



Cyprus: Reunification Proving Elusive

Vincent Morelli
Section Research Manager

June 1, 2012

Congressional Research Service

7-5700

www.crs.gov

R41136

Summary

Attempts to resolve the political division of Cyprus and reunify the island have undergone various levels of negotiation for over 45 years. Since May 26, 2010, Republic of Cyprus President Demetris Christofias and Turkish Cypriot leader Dervis Eroglu had engaged in an intensified negotiation process to reach a mutually agreed settlement. Despite regular leadership meetings, continuous technical level discussions, and five meetings with U.N. Secretary-General Ban Ki-moon, Christofias and Eroglu have been unable to find common ground or make enough necessary concessions on the difficult issues of property rights, territory, settlers, and citizenship, issues where both sides have had long-held and very different positions, to craft a final settlement. In early May 2012 the U.N.-sponsored talks, which had essentially reached a stalemate, were downgraded from leaders' meetings to technical level discussions with apparently little objection from either side. This change in the status of the negotiations raises questions about whether unification can now be achieved at all, increasing the possibility of the outcome becoming permanent separation.

The talks also fell victim to the convergence of several additional influences that proved too difficult to overcome. One was the fact that the Republic of Cyprus would assume the six-month rotating presidency of the EU on July 1, 2012. Turkey had already announced on several occasions that it would not deal with any aspect of the EU that involved the Cypriot Presidency and it appears that Mr. Eroglu, despite the fact that the negotiations were not part of the Presidency's mandate, would also not deal directly with President Christofias during the six-month period. A second factor was Turkey's insistence that the U.N. convene an international conference to resolve security-related issues, which would involve Turkey. The Greek Cypriots refused to agree to such a conference until the domestic issues were resolved. The Turkish Cypriots appeared unable to accept any deal until the international conference was at least scheduled.

A third factor contributing to the demise of the negotiations involved the discovery of natural gas deposits off the southern coast of Cyprus and the ensuing debate and competition between the Republic on the one hand and the Turkish Cypriots and Ankara on the other over how these resources would be exploited and shared between the two communities. Accusations, threats, and distrust clouded the negotiating atmosphere. Finally, Christofias' falling popularity, the domestic political environment in Greek Cyprus, and the forthcoming presidential elections in the Republic in February 2013 would have made any agreement difficult for Christofias to sell to the political opposition and possibly to a majority of the Greek Cypriot population. In May, without an agreement in the works, Christofias announced he would not seek reelection for president next year.

Although the U.N. would like the negotiations to continue at the technical level, unlocking the stalemate and reaching an agreement at the leadership level appears unlikely until after the 2013 national elections in the Republic. In essence, the talks have been placed on hold for almost nine months, a period that seems unacceptable to the Turkish Cypriots.

The United States Congress continues to maintain its interest in a resolution of the Cyprus issue. Language expressing continued support for the negotiation process had been included in the House FY2012 Foreign Assistance Authorization bill. This report provides a brief overview of the early history of the negotiations, a more detailed review of the negotiations since 2008, and a description of some of the issues involved in the talks.

Contents

Background.....	1
Annan Plan	2
The Christofias-Talat Negotiations: 2008-2010	3
A New Era: Christofias and Eroglu	6
New Settlement Deadlines, New Concerns	9
New Year, Continued Stalemate, End of the Talks	12
Issues	14
EU Trade with North Cyprus.....	18
Assessment	20

Figures

Figure 1. Map of Cyprus.....	2
------------------------------	---

Contacts

Author Contact Information.....	24
---------------------------------	----

Background¹

The island Republic of Cyprus gained its independence from Great Britain in 1960. Of the total population living on the island, approximately 77% are of Greek ethnic origin, and roughly 18% of Turkish ethnic origin. (This figure may have changed slightly as an influx of mainland Turkish settlers over the past 20 years has increased the Turkish population.) Maronite Christians, Armenians, and others constitute the remainder. At independence, the republic's constitution defined elaborate power-sharing arrangements between the two main groups. It required a Greek Cypriot president and a Turkish Cypriot vice president, each elected by his own community. Simultaneously, a Treaty of Guarantee signed by Britain, Greece, and Turkey ensured the new republic's territorial integrity, and a Treaty of Alliance among the republic, Greece, and Turkey provided for Greek and Turkish soldiers to help defend the island. However, at that time, the two major communities aspired to different futures for Cyprus: most Greek Cypriots favored union of the entire island with Greece (*enosis*), while Turkish Cypriots preferred to partition the island (*taksim*) and possibly unite the Turkish Cypriot zone with Turkey.

Cyprus's success as a stable, new republic lasted from 1960 to 1963. After President (and Greek Orthodox Archbishop) Makarios III proposed constitutional modifications that favored the majority Greek Cypriot community in 1963, relations between the two communities deteriorated, with Turkish Cypriots increasingly consolidating into enclaves in larger towns for safety. In 1964, Turkish Cypriots withdrew from most national institutions and began to administer their own affairs. Intercommunal violence occurred between 1963 and 1964, and again in 1967. On both occasions, outside mediation and pressure, including by the United States, appeared to prevent Turkey from intervening militarily on behalf of the Turkish Cypriots. On March 4, 1964, the United Nations authorized the establishment of the United Nations Peacekeeping Force in Cyprus (UNFICYP) to control the violence and act as a buffer between the two communities. It became operational on March 27, 1964, and still carries out its mission today.

