - vi. That each side propose bi-communal projects, for possible financing by lending and donor Governments as well as international institutions;
 - vii. That both sides commit themselves to the holding of a Cyprus-wide census under the auspices of the United Nations;
 - viii. That both sides cooperate to enable the United Nations to undertake, in the relevant locations, feasibility studies in connection with the resettlement and rehabilitation of persons who would be affected by the territorial adjustments as part of the overall agreement, and in connection with the program of economic development that would, as part of the overall agreement, benefit those persons who would resettle in the area under Turkish Cypriot administration;
 - (i) Requests the Secretary-General to follow up on the implementation of the above confidence-building measures and to keep the Security-Council informed as appropriate.
 - (j) Also requests the Secretary-General to maintain such preparatory contacts as he considers appropriate before the resumption of the joint meetings in March 1993, and to propose for the Security Council's consideration revisions in the negotiating format to make it more effective.
 - (k) Further requests the Secretary-General, during the March 1993 joint-meetings, to assess developments on a regular basis with the Council with a view to considering what further action may be needed by the Council.
 - (l) Requests the Secretary-General to submit a full report after the conclusion of the joint meetings that will resume in March 1993.
- Adopted at its 3140th meeting.

Annex 3

High Level Agreements

Agreement of the 12 February 1977 between Makarios and Denktas under the auspices of UN Secretary-General, Dr Waldheim

- (a) We are seeking an independent, non-aligned and bi-communal Federal Republic.
- (b) The territory under the administration of each community should be discussed in the light of the economic viability or productivity and land ownership.
- (c) Questions of principles like freedoms of movement, freedom of settlement, the right to property and other specific matters, are open for discussion, taking into consideration the fundamental basis of a bi-communal federal system and certain practical difficulties which may arise for the Turkish Cypriot community.
- (d) The powers and function of the central federal government will be such as to safeguard the unity of the country having regard to the bi-communal character of the state.

Agreement of the 19 May 1979 between Kyprianou and Denktas under the auspices of UN Secretary-General, Dr Waldheim

- (a) It was agreed to resume inter-communal talks on 15 June 1979.
- (b) The basis for the talks will be the Makarios-Denktas guidelines of 12 February 1977 and the UN resolutions relevant to the Cyprus question.
- (c) There should be respect for human rights and fundamental freedoms of all the citizens of the Republic.
- (d) The talks will deal with all territorial and constitutional aspects.
- (e) Priority will be given to reaching an agreement of the resettlement of Varosha under UN auspices simultaneously with the beginning of the consideration by the interlocutors of the constitutional and territorial aspects of a comprehensive settlement. After agreement on Varosha has been reached it will be implemented without awaiting the outcome of the discussion on other aspects of the Cyprus problem.
- (f) It will be agreed to abstain from any action which might jeopardise the outcome of the talks, and special importance will be given to initial practical measures by both sides to promote goodwill, mutual confidence and the return to normal conditions.
- (g) The demilitarisation of the Republic of Cyprus is envisaged and matters relating thereto will be discussed.
- (h) The independence, sovereignty, territorial integrity and non-alignment of the Republic should be adequately guaranteed against union in whole or in part with any other country and against any form of partition or secession.
- (i) The inter-communal talks will be carried out in a continuing and sustained manner, avoiding any delay.
- (j) The inter-communal talks will take place in Nicosia.

Annex 4

Annex 5

	GC	TC		Aim Increase GDP + 50%	Same as Structural Fund in cohesion.	Reduce difference by 20%
Population millions	540	160		160	160	160
€ GDP pc	12000	4000	Transfer in €pc	2000	500	1600
€ GDP m.	6480	640	Cost in m.€	320	80	256
			% of GDP of GC.	4.9	1.2	4.0
			% of GDP of TC.	50	12.5	40

Source: Commission Regular Report on Cyprus 1999

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