

CRS Issue Brief for Congress

Received through the CRS Web

Cyprus: Status of U.N. Negotiations

Updated August 1, 2005

Carol Migdalovitz
Foreign Affairs, Defense, and Trade Division

CONTENTS

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

Past Settlement Efforts

- 1977 Makarios-Denktash Meeting
- 1979 Kyprianou-Denktash Communique
- 1984 Proximity Talks
- 1985-86 U.N. Draft Framework Exercise
- 1988-89 Talks
- March 1990 - April 1992
- Set of Ideas
- Confidence-Building Measures
- Proximity Talks
- Developments, 2002-2003
- November 11, 2002, Annan Plan

2004 Referenda and After

Other Factors Affecting the Talks

- Domestic Politics in Cyprus
- Policies of Greece and Turkey
- European Union

U.N. Peacekeeping Forces

U.S. Policy

- Settlement
- Aid
- Arms Transfers

LEGISLATION

Cyprus: Status of U.N. Negotiations

SUMMARY

Cyprus has been divided since 1974. Greek Cypriots, nearly 80% of the population, live in the southern two-thirds of the island. Turkish Cypriots live in the “Turkish Republic of Northern Cyprus” (TRNC, recognized only by Turkey), with about 36,000 Turkish troops providing security. United Nations (U.N.) peacekeeping forces maintain a buffer zone between the two. Since the late 1970s, the U.N., with U.S. support, has promoted negotiations aimed at creating a federal, bicomunal, bizonal republic on Cyprus.

The Secretary General’s April 5, 1992, “Set of Ideas” was a framework for negotiations for an overall settlement. The Security Council implied that Turkish Cypriot leader Rauf Denktash was responsible for its failure, and then called for confidence-building measures (CBMs). Both sides accepted CBMs in principle, but did not agree on the Secretary General’s proposed method for recording clarifications.

The prospect of Cyprus’s European Union accession triggered heightened international attention to Cyprus and complicated settlement efforts. The U.N. hosted inconclusive talks in July and August 1997. Denktash demanded that the TRNC be recognized as a state equal to the Greek-Cypriot side.

Clerides and Denktash participated in five rounds of U.N.-mediated proximity (indirect) talks beginning in December 1999. On

November 8, 2000, Secretary General Annan gave the two leaders his “observations” on substance and procedure. In reaction, Denktash withdrew from talks. He and Clerides met on Cyprus on December 4, 2001, and began direct talks on January 16, 2002. On November 11, Annan submitted a comprehensive settlement plan based on Swiss and Belgian models. Greek Cypriots and Turkish Cypriots failed to agree on it at an EU summit in Copenhagen, December 12-13. After more negotiations, Annan announced on March 11, 2003, in The Hague, that his efforts had failed. Cyprus signed an accession treaty to join the EU on April 16. The December 14, 2003, Turkish Cypriot parliamentary election in northern Cyprus produced a new government determined to reach a settlement.

The U.N. led Cypriot President Papadopoulos and Denktash in negotiations from February 19-March 22, 2004. They failed to agree. Talks continued in Switzerland, with Greek and Turkish leaders present. Annan presented a final revised plan on March 31. In referenda on April 24, 76% of Greek Cypriot voters rejected the Plan, while 65% of Turkish Cypriot voters accepted it. Annan blamed Papadopoulos for the result. Cyprus joined the EU on May 1, 2004.

Members of Congress have urged the Administration to be more active, although they have not proposed an alternative to the U.N.-sponsored talks.

MOST RECENT DEVELOPMENTS

On June 30, Azerbaijan's President Ilham Aliyev declared that he had authorized direct flights to northern Cyprus to help end its isolation; the first flight occurred on July 29. Aliyev also will allow Turkish Cypriots to enter his country with Turkish Republic of Northern Cyprus passports.

On July 30, Turkey signed an accord extending its customs union with the European Union (EU) to 10 new member states, including Cyprus. It also issued a unilateral declaration, noting that its signature did not amount to recognition of the (Greek-Cypriot led) Republic of Cyprus nor prejudice Turkey's rights and obligations emanating from three treaties dating from 1960.

BACKGROUND AND ANALYSIS

The island of Cyprus gained its independence from Great Britain in 1960 and has been divided since 1974. The 738,000 Cypriots are 76% of Greek ethnic origin, and 19% of Turkish ethnic origin. (Less than 5% of the population is Maronites, Armenians, and others.) At independence, the Republic's constitution defined elaborate power-sharing arrangements. It required a Greek Cypriot president and a Turkish Cypriot vice president; each elected by his own community. The Treaty of Alliance among the Republic, Greece, and Turkey provided for 950 Greek and 650 Turkish soldiers to help defend the island. The two sides aspired to different futures for Cyprus: most Greek Cypriots favored union (of the entire island) with Greece (*enosis*), and Turkish Cypriots preferred partition of the island (*taksim*) and uniting a Turkish zone with Turkey.

Cyprus's success as a new republic lasted from 1960-1963. After President Makarios proposed constitutional modifications in favor of the majority community in 1963, relations between the two communities deteriorated, with Turkish Cypriots increasingly consolidating into enclaves in larger towns. In 1964, Turkish Cypriots withdrew from most national institutions and began to administer their own affairs. Intercommunal violence occurred in 1963-64, and again in 1967. On both occasions, outside mediation and pressure, including that by the United States, appeared to prevent Turkey from intervening militarily on behalf of the Turkish Cypriots. Since the 1964 crisis, U.N. peacekeeping troops have been a buffer between the two communities.

In 1974, the military junta in Athens supported a coup against President Makarios, replacing him with a hardline supporter of *enosis*. Turkey, citing the 1960 Treaty of Guarantee as a legal basis for its move, sent troops in two separate actions and, by August 25, took control of more than 36% of the island. The military intervention (often called an invasion) had many byproducts. Foremost was the widespread dislocation of the Cypriot population and related refugee and property problems. The Athens junta fell, civilian government was restored in Athens and in Nicosia, Greece withdrew from NATO's military command to protest NATO's failure to prevent Turkey's action, and Turkey's civilian government entered an extended period of instability. U.S. relations with all parties suffered.

After 1974, Turkish Cypriots emphasized a solution to keep the two communities separate in two sovereign states or two states in a loose confederation. In February 1975, they declared their government the “Turkish Federated State of Cyprus” (TFSC). In 1983, Turkish Cypriot leader Rauf Denktash declared the “Turkish Republic of Northern Cyprus” (TRNC) — a move considered by some a unilateral declaration of independence. Only Turkey has recognized it. Turkish Cypriots have a constitution and a 50-seat parliament. Denktash argued that creation of an independent state was a necessary precondition for a federation with the Greek Cypriots. He ruled out a merger with Turkey and pledged cooperation with U.N. settlement efforts.