In 1974, the military junta in Athens supported a coup against President Makarios, replacing him with a more hard-line supporter of *enosis*. In July 1974, Turkey, citing the 1960 Treaty of Guarantee as a legal basis for its move, deployed its military forces in two separate actions to the island, and by August 25, 1974, had taken control of more than one-third of the island. This military intervention² had many ramifications. Foremost was the widespread dislocation of both the Greek and Turkish Cypriot population and related governance, refugee, and property problems.

After the conflict subsided and a fragile peace took root, Turkish Cypriots pursued a solution to the conflict that would keep the two communities separate in two sovereign states or two states in a loose confederation. In February 1975, the Turkish Cypriots 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 to be

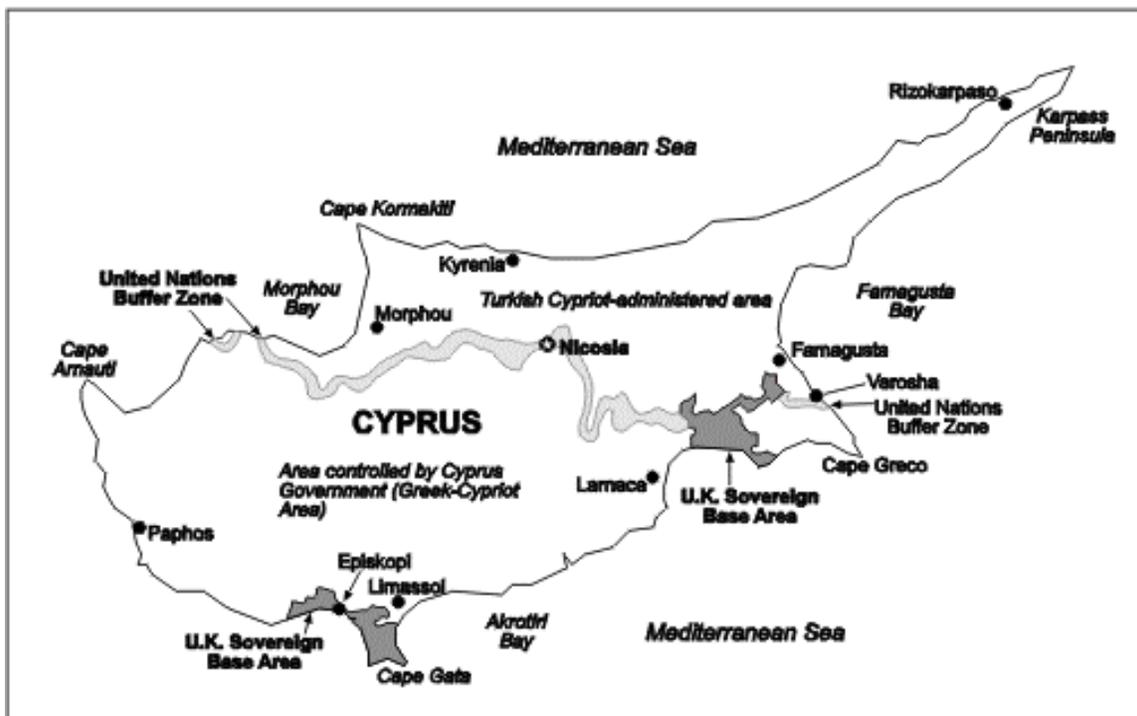
¹ Parts of this report are drawn from a more comprehensive history of the Cyprus negotiations found in CRS Report RL33497, *Cyprus: Status of U.N. Negotiations and Related Issues*, by Carol Migdalovitz.

² Turkey officially refers to its action as a "peace operation." The Greek Cypriots and much of the international community refer to it as an "invasion." According to the International Institute for Strategic Studies, *The Military Balance—2009*, Turkey still has 36,000 troops on the island. However, the Greek Cypriots claim that the figure is 42,000 to 44,000. "Defense Committee: UNFICYP Figures on Occupying Troops are False," Cyprus News Agency, February 6, 2009, BBC Monitoring European.

a unilateral declaration of independence. At the time, Denktash argued that creation of an independent state was a necessary precondition for a federation with the Greek Cypriots. However, he ruled out a merger with Turkey and pledged cooperation with United Nations-brokered settlement efforts. Twenty-nine years later, only Turkey has recognized the TRNC.

Between 1974 and 2002, there were numerous, unsuccessful rounds of U.N.-sponsored direct and indirect negotiations to achieve a settlement. 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 differences in views also affected the resolution of issues such as property claims, citizenship of Turkish settlers who had come to the island, and other legal issues. These differences in views continue to plague the negotiations even today.

Figure I. Map of Cyprus



Source: Map Resources. Adapted by CRS.

Annan Plan

Negotiations for a final solution to the Cyprus issue appeared to take a dramatic and positive step forward when on November 11, 2002, then-U.N. Secretary-General Kofi Annan presented a draft of The Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem, commonly referred to as the Annan Plan. The plan called for, among many provisions, a “common state”

government with a single international legal personality that would participate in foreign and EU relations. Two politically equal component states would address much of the daily responsibilities of government in their respective communities. The Annan Plan was a comprehensive approach, and of necessity addressed highly controversial issues for both sides.