Past Settlement Efforts

After 1974, U.N. negotiations focused on reconciling the two sides’ interests and reestablishing a central government. They foundered on definitions of goals and ways to implement a federal solution. Turkish Cypriots emphasized bizonality and the political equality of the two communities, preferring two nearly autonomous societies with limited contact. Greek Cypriots emphasized the freedoms of movement, property, and settlement throughout the island. The two parties also differed on the means of achieving a federation: Greek Cypriots wanted their internationally recognized national government to devolve power to the Turkish Cypriots, who would then join a Cypriot republic. For the Turkish Cypriots, two entities would join, for the first time, in a new federation. These views could affect resolution of property, citizenship of Turkish settlers, and other legal issues. Since 1974, there have been many rounds of U.N.-sponsored direct and indirect negotiations:

1977 Makarios-Denktash Meeting. Agreed that 1) Cyprus will be an independent, nonaligned, bicomunal, federal republic; 2) each administration’s control over territory will be determined in light of economic viability, productivity, and property rights; 3) freedom of movement, settlement, and property will be discussed; and 4) powers and functions of the central federal government would safeguard the unity of the country.

1979 Kyprianou-Denktash Communique. Agreed to talk on the basis of the 1977 guidelines and address territorial and constitutional issues, giving priority to Varosha, demilitarization, and to eschew union in whole or part with any other country.

1984 Proximity Talks. After the 1983 declaration of the “TRNC,” U.N. representatives conducted proximity or indirect talks on constitutional arrangements, withdrawal of foreign troops, and the status of international treaties and guarantees.

1985-86 U.N. Draft Framework Exercise. This was an unsuccessful effort in which the two sides took turns rejecting a draft U.N. document. Afterwards, the Greek Cypriots called for an international conference or a new summit to revitalize the process.

1988-89 Talks. After futile informal direct talks, Cypriot President Vassiliou and Denktash submitted papers that hardened positions. In April 1989, Secretary General Perez de Cuellar proposed separate meetings. Denktash balked, but the U.N. believed the parties had agreed to “separate and periodic joint meetings.” In June, Perez de Cuellar circulated draft ideas for an agreement. Turkish Cypriots argued that the U.N. had exceeded its good offices role and would accept only a document drafted by the parties.

March 1990 - April 1992. Security Council Resolution 649, May 13, 1990, reaffirmed the Secretary General's right to make suggestions. It referred to the federal solution as bicomunal as regards constitutional aspects and bizonal as regards territorial aspects — the first U.N. reference to bizonality, a key concept for the Turkish Cypriots. In June 1991, Perez de Cuellar called for an international meeting. On August 2, President Bush announced that Greece and Turkey had agreed to a U.N. conference on Cyprus. The Secretary General insisted that the sides be within range of agreement first, but the Greek and Turkish Prime Ministers were unable to find common ground. On October 8, de Cuellar reported that a conference was not possible and blamed Denktash's assertion that each side possessed sovereignty, which U.N. resolutions attribute solely to the Republic.

Set of Ideas. Secretary General Boutros-Ghali's April 1992 report suggested a bizonal federation of two politically equal communities, possessing one international personality and sovereignty. A bicameral legislature would have a 70:30 ratio of Greek Cypriots to Turkish Cypriots in the lower house and a 50:50 ratio in the upper house. 7:3 ratio would prevail in the federal executive. Each state would be guaranteed a majority of the population and of land in its area. Non-Cypriot forces not foreseen in the 1960 Treaty of Alliance would withdraw. In June, Boutros-Ghali presented a "non-map." A revised U.N. draft provided for separate referenda in each community within 30 days of an agreement, an 18-month transitional period, withdrawal of Turkish troops, guarantees consistent with Conference on Security and Cooperation in Europe principles, an end of the Greek Cypriot embargo, free movement, a time-table for the return of Greek Cypriot refugees and their property, three constitutions (one for each community and one for the central government), vice-presidential veto power (no rotating presidency), an island-wide referendum on European Community membership, and the return of Varosha and about 30 villages to Greek Cypriots. Turkish Cypriots would receive aid and compensation. Greek Cypriots would get Morphou. Denktash said that 40,000 Turkish Cypriots would be displaced or about one-quarter of the north's population. Vassiliou estimated that 82,000 Greek Cypriots would be able to return home and that Denktash's 40,000 figure was inflated.

On August 21, Boutros-Ghali said that Denktash's territorial ideas were not close to the "non-map," but Vassiliou was ready to negotiate an agreement based on it. Boutros-Ghali concluded that an accord was possible if Turkish Cypriots foresaw territorial adjustment in line with his map. Denktash said this was unacceptable. S/Res/774, August 26, 1992, endorsed the set of ideas and non-map. The Secretary General's November 19 report implied Denktash's responsibility for the lack of progress. On February 14, 1993, Glafcos Clerides, who accepted the set of ideas only "in principle," was elected president of Cyprus.

Confidence-Building Measures. On November 19, 1992, the Secretary General called for confidence-building measures (CBMs) including a reduction of Turkish troops in exchange for a reduction in defense spending by the Republic of Cyprus; U.N. control of Varosha; contacts between Greek Cypriots and Turkish Cypriots; reduced restrictions on foreign visitors crossing the buffer zone; bicomunal projects; a U.N.-supervised island-wide census; cooperation in U.N. feasibility studies on resettlement and rehabilitation of people who would be affected by territorial adjustments. From May 24 to June 1, 1993, Clerides and Denktash discussed opening Varosha and reopening Nicosia Airport, which has been under U.N. control but unused since 1974. Clerides insisted that all of Varosha be handed over, while Denktash balked at the idea and claimed that CBMs would benefit Greek Cypriots more than Turkish Cypriots. However, U.N. experts determined that both sides

would benefit, and the Turkish Cypriots relatively more because of their smaller economy and lifting of obstacles facing them.

On January 28, 1994, Denktash agreed to CBMs in principle. He later argued that a March 21 U.N. draft unbalanced equities in the CBMs. Clerides said that he would accept the March 21 text if Denktash would. The Secretary General's May 30 report, made known on June 1, insisted that the March draft was not unbalanced. Boutros-Ghali blamed the Turkish Cypriots' lack of political will for the lack of agreement. On May 31, Denktash had said that he would accept the CBMs if improvements agreed to were incorporated. Clerides would not negotiate beyond the March document. Boutros-Ghali determined that there was sufficient progress to implement CBMs based on the March paper and clarifications, and planned identical letters to each leader expressing his intentions and to request the Security Council to endorse the March 21 paper. Neither side accepted this procedure.