Over the course of the next 16 months, difficult negotiations ensued. Turkish Cypriot leader Denktash was replaced as chief negotiator by a more pro-settlement figure, and newly elected “prime minister,” Mehmet Ali Talat. Republic of Cyprus President Glafkos Clerides was replaced through an election with, according to some observers, a more skeptical president, Tassos Papadopoulos. The Annan Plan itself was revised several times in an attempt to effect compromises demanded by both sides. Complicating the matter even more, on April 16, 2003, the Republic of Cyprus signed an accession treaty with the European Union to become a member of the EU on May 1, 2004, whether or not there was a settlement and a reunited Cyprus.

Finally, after numerous meetings and negotiations and despite a lack of a firm agreement but sensing that further negotiations would produce little else, on March 29, 2004, Secretary-General Annan released his “final revised plan” and announced that the Plan would be put to referenda simultaneously in both north and south Cyprus on April 24, 2004. The Turkish Cypriot leadership split, with Denktash urging rejection and Talat urging support. Greek President Papadopoulos, to the dismay of the U.N., EU, and United States, but for reasons he argued were legitimate concerns of the Greek Cypriot community, urged the Greek Cypriots to reject the referenda. On April 24, what remaining hope existed for a solution to the crisis on Cyprus was dashed as 76% of Greek Cypriot voters rejected the Plan, while 65% of Turkish Cypriot voters accepted it. In his May 28, 2004, report following the vote, Annan said that “the Greek Cypriots’ vote must be respected, but they need to demonstrate 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.’”

For roughly the next four years, to little avail, Cyprus muddled through a series of offers and counter-offers to restart serious negotiations even as the Greek Cypriots solidified their new status as a member of the EU, a status not extended to the Turkish Cypriots despite an EU pledge to try to help end the isolation of the north.

The Christofias-Talat Negotiations: 2008-2010

On February 24, 2008, 61-year-old Demetris Christofias of the Progressive Party of Working People (AKEL) was elected to a five-year term as president of the Republic of Cyprus. Mr. Christofias was educated in the Soviet Union and is a fluent Russian-speaker. He joined the communist-rooted AKEL party at the age of 14 and rose through its ranks to become leader in 1988. Christofias was elected president of the Cypriot House of Representatives in 2001 and won reelection in 2006.

Christofias’s election had the backing of the Democratic (DIKO) Party and the Socialist (EDEK) Party. Christofias, in part, tailored his campaign to opposing what he believed was an uncompromising approach toward the Turkish Cypriots by his opponent, President Papadopoulos and the stagnation in the attempt to reach a just settlement of the Cyprus problem. Although serious differences existed between the Greek Cypriot and Turkish Cypriot sides over a final settlement, Christofias took the outcome of the vote as a sign that Greek Cypriots wanted to try once again for an end to the division of the island. In his inaugural address, President Christofias expressed the hope of achieving a “just, viable, and functional solution” to the Cyprus problem.

He said that he sought to restore the unity of the island as a federal, bi-zonal, bi-communal republic, to exclude any rights of military intervention, to provide for the withdrawal of Turkish troops and, ultimately, the demilitarization of the island. Christofias also reaffirmed that the 2004 Annan Plan, which he himself opposed at the time, was null and void and could not be the basis for a future settlement.

After Christofias's election, Turkish Cypriot leader Mehmet Ali Talat, a long-time acquaintance of Christofias, declared that "a solution in Cyprus is possible by the end of 2008."³ He also declared that "the goal is to establish a new partnership state in Cyprus, based on the political equality of the two peoples and the equal status of two constituent states."⁴ As early as 2004, Talat, as Turkish Cypriot "prime minister," was credited with helping convince the Turkish Cypriots to support the Annan Plan and had been seen as perhaps the one Turkish Cypriot leader who could move the Greek Cypriots toward a more acceptable solution for both sides. For his efforts at the time, Talat, on April 17, 2005, was elected "president" of the unrecognized TRNC over the UBP's Dervis Eroglu, receiving 55.6% of the vote in a field of nine.

On March 21, 2008, Christofias and Talat met and agreed to establish working groups to address issues related to a comprehensive settlement, including governance and power-sharing, EU matters, security and guarantees, territory, property, and economic matters. They also created seven technical committees to address day-to-day issues of crime, economic and commercial matters, cultural heritage, crisis management, humanitarian matters, health, and environment.

On July 2, 2008, the two leaders met and agreed in principle on a single national sovereignty and citizenship and decided to start full-fledged negotiations by September 3. On July 18, 2008, U.N. Secretary-General Ban Ki-moon named former Australian Foreign Minister Alexander Downer to be his special advisor on Cyprus and to lend the good offices of the U.N. to the negotiation process. On July 20, 2008, Turkish Prime Minister Recep Tayyip Erdogan, perhaps recognizing that Turkey's own future as a potential member of the EU was very much tied to a successful settlement on Cyprus, extended full support to Talat and said that "a comprehensive solution will be possible in a new partnership where the Turkish Cypriot people and the Turkish Republic of Northern Cyprus will equally be represented as one of the founder states. This new partnership will be built upon such indispensable principles as bi-zonality, political equality, and Turkey's effective guarantorship."⁵ The last part of that statement sent red flags throughout Greek Cyprus and reignited the ongoing debate over the continued presence of some 30,000 Turkish military forces on the island and the intense desire on the part of the Greek Cypriots to have all Turkish troops removed. Nevertheless, on September 11, 2008, substantive negotiations on governance and power-sharing began.