Developments, 1997-2001. On January 4, 1997, Cyprus contracted to purchase Russian S-300 (SA-10) anti-aircraft missiles with a 90-mile range able to reach southern Turkey to protect air and naval bases in southern Cyprus to be used by Greece. On January 20, Turkish President Suleyman Demirel and Denktash signed a joint defense declaration, stating that any attack on the TRNC would be an attack on Turkey.

Secretary General Annan called for indirect talks followed by open-ended, direct talks between Clerides and Denktash. As goodwill gestures, Turkish Cypriots and Greek Cypriots exchanged visits to holy sites and held bicomunal events and meetings. Greek planes did not overfly Cyprus during joint Greek-Greek Cypriot military exercises in May and for the next five months. Turkish planes did not overfly Cyprus for the same time. Clerides and Denktash met under U.N. auspices at Troutbeck, New York, July 9-12, and in Switzerland, August 11-15. Beforehand, Denktash said that he would not sign documents until the European Union (EU) suspended its accession negotiations with the (Greek) Cypriot government as the sole representative of Cyprus. (See **European Union**, below.) He refused to sign a joint declaration at the end of the talks.

Greece and Turkey ended their moratoria on military flights in October. During military exercises, their warplanes confronted each other over Cyprus, but neither side fired. Greece charged that Turkish planes had harassed its defense minister's plane. In October, Turkey conducted exercises in northern Cyprus, including the mock destruction of missile launchers.

After the December 12, 1997, EU formal decision to begin accession talks with Cyprus, Denktash informed the U.N. that "intercommunal talks have ended," and that he would only participate in talks between states having equal status. The TRNC suspended all bicomunal activities except religious pilgrimages.

The military air base at Paphos became operational for use by Greek fighter planes on January 24, 1998. The S-300 missiles were intended to protect the base.

On April 23, Denktash and Demirel called for negotiations only between sovereign, equal states. They said that the special relationship between Turkey and the TRNC would be enhanced in every field.

In June, Greece sent planes to Paphos air base, and Turkey responded by sending planes to northern Cyprus. Cypriot troops completed S-300 training in Russia in July with a test-firing. On December 29, Clerides decided not to deploy the missiles after the EU, United States, Britain, and the U.N. had provided an acceptable political context for his decision.

On June 20, 1999, the G-8 summit of leaders of major industrialized countries and Russia urged the Secretary General to invite the Cypriot leaders to negotiate without preconditions. Annan declared his readiness to do so. On June 29, the Security Council called upon the two leaders to support a comprehensive negotiation with no preconditions, all issues on the table, and to negotiate in good faith until a settlement is reached, with full consideration of all U.N. resolutions and treaties. Another resolution said that the goal is a Cyprus with a single sovereignty that comprises two politically equal communities in a bicomunal, bizonal federation. During the annual Greek-Greek Cypriot military exercise in October, no Greek planes landed at the Paphos; there were no incidents involving Greek and Turkish planes; and Turkey's objections to the exercise were milder than in prior years.

Proximity Talks. Annan and his Special Advisor Alvaro de Soto began proximity talks with Clerides and Denktash in December. S/Res/1283, December 15, 1999, reaffirmed "all its relevant resolutions on Cyprus," without specifying a bizonal, bicomunal federation with a single sovereignty as its goal. Annan's addendum noted "The Government of Turkey has indicated that it concurs with ... the position of the Turkish Cypriot party, namely that UNFICYP can operate on both sides of the island only on the basis of the consent of both parties" The Turkish Cypriots interpreted the wording as a move toward recognition of their state, and the Greek Cypriots were upset with the Turkish Cypriot view. A second round of proximity talks was held January 31-February 8, 2000.

The Cypriot and Greek governments prevented an addendum similar to that of December 1999 in S/Res/ 1303, June 15, 2000. Denktash then linked his attendance at talks to measures that would prove that UNFICYP needs Turkish Cypriot cooperation. Turkish forces set up a three-man checkpoint outside Strovilia, a small Greek Cypriot village in the no-man's land separating the Turkish Cypriot-administered area and a British base, where UNFICYP forces cross between north and south, blocking UNFICYP access.

A third round of talks was held from July 24 to August 4. At the outset of a fourth round, September 12 to 26, Annan said that he had concluded that the equal status of the parties "must and should be recognized" explicitly in a comprehensive settlement. Denktash was pleased. Clerides boycotted the talks in protest until assured that they would take into account U.N. resolutions that call for a federal solution.

During Greek-Greek Cypriot military exercises in October, Greek and Turkish planes engaged in mock dogfights. Greek planes landed at Paphos air base, and (Greek) Cypriot National Guard anti-aircraft missiles deployed at Paphos locked onto Turkish fighter planes. Turkish planes landed on the island during Turkish-Turkish Cypriot exercises in November.

A fifth round of talks was held from November 1 to 10. On November 8, Annan gave his "assessment." Media leaks and statements by the parties suggest that he called for one sovereign, indissoluble, common state with a single international legal personality; common state law would overrule regional law; political equality would be defined as effective "participation" in government, not numerically; component states would be to a great extent

self-governed; the return of an “appreciable amount of territory” to Greek Cypriots, with as little dislocation of Turkish Cypriots as possible and return of as many Greek Cypriots as possible; and a security regime including an international military force, police, and a political mechanism. Clerides welcomed these views. Denktash rejected them and, at a November 24 “summit” with Turkey’s President, Prime Minister, Chief of the Armed Forces General Staff, and other high officials, announced his withdrawal from the talks because no progress could be made until two separate states were recognized. Turkey supported his decision. Denktash refused to participate in a sixth round of talks in January 2001, labeling the Secretary General’s assessment an unacceptable precondition.

On September 5, 2001, de Soto said that Annan had invited the two leaders to meet with him separately on September 12. Clerides accepted. Denktash did not because, “The necessary foundation has not been established.” Denktash proposed a secret face-to-face meeting with Clerides and, although de Soto did not think it was a good idea, Clerides and Denktash met on December 4 for the first time since August 1997. The two leaders agreed to begin direct talks with no preconditions, all issues on the table, and to continue until a comprehensive settlement is achieved. Clerides became the first Cypriot president to travel to the north since 1974 on December 5, when he attended a dinner at Denktash’s residence. Denktash reciprocated by visiting Clerides’s private home for dinner on December 29.

Developments, 2002-2003. On January 16, 2002, Clerides and Denktash agreed to hold intensive peace talks beginning January 21 at the Nicosia airport, a U.N. base. On April 29, Denktash proposed a Partnership State to be founded by the two now-existing states on Cyprus. On September 6, Annan noted that “the elements of a comprehensive settlement ... exist,” and “that the gaps dividing the parties can be bridged.” Clerides observed, however, that there appeared to be no way of approaching sovereignty and whether there would be a new state or a continuation of the Republic of Cyprus. On September 16, Denktash proposed Belgium as a model for foreign affairs and Switzerland as a model for domestic affairs. In October, Clerides and Denktash agreed to establish committees to deal with international treaties and legislation for the common state.

November 11, 2002, Annan Plan. Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem called for a “new state of affairs,” in which the “common state” government’s relations with its two politically equal component states would be modeled on the Swiss federal example. It would have a single international legal personality. Component states would participate in formulating and implementing policy on foreign and EU relations as in Belgium. Parliament would have two 48-seat houses. Each state would have equal representation in the Senate. Seats in the Chamber of Deputies would be allocated in proportion to population, provided that no state would have less than 25% of the seats. A Presidential Council would have 6 members; the offices of President and Vice President would rotate every 10 months among its members. No more than two consecutive presidents could come from the same state. Greek and Turkish troops could not exceed a four-digit figure (9,999). U.N. peacekeepers would remain as long as the common state, with the concurrence of the component states, decides. Cyprus would be demilitarized. A Supreme Court would have three Greek Cypriot, three Turkish Cypriot, and three non-Cypriot judges. During a three-year transition, the leaders of the two sides would be co-presidents. The 1960 Treaties of Establishment, Guarantee, and Alliance would remain in force. There would be a single Cypriot citizenship and citizenship of a component state; residence in a component state could be limited by citizenship, but such limits would have restrictions. There would

be provisions for return or compensation of property. Turkish Cypriot territory would be reduced to 28.5% of the island.

Clerides and Denktash submitted comments. Greek Cypriot concerns included power-sharing, the length of the transition period, insufficient Greek Cypriot repatriation, and the large Turkish settler population. Turkish Cypriots criticized sovereignty provisions, the loss of water resources and territory, which would displace many Turkish Cypriots, and the return of Greek Cypriots. On December 10, Annan presented a revised plan. Changes reduced the number of foreign troops and settlers, increased the number of returning Greek Cypriots, but reduced the numbers moving into Turkish Cypriot territory. He asked both sides to be in Copenhagen during an EU summit. Clerides and his National Council were there, but Denktash went to Ankara for medical care and sent his “foreign minister.” Annan had wanted a Founding Agreement signed by December 12, but it was not.

Large Turkish Cypriot demonstrations seeking EU membership for a reunified island, a settlement based on the U.N. plan, and Denktash’s resignation occurred between November 2002 and February 2003. On January 2, 2003, Recep Tayyip Erdogan, Chairman of the ruling party in Turkey, stressed the need to heed the wishes of the people and declared that he did not favor the policy of “the past 30 to 40 years....” Denktash and Clerides held talks from January 15 until mid-February.

On February 21, Greece and Turkey began talks on security. Annan presented his third revised plan on February 26. It included a British offer to transfer 45 square miles or almost half of its sovereign base areas on the island: 90% to the Greek Cypriots and 10% to the Turkish Cypriots, if the two sides agreed to the Plan. Revisions allowed Turkish Cypriots to retain the Karpass Peninsula, with Greek Cypriots settling there as well. Turkish Cypriot territory would decrease to 28.2%, and the number of Greek Cypriots returning north would increase to 92,000, but be capped at 21% of the population of the region at the end of 15 years, and the number of Turkish settlers allowed to remain on the island would increase. Annan requested that Denktash and the newly elected President of Cyprus Tassos Papadopoulos permit separate, simultaneous referenda on the Plan on March 30.

On March 10, Annan met Papadopoulos and Denktash in The Hague. The next day, Annan announced that he had been unsuccessful. Papadopoulos wished to be sure that gaps in federal legislation and constituent state constitutions would be filled, that Greece and Turkey would commit to security provisions, and that there was time for a campaign on the referendum. He was prepared not to reopen substantive provisions if Denktash did the same. Denktash objected to basic points of the Plan, would not put it to a referendum, and argued that negotiations should begin anew. Annan suggested that negotiations continue until March 28 and that referenda be held on April 6. This did not sway the parties. Annan announced that it was not possible to achieve a settlement before Cyprus signed the EU accession treaty on April 16. Annan’s April 1 report, said that Denktash “bears prime responsibility” for the failure, a conclusion echoed by S/Res/1575, April 14, 2003.

On April 2, Denktash offered confidence-building measures and said that he was willing to discuss how a settlement related to EU membership. On April 18, Annan stated the Plan could be amended, but it “must be accepted as a basis for negotiating first.” On April 23, the Turkish Cypriot administration opened border checkpoints. The Cypriot government declared the decision illegal, but facilitated free movement. Residents have since made more than

seven million crossings with remarkably few incidents. On April 30, the Cypriot government announced measures for Turkish Cypriots, facilitating the movement of goods, persons, and vehicles and employment of Turkish Cypriots in the south, but implementation was slow due to legal obstacles. Later Turkish Cypriot goodwill measures included scholarships, improved telephone communication, and trade.

Papadopoulos said that he was ready to negotiate based on the U.N. Plan, which should be improved and amended to take into account the Treaty of Accession to the EU and to create a more viable and workable solution. Denktash stated “there is nothing to discuss.” In his November 12 report, Annan reiterated that “no purpose would be served” in renewing his mission of good offices unless both Cypriot parties as well as Greece and Turkey were ready to finalize negotiations on the basis of his February 2003 Plan and to put the results to referenda shortly thereafter. On November 20, Papadopoulos said that he would not have signed the Annan Plan in March even if Denktash had done so.

2004 Referenda and After

On January 12, 2004, Denktash admitted, “The Annan Plan is still on the table, we will sit and discuss it...” On January 23, the Turkish National Security Council reiterated its political determination to reach a solution through negotiations with the Annan Plan as a reference. On January 24, Erdogan told Annan that Turkey wanted talks to resume to reach an agreement and hold referenda before May 1 (when Cyprus was scheduled to join the EU). Erdogan boldly said that if the two sides could not fill in all the “blanks,” then Turkey would allow Annan to fill them in if the Greek Cypriots accept that as well.