While the negotiations between Christofias and Talat appeared to get off to a fast start, the differences in positions quickly became apparent and the talks, although held on a regular basis, started to bog down. Talat wanted to pursue negotiations on the basis of the provisions of the old Annan Plan, while Christofias, mindful of the Greek Cypriot rejection of that plan, was keen to avoid references to it. Old differences quickly resurfaced. As the negotiations dragged on well

³ "I am Hopeful about a Solution, TRNC President Talat," *Anatolia*, February 25, 2008, BBC Monitoring European, February 26, 2008.

⁴ Letter to the Editor, *Financial Times*, March 5, 2008.

⁵ "Erdogan Warns Against Attempts to Water Down Parameters of Cyprus Settlement," *Turkish Daily News*, July 21, 2008.

into 2009, it appeared that impatience, frustration, and uncertainty were beginning to mount against both Christofias in the south and Talat in the north.

Two political events in the spring of 2009 seemed to have hamstrung the ability of either side to take the dramatic steps needed to boost the negotiations into a final phase. In March 2009, the Democratic Party (DIKO), one of the main governing coalition partners of President Christofias, held party elections in which hard-line candidates won all three posts contested. The new leadership suggested that the party consider withdrawing from the coalition due in part to a belief that Christofias was not keeping them informed of his negotiating positions or of the concessions he may have offered to Talat. The outcome of this vote left many wondering whether Christofias would face difficulties in gaining approval for any agreement he would reach with Talat that included concessions unacceptable to the coalition partners. In the north, parliamentary elections were held on April 19, 2009, in which the opposition UBP won 26 out of the 50 seats in the parliament. The election propelled UBP Party leader Dervis Eroglu into the forefront of the presidential elections scheduled for April 2010 and presented Mr. Talat with a less sympathetic parliament to deal with, one whose disapproval of any agreement would likely play an important role in any referenda in the north.

By the end of 2009 perspectives on both sides of the island seemed to have begun to change. Some suggested that the Greek Cypriots sensed that the talks could not produce a desired outcome before the April 2010 elections in the north, in which Talat was trailing in the polls to Eroglu, and thus the negotiations were likely to have to begin anew, possibly with an entirely different Turkish Cypriot leadership. Under that scenario, many Greek Cypriots, including members within the political parties of the governing coalition, seemed leery of weakening their hand by offering further concessions. Some Turkish Cypriots, on the other hand, appear to have begun to think that the Greek Cypriot side would not offer Talat a negotiated settlement, betting from the opinion polls in the north that Eroglu would win the April elections and would pull back from serious negotiations, at least for a while as he consolidated his new government and re-ordered his strategy. The Greek Cypriots could then blame the anticipated hard-liners in the north and their presumed patrons in Ankara if the talks collapsed.

As the negotiations entered 2010, it appeared that the window of opportunity to reach a final settlement, at least between Christofias and Talat, was closing fast. Despite the fact that the two sides had been in negotiations for almost 18 months and in close to 60 meetings, they appeared to have very little to show for their efforts. In his new year message to the Greek Cypriots, Christofias suggested that while some progress had been made in a few areas, the two sides were not close to a settlement.

The intensive dialogue between Christofias and Talat resumed on January 11, 2010, but after three sessions the talks seemed to be at a standstill with the gap between the respective positions of President Christofias and Mr. Talat on many of the tougher issues seeming to be insurmountable. On February 9, 2010, Christofias's coalition partner EDEK quite the coalition claiming that, in their opinion, "the President has been following a mistaken strategy which the other side is using to its own advantage."⁶ EDEK argued that the concessions Christofias apparently had made regarding a rotating presidency and the acceptance of 50,000 settlers had to be withdrawn. Soon after the EDEK decision, some factions within the DIKO party, the other member of the governing coalition, began agitating for a similar vote to leave the government,

⁶ "EDEK quits government," *Cyprus Mail*, February 9, 2010.

citing very similar reasons, including their disagreement over a rotating presidency. On February 23, 2010, the DIKO central committee met but decided to remain in the coalition for the present.

The last formal negotiating session between Christofias and Talat concluded on March 30, 2010, with apparently no new developments. In the run-up to the final session there was some speculation that both sides would issue a joint statement assessing the negotiations up to that point and perhaps even announcing some of the areas in which “convergences” between Christofias and Talat had been achieved. Speculation was that Talat had wanted something positive to take into the final days of the election campaign and had presented Christofias a report summarizing what the Turkish Cypriots understood to have been achieved. Christofias, however, was already under pressure from his coalition partner, DIKO, and former coalition partner, EDEK, not to issue such a statement, which could have been interpreted as an interim agreement.

On March 30, 2010, Christofias and Talat issued a short statement suggesting that they had indeed made some progress in governance and power sharing, EU matters, and the economy, but they did not go beyond that. On April 1, Talat, feeling he needed to say more to his Turkish Cypriot constituents about the negotiations, held a press conference at which he outlined his understandings of what he and Christofias had achieved to that point. Christofias would neither confirm nor deny what Talat had presented but did indicate that the issues would be considered by the National Council, the Greek Cypriot political body that advises the president on Cyprus settlement issues.