Following talks with Annan in New York, February 10-13, Papadopoulos and Denktash agreed to resume negotiations on February 19 on Cyprus. They failed to agree on revising Annan’s Plan in talks held until March 22. Technical committees on legislation, treaties, financial and economic issues, and matters such as the flag and anthem met simultaneously. On March 17, Denktash said that he would not attend follow-on talks in Burgenstock, Switzerland (near Lucerne) beginning on March 24, and later declared that he would campaign against an accord. Prime Minister Mehmet Ali Talat represented northern Cyprus. The Greek and Turkish Prime Ministers arrived on March 28 and 29, respectively. On March 29, Annan presented a revised Plan. Revisions called for executive power to be exercised by a Presidential Council with six voting members and additional non-voting members to be decided by Parliament. The offices of President and Vice President would rotate every 20 months. Greek Cypriots returning north limited to 18% of the population there; a reduction of Turkish military forces to 6,000 over 42 months, and further reductions in subsequent years; when Turkey joins the EU, the number falls to 650 Turkish troops and 950 Greek troops; one Central Bank and the Cyprus pound as currency until the euro is introduced. Greek Cypriots would have more property returned. Derogations to (exemptions from) EU law would be in place until the gross domestic product per capita in the north reaches 85% of the south. Annan announced on March 31 that the Plan would be put to referenda on the island on April 24. (For the final Plan, see [<http://www.annanplan.org/>].)

On April 7, Papadopoulos rejected the Plan, he said, due to uncertainty about ratification by the Turkish parliament; immediate benefits for Turkish Cypriots (i.e., the end of the Republic of Cyprus and creation of a United Republic of Cyprus), while the Greek

Cypriots would only gain in the future; restrictions on Greek Cypriot acquisition of property and on return of refugees, and the denial of political rights of returnees; even a small number of Turkish troops and increased Turkish guarantor rights created conditions of insecurity for Greek Cypriots; doubtful economic viability of the Plan, which would harm the Greek Cypriot standard of living; the Plan would not reunite Cyprus because there would be two states living separately and decision-making procedures could create “paralyzing impasses;” prospects for a solution would be better after Cyprus’s accession to the EU because of Turkey’s aspirations to become an EU member. The U.N., EU, and United States criticized the Cyprus government’s distortion of and propaganda campaign against the Plan, which fed the Greek Cypriots’ sense of insecurity, and objected to government restrictions on broadcasting views favoring the Plan. The powerful Greek Cypriot (Communist) Reformist Party of Working People (AKEL) called for postponing the referendum for more negotiations and for implementation to be guaranteed; then it said “no.” Greek Prime Minister Karamanlis half-heartedly endorsed the Plan, saying that positive elements outweighed “difficulties.” Denktash rejected the Plan, while Prime Minister Talat called for a “yes” vote. Serdar Denktash, his coalition partner, called for postponement; his party freed its members to vote their consciences and Serdar voted “no.” The Turkish government supported the Plan.

The United States and Britain tried to address the guarantee issue with a U.N. Security Council Resolution to replace UNFICYP with a U.N. Settlement Implementation Mission in Cyprus (UNSIMIC), and other measures. On April 21, Russia vetoed the draft, saying that, while it supported Annan’s efforts, the Council should not act before the referenda and that the draft should have been discussed more. (Greek) Cypriot Foreign Minister Iakovou had previously visited Russia to explain his government’s opposition to the Annan Plan.

In referenda held on April 24, 76% of Greek Cypriot voters rejected Annan’s Plan, while 65% of Turkish Cypriot voters accepted it. Afterwards, Talat urged the international community to end northern Cyprus’s isolation by lifting restrictions on trade, travel, sports, and flights in order for it to develop economically. He said that he would not seek international recognition of the TRNC because Turkish Cypriots voted for and want reunification of the island. He also said that the Plan should not be renegotiated. Papadopoulos ruled out a second referendum unless negotiations produced improvements to the Plan. (Greek) Cypriot officials argued that direct flights and exports from the north would not contribute to reunification and that it was the sovereign right of the Republic of Cyprus to determine legal ports of entry for persons, capital, and goods.

In his May 28, 2004 Report, S/2004/437, Annan described developments leading up to the April 24 referenda. He said that the Greek Cypriots’ vote must be respected, but they need to demonstrate their willingness to resolve the Cyprus problem through a bicomunal, bizonal federation and to articulate their concerns about security and implementation of the plan with “clarity and finality.” As a contribution to reunification, he called for the elimination of restrictions that have the effect of isolating the Turkish Cypriots. He concluded, “A solution ... also needs bold and determined political leadership on both sides of the island, as well as in Greece and Turkey, all in place at the same time, ready to negotiate with determination and to convince their people of the need to compromise.” He criticized Papadopoulos in particular. (For the Report, see [<http://www.un.org/Docs/sc/sgrep04.html>].) On June 7, Papadopoulos wrote a 20-page letter to Annan about “inaccuracies” in his Report, including a detailed annex of rebuttals. (For the letter, see [http://www.antibaro.gr/national/papadopoulos_to_anan.php].) On June 17, Annan said that

he took a different view on issues and stood fully by the Report. The Security Council has not endorsed the Report.

In his September 24, 2004 Report, Annan stated that he still saw no basis for resuming his good offices mission. He said that contacts between the Greek Cypriot and Turkish Cypriot leaders had ceased and signs of mutual distrust had reappeared. Annan noted that he did not intend to appoint a new Special Advisor on Cyprus (to replace de Soto, who was reassigned). The Chief of Mission of UNFICYP (Zbigniew Wlosowicz) acts as Annan's Special Representative. On February 10, 2005, Annan observed that the Turkish side, particularly Erdogan, had indicated a possible readiness to resume talks. Annan urged Papadopoulos to put on paper the changes that he would want to have in the Plan. On March 21, Papadopoulos asserted,

When the Greek Cypriot side gives in writing and in detail the changes it wants to a U.N. settlement plan, then the U.N. Secretary General will decide if ... 'we are proving our political will for a settlement.' This means that he will have the right alone, as a mediator, to judge and decide if what we are asking for is reasonable, if it provides the basis for the resumption of his initiative.... We will not accept another mediating role of the U.N. Secretary General. The national issues ... can be neither solved through the mediation of a foreigner nor even with preventative mediation.

He added that the Greek Cypriot side wants a new U.N. initiative and that "when we enter the talks the next time, we must have a reasonable expectation of success. For that to happen, talks have to be prepared very well beforehand..." He sent Ambassador Tasos Tzionis, Director of the President's Diplomatic Office, to the U.N. for consultations on substantive and procedural matters beginning on May 16.

On May 27, 2005, Annan again reported that contacts between Greek Cypriot and Turkish Cypriot leaders had ceased after the referenda and there is little sign of improvement in relations. He noted that Greek Cypriot property case litigation in southern courts against those buying Greek Cypriot property in the north and in the European Court of Human Rights against Turkey "poses a serious threat to people-to-people relationships and to the reconciliation process." Implicitly challenging a Greek Cypriot view, Annan asserted that the rotation of Turkish troops and equipment did not imply a "reinforcement" because numbers and types remain unchanged. Under Secretary General for Political Affairs Kieran Prendergast subsequently visited Cyprus, Greece, and Turkey and reported on June 22 that there was neither a level of mutual confidence nor a disposition to compromise and that "launching an intensive new process prematurely would be inadvisable." Papadopoulos reportedly said that he wanted to reopen most of the issues in the Annan Plan.

Other Factors Affecting the Talks

Domestic Politics in Cyprus

On February 16, 2003, Tassos Papadopoulos was elected president of Cyprus as the candidate of his right-wing Democratic Party (DIKO), the Reformist Party of Working People (AKEL/Eurocommunist party), the Social Democratic Movement (KISOS), and the Greens. (Papadopoulos is a controversial nationalist whose law firm represented Serbian

enterprises and allegedly helped them establish front companies on Cyprus to violate U.N. sanctions on the former Yugoslavia. He was on the U.S. Office of Foreign Assets Control list of “blocked persons” until 1995, when sanctions were lifted.) On May 28, 2001, parliamentary elections had produced a narrow victory for AKEL, which won 34.71% of the vote and 20 seats in the 50-seat parliament. Democratic Rally (DISI) was second, with 34% of the vote and 19 seats. DIKO won 14.84% of the vote and 9 seats; KISOS, 6.51% of the vote and 4 seats. Four other parties won seats. AKEL leader Dimitris Christofias is speaker of parliament and acts for the president when he is absent or incapacitated. The 1960 Constitution reserves the post of vice president for a Turkish Cypriot.

Rauf Denktash led northern Cyprus from 1975 until April 17, 2005; he did not run for re-election. The December 14, 2003, parliamentary election produced a tie between supporters and opponents of the Annan Plan in the 50-seat legislature. A coalition of the Republican Turkish Party (CTP) and the Peace and Democracy Movement (BDH) had hoped to oust Denktash as negotiator and achieve a solution based on the Annan Plan by May 2004. Instead, Mehmet Ali Talat became Prime Minister and Serdar Denktash of the Democrat Party (DP), Rauf’s son, became Deputy Prime Minister and Foreign Minister in a coalition government. After several members resigned, the government was reduced to a minority and could not legislate. On October 21, 2004, it resigned. Early parliamentary elections were held on February 20, 2005. With an 80% voter turnout, the CTP took 44.45% of the vote and 24 seats, while the National Unity Party (UBP) won 31.71% and 19 seats, DP won 13.49% and 6 seats, and BDH 5.81% and 1 seat. Talat and Denktash formed a new coalition. On April 17, Talat was elected “President” of the TRNC with 55.6% of the vote to 22.7% for UBP’S Dervis Eroglu, his nearest rival in a field of nine. Ferdi Sabit Soyer of the CTP became Prime Minister.

Policies of Greece and Turkey

The “motherlands,” Greece and Turkey, defend and protect their ethnic kin, and their bilateral relations, strained over Aegean Sea issues, have been further harmed because of Cyprus. On November 16, 1993, Prime Minister Andreas Papandreou and Clerides agreed to a joint defense doctrine whereby their governments would decide on the Cyprus issue jointly, Greece would include Cyprus in its defense plan, and any Turkish advance would lead to war between Greece and Turkey. Clerides announced in April 1994 that Greece would provide air cover for Cyprus, while Cypriot bases would refuel Greek Air Force planes, a naval base would be set up, and elite troops would bolster land forces. Papandreou’s successors retained the doctrine. Meanwhile, Turkish governments had argued that the Cyprus problem was not acute because Turkish Cypriot security had been ensured since 1974, and that dialogue was the appropriate channel for resolution. Turks agree that their armed forces should not withdraw until Turkish Cypriots’ rights are guaranteed effectively. In a policy shift, the current Turkish government maintains that no solution is not a solution. Turkey will extend \$550 million in aid to the TRNC from 2003 to 2006.

In July 1999, Greece and Turkey began a dialogue, excluding Cyprus and the Aegean, that has led to many bilateral accords and a rapprochement. On November 2, 2000, Foreign Minister Papandreou asserted that a Cyprus settlement is the basic precondition for a full bilateral rapprochement. After the April 2004-referenda, however, new Greek Prime Minister Costas Karamanlis said that a resolution of the Cyprus issue should not be a precondition for Turkey’s bid to join the EU or for improving Greek-Turkish relations.

European Union

A customs agreement between Cyprus and the European Community (EC) came into force in 1988. On July 4, 1990, Cyprus applied for EC membership. Turkish Cypriots objected because, by accepting the application, the EC recognized the Republic's government and not their own. Greece's EC membership and Turkey's lack thereof led Turks and Turkish Cypriots to view increased EC/EU involvement as favoring Greek Cypriots.

The EU was to set a date for Cyprus's accession negotiations in January 1995. The EU preferred a prior settlement, but was willing to begin negotiations without one. In December 1994, Greece had vetoed an EU-Turkey customs union and some Europeans demanded that the veto be lifted before addressing Cyprus's application. On March 6, 1995, the EU separately ratified the customs union accord and scheduled accession talks with Cyprus. At Greece's insistence, the Republic was the EU's interlocutor. Turkey said that if Greek Cypriots were admitted into the EU as the Cyprus government, then Turkey would integrate with the "TRNC" to the same degree. Denktash asserted that if Cyprus became an EU member while Turkey was not a member, then it would weaken Turkey's security guarantees and create a surrogate union between Greece and Cyprus.

On July 10, 1997, the European Commission reconfirmed that membership talks with Cyprus would open in 1998. On July 20, then Turkish Deputy Prime Minister Ecevit and Denktash issued a joint declaration, noting the July 10 statement and calling for a process of partial integration between Turkey and TRNC to parallel that of Cyprus and the EU. Denktash ended contacts with the EU because they "legitimize" an accession process initiated "illegally" by the Greek Cypriots.

On several occasions, Greek Deputy Foreign Minister Papandreou said that Greece would block the EU's eastward expansion if Cyprus were not accepted because it is divided. On November 10, the EU began accession negotiations with Cyprus. On July 10, 1999, Greek Alternate Foreign Minister Kranidiotis said that Greece would not object to Turkey's EU membership candidacy if assured that Cyprus's accession would go ahead even without a solution. Turkey rejected linkage between the Cyprus issue and its candidacy. The EU Helsinki summit's conclusions on December 10, 1999, said, "If no settlement has been achieved by the completion of accession negotiations, the ... decision on accession will be made without the above (i.e., a settlement) being a precondition. In this the Council will take account of all relevant factors." The summit also affirmed Turkey's EU candidacy.