A New Era: Christofias and Eroglu

On April 18, 2010, Turkish Cypriot leader Talat lost his reelection bid to his rival Dervis Eroglu of the National Unity Party (UBP). Observers believe Talat’s defeat was due to a combination of his failure to secure a settlement of the Cyprus problem after almost two years and his inability to convince the EU and others to help end what the Turkish Cypriots believed was the economic isolation of the north. Some observers also noted that an overwhelming number of Turkish settlers, who continue to identify more with mainland Turkey and who have little interest in unification with Greek Cyprus, voted for Eroglu because they believed his views were consistent with theirs.

Eroglu, a 72-year-old physician, and long-time politician, won the election with just over 50% of the vote. Eroglu was seen as having a style and harder-line views similar to former Turkish Cypriot leader Rauf Denktash, particularly in seeking more autonomy for each community. Eroglu also headed a party in which some in the party had advocated a permanently divided island and international recognition for the Turkish Republic of Northern Cyprus (TRNC). It was reported that during the campaign he may have suggested that perhaps Cyprus should consider a kind of “soft divorce” similar to what the Slovaks and Czechs did when they separated. During the campaign, Eroglu also criticized Talat for what he thought were too many concessions to the Greek Cypriot side, including the agreement that a reunited Cyprus would hold a single sovereignty through which both sides would reunite. Nevertheless, even while criticizing Talat’s positions, Eroglu insisted that negotiations would continue under his presidency. Upon assuming his new office, Eroglu wrote a letter to U.N. Secretary-General Ban Ki-moon expressing his willingness to resume the negotiations under the good offices of the U.N. and at the point where the negotiations had left off. Despite Eroglu’s position regarding the resumption of talks, it appears all political elements on the Greek Cypriot side saw Eroglu’s election as a negative development and expressed their skepticism as to what the future would hold.

Interestingly, in early March 2010, Turkish Prime Minister Erdogan invited Greek Cypriot media representatives to Turkey to meet with him to discuss Turkish views on the Cyprus peace process. During the meeting, which was unprecedented, it was reported that Erdogan spoke about his support for a bi-zonal, bi-communal federation; the eventual withdrawal of Turkish troops from the island; and a pledge of Turkish support for a “lasting comprehensive settlement” at the earliest possible time.⁷ Erdogan’s comments were mostly seen as positive support for the continuation of the negotiations and read by some in Cyprus as an indication that even if Talat was not reelected in April, his successor would not be allowed to “walk out of the talks.”⁸ In his post-election statement, Eroglu told Turkey’s NTV television that “no one must think that I will walk away from the negotiating table. The talks process will continue.”⁹ Subsequently, Turkish Prime Minister Erdogan congratulated Eroglu on his election and promised to continue to support the Turkish Cypriots. However, appearing on television right after the vote, Erdogan apparently did suggest that Ankara wanted a solution to the Cyprus issue by the end of 2010.¹⁰

The United Nations also seemed to endorse the desire to see more progress toward a solution by both sides as quickly as possible. U.N. Secretary-General Ban stated that he would issue reports by the U.N. Good Offices mission every six months assessing the progress of the negotiations. However, he also suggested that the U.N. Good Offices mission could end if no substantial progress had been made by the end of 2010.

On May 26, 2010, President Christofias and Turkish Cypriot leader Eroglu held their first formal negotiating session. They were accompanied by their principle advisors, George Iacovou for the Greek Cypriots and Kudret Ozersay for the Turkish Cypriots. The meeting was held under the auspices of the U.N. Secretary-General’s Special Advisor on Cyprus Alexander Downer. Property rights became the first issue to be addressed; up to this point property rights had not been seen as an issue that Christofias and Talat had focused on at all.

Although the meeting was described as positive, low-key, and business-like, a controversy arose when it was reported that Downer apparently read a statement from U.N. Secretary-General Ban congratulating the parties for starting the talks again from where they left off including the confirmation of existing convergences agreed to by Christofias and Talat, for agreeing to abide by U.N. Security Council resolutions on Cyprus, and suggesting that a final agreement could be reached in the coming months. The first part of the controversy involved criticism from several of the Greek Cypriot political parties that were concerned that the references to the “convergences” arrived at by Christofias and Talat were being considered as agreements by the U.N., a position not shared by the Greek Cypriots. In addition, some Greek Cypriots, including President Christofias, had expressed concern over references to the end of 2010 as an unofficial deadline to reach a solution. On the other hand, apparently after the May 26 meeting, Eroglu made a statement that the Turkish Cypriots would not be bound by the statement of the U.N. Secretary-General, especially with regard to previous U.N. Security Council resolutions, some of which did include calls for Turkey to withdraw its troops from Cyprus. While Eroglu was trying to clarify that he accepted U.N. resolutions on the parameters of the negotiations, some in the Greek

⁷ Account of the press conference between representatives of Greek Cypriot media and Turkish Prime Minister Recep Tayyip Erdogan as reported in the *Cyprus Mail*, March 2, 2010.

⁸ “What was the meaning behind Erdogan’s words?,” *Cyprus Mail*, March 7, 2010.

⁹ “Nationalist Dervis Eroglu wins northern Cyprus election,” *BBC News*, April 18, 2010.

¹⁰ “Turkey wants Cyprus deal in 2010 after Eroglu win,” *Reuters UK*, April 18, 2010.

Cypriot leadership seem to question whether Eroglu was trying to redefine the basis under which he would proceed with the negotiations.

When the talks resumed in May 2010, Christofias and Eroglu along with several technical committees and working groups with representatives from both sides met regularly. Christofias and Eroglu focused almost entirely on the difficult issue of property rights, where both sides have long-held and very different positions while their aids negotiated other issues. In September, in an interview with Greek Cypriot press, Eroglu expressed his frustration with the process and accused the Greek Cypriots of treating Turkish Cypriot positions with contempt. He apparently suggested that Christofias needed to inform the Greek Cypriot people that any final solution would involve pain on both sides but also had to minimize social upheaval especially among the Turkish Cypriot community. When apparently asked what pain Eroglu was prepared to accept, however, he stated that it would not include giving up the Turkish Republic of Northern Cyprus or its flag, or sending mainland settlers back to Turkey.¹¹ In October 2010, Turkish press reported that Eroglu appeared so frustrated with the negotiations that he suggested that Turkish Cypriots had become fed up and no longer believed in the possibility of a mutually agreeable settlement. “As time passes” he said, “the willingness of the two communities to live together is diminishing.”¹² For his part, Christofias told the United Nations Secretary-General in September 2010 that both sides were not coming closer to a settlement and that Turkey, given its own domestic and regional problems, “was not ready to solve the Cyprus problem.”¹³

On October 21, 2010, U.N. Secretary-General Ban apparently called both Christofias and Eroglu to express his concerns over the slow pace of the negotiations and urged them to make concrete progress, suggesting that the U.N. was worried about the direction the talks had taken. On November 18, 2010, Christofias and Eroglu were invited to New York to meet with the Secretary-General in an attempt by the U.N. to boost momentum for the talks. Although Ban suggested after the meeting that the discussions had been constructive, he did say that “the talks were without clear progress or a clear end in sight.”¹⁴ On November 24, the Secretary-General issued his progress report on the negotiations. The report noted “sluggish activity” and, with the May 2011 parliamentary elections scheduled in the Republic of Cyprus and the June national elections in Turkey in mind, expressed concern that the critical window of opportunity [for a settlement] was rapidly closing. Ban suggested that the three meet again in January 2011, at which time “the leaders should be prepared with a practical plan for overcoming the major remaining points of disagreement.”¹⁵

In mid-December 2010, it was reported that a survey conducted by Symmetron Market Research for the Greek Cypriots and KADEM Cyprus Social Research for the Turkish Cypriots concluded that faith in a Cyprus solution was losing steam in both communities. It was reported that according to the survey, while 68% of Greek Cypriots and 65% of Turkish Cypriots still supported a solution, some 65% of Turkish Cypriots did not believe a solution was likely while Greek Cypriots were apparently split 50:50. In addition, over 50% in each community apparently indicated that they did not desire to be governed under a power-sharing agreement.

¹¹ Eroglu: “treated with contempt,” *Cyprus Mail*, September 19, 2010.

¹² “Turkish Cypriot leader ready for tripartite New York meeting,” *Hurriyet Daily News*, October 22, 2010.

¹³ “Christofias: two sides not getting closer,” *Cyprus-Mail*, September 12, 2010.

¹⁴ “Slap on the wrist from Ban Ki-moon,” *Cyprus Mail*, November 19, 2010.

¹⁵ Report of the Secretary-General on his mission of good offices in Cyprus, United Nations, November 24, 2010.

Although assessments of the negotiations appeared to be growing more pessimistic, additional sessions were held through the end of December. Talks were then suspended while Eroglu had heart surgery in Ankara. While both sides continued to talk and continued to pledge to work to seek a solution, the discussions did not move beyond the property issue and neither side had indicated whether progress was being made or any compromises were possible. On January 1, 2011, Cypriot President Christofias declared his disappointment over the passing of another year without a settlement and accused Turkey of not making any effort to promote a solution to the Cyprus issue.

On January 28, 2011, Christofias and Eroglu traveled to Geneva to meet for a second time with U.N. Secretary-General Ban in what appeared to be another inconclusive attempt by the U.N. to boost momentum for the talks. Ban's subsequent March 2011 report to the U.N. Security Council on the progress in the talks again noted the slow pace of the negotiations and the lack of any significant movement toward a resolution on any of the major issues.

In mid-April 2011 the Republic of Cyprus entered into a parliamentary election period that concluded on May 22. The outcome of the elections did not seem to suggest that the negotiating position of Christofias would require changes. Although opposition to what was perceived to be Christofias's concessions to the north was voiced during the campaign, none of the three parties with the most hard-line views—EDEK, EVROKO, and DIKO—increased its vote share. The impact of the elections would later prove problematic for the negotiations. Similarly, in national elections held in Turkey in June, Cyprus was barely an issue among the competing parties. After the election there was some speculation that Turkish Prime Minister Erdogan, having won another five-year term, might have been prepared to inject some positive new energy into the Cyprus negotiations. Later this seemed to have been a misreading of the prime minister's intentions.