In December 2002, the EU concluded accession talks with Cyprus. At the same time, the EU and NATO agreed on EU use of NATO assets, stipulating that Cyprus will not take part in EU military operations conducted using NATO assets once it becomes an EU member because it is not a member of NATO nor of NATO's Partnership for Peace. Since Cyprus became an EU member in 2004, however, the EU has said that it could not restrict Cyprus's participation in cooperation with NATO. Turkey has insisted on the 2002 accord and vetoed Cyprus's participation, impeding EU-NATO military cooperation.

Cyprus signed the Treaty of Accession to the EU on April 16, 2003, to become an EU member on May 1, 2004. An attached Protocol suspends the application of the *acquis communautaire* (EU rules and legislation) to those areas "in which the government of the

Republic of Cyprus does not exercise effective control.” On July 14, 2003, the (Greek) Cypriot parliament ratified the Treaty on behalf of the entire island.

On June 3, the European Commission had proposed goodwill measures to bring northern Cyprus closer to the EU, including €12 million (US\$14 million) in aid. It suggested that the Turkish Cypriot Chamber of Commerce issue certificates for the movement of goods between Cyprus and the EU (to circumvent the de facto EU embargo on Turkish Cypriot goods that began with a 1994 ruling that movement certificates issued by Turkish Cypriot authorities were not valid). The (Greek) Cypriot government authorized the Chamber to issue certificates of origin, but said that exports required further certification to ensure that EU specifications were met, which could be made only through legal (southern) ports. Denktash accepted the aid, but rejected the trade measures, which meant accepting the Greek Cypriot government as the entire island’s government.

On November 5, the Commission’s annual report on Turkey’s progress toward accession warned that “absence of a settlement on Cyprus could become a serious obstacle to Turkey’s EU aspirations,” while the December 12 European Council (summit) declaration said that “a settlement would greatly facilitate Turkey’s membership aspirations.”

The Commission regretted the Greek Cypriots’ rejection of the Annan Plan and congratulated the Turkish Cypriots for their “yes” vote in the April 24, 2004, referenda. EU foreign ministers said that they were “determined to put an end to the isolation of the Turkish Cypriot community and facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community.” They called on the Commission to submit proposals. “Green Line Regulations,” adopted on April 29 and effective on August 23, require Greek Cypriot authorities to end restrictions on EU citizens’ travel between the two parts of the island and allow Turkish Cypriots to export more products through the south. On May 1, Cyprus joined the EU. EU laws and regulations are suspended in the north.

On July 7, the Commission proposed measures to end the Turkish Cypriots’ isolation and to help eliminate the economic disparities between the two communities on the island, including €259 million (US\$318 million) in aid for 2004-2006 and preferences to allow direct trade between northern Cyprus and EU countries. Neither step has been implemented. The Cypriot government agrees with granting aid to the north, but rejects the trade measure as illegal because it is based on a provision for providing preferential treatment for third parties and, thereby, it argues, would allow the TRNC to acquire characteristics of state short of international recognition. The Greek Cypriots also say that the measure is not needed because of the Green Line Regulations, and insist that all trade between the north and Europe be conducted via the south. From May 2004 through April 2005, less than \$1 million in goods crossed the Line and there was no trade between northern Cyprus and other EU member states via the Green Line due to obstacles imposed by the Cypriot government. The Turkish Cypriots view the EU aid and trade proposals as indivisible, arguing that aid without trade would not grow their economy, and that required use of southern ports would force the northern economy south and make it smaller over time. In June 2005, the EU hosted Greek Cypriot and Turkish Cypriot delegations for talks to break the stalemate. The Greek Cypriots proposed joint operation of Varosha, the return of Varosha to Greek Cypriots, and a moratorium on the sale of or construction on Greek Cypriot property in the north in return for allowing direct trade to the north. The Turkish Cypriots offered Varosha in return for open ports and airports in the north. No agreement was reached.

On December 17, 2004, the EU had decided to begin accession talks with Turkey on October 3, 2005, welcoming “Turkey’s decision to sign the Protocol regarding the adaptation of the Ankara Agreement (customs union), taking into account the accession of ten new Member States” (which include Cyprus) “prior to the actual start of accession negotiations.”

U.N. Peacekeeping Forces

The United Nations has had forces on Cyprus since 1964. The size of UNFICYP (U.N. Forces in Cyprus) is 1,224 troops and 44 civilian police, from 18 countries. In his September 24, 2004, Report to the Security Council on UNFICYP, the Secretary General proposed to reduce the strength of the force by about 30% to 860 military personnel by concentrating it in fewer areas and making it more mobile. Security Council Resolution 1568, October 22, 2004, endorsed the Report. UNFICYP is putting increased emphasis on liaison, observation, and mediation rather than the interposition of forces. It is to cost about \$44.3 million for the period from July 2005 through June 2006 — a decrease from \$51.9 million for the prior year due to the personnel cuts. In FY2005, the United States contributed \$5,694,000, and the Administration has requested \$4,739,000 for FY2006. Since 1993, UNFICYP costs not covered by contributions have been treated as U.N. expenses. The government of Cyprus contributes one-third of the cost and the government of Greece contributes \$6.5 million annually; the rest comes out of assessments.

U.S. Policy

Settlement

Since 1974, the United States has supported U.N. negotiations to achieve a settlement. There were sharp divisions between the Ford and Carter Administrations and Congress over Turkey’s role on Cyprus from 1974-1978. A congressionally mandated arms embargo against Turkey was in place until September 1978. In general, Congress favored measures to pressure Turkey to withdraw its troops and encourage concessions by Denktash, while successive administrations argued that pressures were counterproductive and preferred diplomacy. Although Members did not propose an alternative to the U.N. talks, they sought an active U.S. role. In response, President Reagan created the State Department post of Special Cyprus Coordinator, and President Clinton named a Presidential Envoy for Cyprus. The current Bush Administration did not name a Presidential Envoy and, since June 2004, the Assistant Secretary of State for European and Eurasian Affairs has been performing the job of Special Cyprus Coordinator without taking on the title.

On February 14, 2001, Secretary of State Powell affirmed that the Administration “fully supports the ongoing U.N. efforts.” The Administration championed the Annan settlement Plan. Special Cyprus Coordinator Thomas Weston openly aided the Turkish Cypriot political opposition before the December 2003 elections to increase the chances of a settlement. (See *Domestic Politics in Cyprus*, above, for election outcome.) Secretary Powell urged all parties to vote “yes” in the April 24, 2004 referenda. At a donors’ conference on April 15, the United States pledged \$400 million over four years if the Annan Plan were approved in the referenda.