New Settlement Deadlines, New Concerns

On July 7, 2011, Christofias and Eroglu traveled to Geneva to meet for a third time with U.N. Secretary-General Ban in another attempt by the U.N. to boost momentum for the talks. Ban insisted that the negotiations be stepped up so that they could conclude by mid-October and the three would meet on October 30 to assess what progress had been achieved. The U.N. would then be prepared to organize an international conference to discuss security-related issues as suggested by Turkey. This would be followed by plans to hold referenda on a final solution in both the north and south by the spring of 2012. The hope among some was that by intensifying the negotiations and reaching a solution by the end of 2011, a potentially reunified Cyprus would be prepared to assume the rotating presidency of the EU on July 1, 2012. Just prior to the talks with Ban, U.N. Special Envoy for Cyprus Alexander Downer called the previous three months disappointing and the worst three months in the history of the negotiations.¹⁶

It was reported that in a pre-Geneva meeting Eroglu and Turkish Prime Minister Erdogan both agreed that if by July 1, 2012, there was no resolution of the Cyprus problem, then the two peoples and the two states should be allowed to go their separate ways.¹⁷ Nevertheless, after the Geneva meeting both Ankara and the Turkish Cypriots expressed agreement on the proposed

¹⁶ "Downer: worst three months of talks since process began," *Cyprus-Mail*, July 7, 2011.

¹⁷ "Coming to a crucial junction in Cyprus talks," *Hurriyet Dailey News*, July 5, 2011.

timetable while it was unclear whether Christofias had changed his previous position of not being bound by any timetables.

Almost immediately after the two leaders returned to Cyprus from their meeting with the Secretary-General, hopes for speedy and productive negotiations to reach a final solution began to unravel in the form of three events.

On July 11 a major explosion of old munitions stored at the Greek Cypriot naval base in Mari killed 13 people and caused significant damage to a major power generating station, cutting off electrical supplies to a large portion of the south. Adding a measure of insult to injury for some, the damage to the electrical power station required Christofias's government to purchase electricity from the Turkish Cypriot side. President Christofias became the target of public outrage over the events, forcing him to re-shuffle his cabinet and defend his presidency from calls for his resignation. Fighting off public discontent over the explosion, Christofias was confronted by an additional political crisis when in early August the DIKO Party, the last partner in the governing coalition, withdrew from the government citing differences with Christofias over concessions he apparently made to the Turkish Cypriots in the settlement negotiations. Although the DIKO leadership had long-standing disagreements with Christofias over his negotiating strategy, some observers believe DIKO left the coalition in order to avoid the criticisms being leveled at the government over the munitions episode. Nevertheless, DIKO's withdrawal left Christofias without a majority in parliament, which instantly made it much more difficult for him to win approval for any negotiated settlement with the north. A subsequent independent investigation of the Mari incident concluded that President Christofias, along with several in his cabinet, bore the main responsibility for the tragedy,¹⁸ prompting several opposition party leaders to call for Christofias's resignation or to call for early presidential elections. Christofias refused to do either, but all of this had proven to be a distraction from the negotiations and made it more difficult for him to accept any compromise.

A second event took place on July 20, 2011, when in a speech to Turkish Cypriots, Turkey's Prime Minister Erdogan seemed to have hardened his views when he suggested that a negotiated solution to the Cyprus problem had to be achieved by the end of 2011 or the island would remain split.¹⁹ In his speeches in the north, Erdogan also suggested that territorial concessions, including the possible return of Morphou and Verosha by the Turkish Cypriots, were not acceptable and that if, in his words, "southern Cyprus" were to assume the presidency of the EU on July 1, 2012, then Ankara would freeze its relations with the EU because it could not work with a presidency that it does not recognize.²⁰ Erdogan's statements drew harsh criticism from all sectors of the Greek Cypriot political community and a rebuke from President Christofias, who declared that "there could be no prospect for peace if the Turkish [Cypriot] position mirrored the statements of the Turkish Prime Minister."²¹ Reaction from some quarters of the EU was equally strong, with European Parliament member and member of the Parliament's EU-Turkey Joint Parliamentary Committee Andrew Duff suggesting that Erdogan's comments were an appalling twist to Turkey's policy toward Cyprus.²² Some believe Erdogan's comments were an attempt to inject a sense of

¹⁸ "President was responsible for Keeping explosives at Mari, Polyviou concludes," *Cyprus-Mail*, October 3, 2011.

¹⁹ "PM draws the line for Cyprus: Unity or split," *Hurriyet Dailey News*, July 20, 2011.

²⁰ "Erdogan: Cyprus at EU helm unacceptable," *Cyprus-Mail*, July 20, 2011.

²¹ "Turkey 'dynamites' prospect of a solution," *Cyprus-Mail*, July 20, 2011.

²² "Erdogan comments irk EU officials," *Cyprus Mail*, July 22, 2011.

urgency into the negotiations on the part of the Greek Cypriot side and to put pressure on the EU to urge Christofias to seek a quicker settlement.