After the referenda, the State Department accused Greek Cypriot leaders of manipulating public opinion by restricting news media and taking other steps to ensure a “no” vote. Weston said that the Department was seeking ways to end the isolation of northern Cyprus and to improve its economy in moves parallel to those of the EU and the U.N. He said that if the Turkish Cypriots were able to move toward economic equality with the Greek Cypriots, then some Greek Cypriot concerns about the cost of a settlement might be removed. Powell met Prime Minister Talat in New York on May 4 and referred to him by his title, while U.S. Ambassador to Cyprus Michael Klosson visited Talat in the Prime Minister’s Office on May 21. The State Department issued a written statement that the Secretary and Ambassador had met Talat as “leader of the Turkish Cypriot community....” On May 28, the U.S. Embassy on Cyprus said that TRNC passport holders seeking to travel to the United States would be eligible for consideration for a visa for up to two years. In June, the Administration authorized U.S. government and military personnel to travel directly to northern Cyprus. Also in June, Weston visited the TRNC’s representatives in New York and Washington in their offices. Also in October, members of the U.S. Transport Security Service examined Ercan Airport in northern Cyprus in the context of helping to curtail the isolation of the Turkish Cypriots. On February 17, 2005, representatives from 12 U.S. companies and the commercial attache from the U.S. Embassy in Ankara landed at Ercan to advise Turkish Cypriot counterparts. The Republic of Cyprus has not designated ports or airports in the north as legal ports of entry; so Greek Cypriot officials charged that the delegation’s, especially the U.S. diplomat’s, use of the airport was illegal.

Deputy Assistant Secretary of State for European and Eurasian Affairs Laura Kennedy visited Cyprus on May 5-6. She called on the Cypriot government to give a “realistic” response to Annan’s request for specific changes that it seeks in the U.N. settlement plan. She said that the United States would support the process, but that Annan would judge conditions to resume mediation. On May 31, three members of the U.S. House of Representatives Turkish Study Group landed at Ercan in a gesture to help lift the international isolation of northern Cyprus. The Greek-Cypriots protested, but a State Department spokesman said that the trip did not violate international or U.S. law. After meeting with President Bush on June 8, 2005, Turkish Prime Minister Erdogan said that the President had instructed the State Department to study the possibility of direct flights from the United States to northern Cyprus.

Aid

From 1978-2003, Congress appropriated \$14 million or \$15 million for scholarships, bicomunal projects, and measures aimed at reunifying the island, reducing tensions, and promoting peace and cooperation between the two communities. The Administration requested \$13.5 million in aid for FY2005. It was appropriated in P.L. 108-447, signed on December 8, 2004. On July 9, 2004, the State Department announced that \$30.5 million would be provided for economic development of northern Cyprus to lessen the cost of reunification by supporting small and medium enterprises and continuing bicomunal activities. The Administration requested \$20 million for FY2006. H.Rept. 109-152, June 24, 2005, to accompany H.R. 3057, recommends the \$20 million. S.Rept. 109-96, June 30, 2005, expresses concern that funds for bicomunal projects have been obligated without notification and participation of the Government of Cyprus and suggests that, to improve the prospects for reunification of the island, they must be allocated in consultation with it.

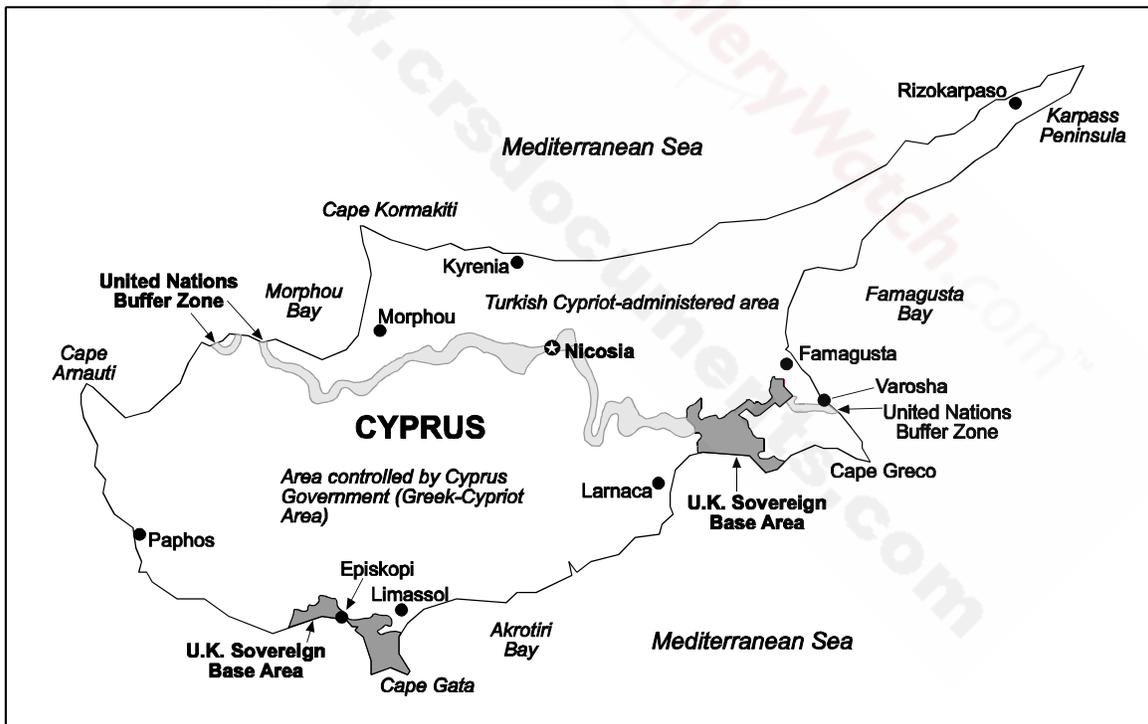
Arms Transfers

In September 2004, the State Department notified Congress that Greece had transferred U.S. defense articles to Cyprus in violation of Arms Export Control Act restrictions on arms transfers to third parties. The arms are used by the Cypriot National Guard commanded by Greek officers seconded to Cyprus. No further U.S. action was taken or expected. (For background, see CRS Report RL30982, *U.S. Defense Articles and Services Supplied to Foreign Recipients: Restrictions on their Use*, May 30, 2001, by Richard F. Grimmett.)

LEGISLATION

H.R. 857, the American-Owned Property in Occupied Cyprus Claims Act. To amend the International Claims Settlement Act of 1949 to allow for claims against Turkey by U.S. nationals excluded from property they own in Turkish-occupied Cyprus. Introduced and referred to the International Relations and Judiciary Committees, February 16, 2005.

H.Res. 322, expressing support for European Court of Human Rights' decisions in two Greek Cypriot property cases against Turkey. Introduced and referred to the Committee on International Relations, June 15, 2005.



Source: Map Resources. Adapted by CRS. (M.Chin 02/03)