A third issue that had cast doubt over the future success of the negotiations arose during the summer when Greek Cypriot President Christofias announced that Noble Energy Company of Texas would begin exploring for natural gas off the southern coast of the island that the Republic of Cyprus claimed as its own Exclusive Economic Zone (EEZ). In 2007, the Republic of Cyprus granted Noble Energy a license to explore for gas and oil in that area. Turkey's Prime Minister Erdogan warned that Turkey would not stand idly by and let the exploration go forward and threatened to take strong action against the Greek Cypriots if they persisted. Despite the protests from Turkey and from the Turkish Cypriots, who warned that the negotiations could be negatively impacted, on September 20, 2011, the initial exploration by Noble began. Cyprus's actions received the support of the United States and the European Union, although both expressed concerns over the rise in tension between Cyprus and Turkey. On September 27, EU Enlargement Commissioner Stephen Fule, meeting with the European Parliament, suggested that Turkey's response was irresponsible. In response, on September 21, 2011, Ankara and the Turkish Cypriots signed their own maritime agreement defining the Turkish Cypriots' rights to also explore for energy resources off the coast of Cyprus, including in parts of blocks 8, 9, and 12 of the Republic of Cyprus's EEZ. Turkey then ordered its seismic research vessel, the *Piri Reis*, to begin exploring for gas and oil off the coast of Cyprus. Subsequently, in November, Ankara assured Commissioner Fule that while Turkey and the Turkish Cypriots would continue their own exploration, Turkish warships would not interfere with Noble's drilling operations.

Doubts about the prospects of a solution acceptable to both sides were also raised with the release of a new public opinion poll conducted by Interpeace as part of its "Cyprus 2015" initiative. The poll, released on July 5, 2011 interviewed 1,000 Greek and 1,000 Turkish Cypriots. The results of the polling apparently found a growing negative climate and public discontent on the island, an increased ambivalence on the part of Turkish Cypriots, and a possible shift towards a no vote for reunification among Greek Cypriots. The poll also found that society on both sides needed to begin a very public discussion of the parameters of the negotiations and that confidence building measures needed to be implemented to increase the levels of trust in the peace process.²³

Several of the issues mentioned above served to raise tensions between President Christofias and his domestic political opposition and to weaken his standing among the general public. It also contributed to the mistrust between Greek and Turkish Cypriots, and Greek Cypriots and Turkey. Despite these "bumps in the road," the negotiations between Christofias and Eroglu continued. However, reaching a negotiated settlement by the end of October, when Christofias and Eroglu met for the fourth time with U.N. Secretary-General Ban, became impractical. During those meetings little new progress seemed evident, and after two days Ban asked the two Cypriot leaders to continue the negotiations and return to New York in January, hopefully with the non-security-related issues resolved. Even if Christofias and Eroglu could have reached an acceptable solution by January 2012, it appeared that Christofias would have a difficult time gaining its approval from the legislature.

Although Christofias and Eroglu continued the negotiation process throughout 2011, the talks produced little progress, increasingly exposed differences between the two leaders, and by the fall

²³ "Latest Cyprus poll findings: Greek and Turkish leadership must take bold action now," Interpeace initiative, "Cyprus 2015," July 5, 2011.

of 2011, both sides seemed to have lost a clear urgency to achieve a final solution. As 2011 ended, pessimism abounded with many feeling that what had not been accomplished in the previous two years could become very difficult to achieve in 2012 as the Republic of Cyprus entered into full preparation for its EU Presidency. Many felt that unless there were a major breakthrough in the negotiations by early 2012, the talks could enter a lengthy period of less than fruitful negotiations culminating in a potential dramatic turn of events by the summer. Even the potential gains the entire island could realize from the gas exploration did not appear to be adequate incentive to stimulate the sides to reach a resolution of the Cyprus problem.

One interesting note was struck when members of the European Parliament's Liberal Group, the Alliance of Liberals and Democrats for Europe (ALDE), visiting Turkey in October 2011, seemed to suggest that in their view the U.N. sponsored negotiations could be on their way to failure and that if that were the case, the EU should be prepared to step in and assume a more active role in the peace process.²⁴ Turkey has traditionally rejected an enhanced EU role in the negotiations.

New Year, Continued Stalemate, End of the Talks

As 2012 began, both sides were again preparing to travel to New York for a fifth meeting with U.N. Secretary-General Ban Ki-moon to assess the progress of the negotiations. Ban had asked both Christofias and Eroglu to come to New York on January 22-24 with significant offers in the areas of governance, economy, and EU affairs so that the "Greentree 2" meeting could attempt to facilitate a final deal on these and other internal issues that would allow the U.N. to convene an international conference in the spring to resolve security-related issues and allow referenda on a final agreement in both the north and south by early summer of 2012. The hope again was to reach an agreement so that a reunified Cyprus could assume the rotating presidency of the EU on July 1, 2012.

It appeared, however, that even before arriving in New York neither Christofias nor Eroglu were willing or able to make necessary concessions on the difficult issues of property rights, security, territory, settlers, or citizenship, areas where both sides have long-held and very different positions. The uncertainty of what could be achieved prompted Christofias to question whether the meeting should take place at all. The lack of any progress to that point led some in the Greek Cypriot opposition to suggest the meeting be cancelled and warned Christofias not to accept any deadlines or U.N. arbitration, or to agree to an international conference without explicit agreements on internal issues. Nevertheless, the meetings took place and it was reported that both sides had submitted to Ban extensive proposals that could provide the basis for a solution.

The Greentree meetings concluded without any new agreement to end the stalemate and led an apparently frustrated Secretary-General Ban to say that he would wait until he receives a progress report from his Special Advisor at the end of March 2012 before deciding whether to convene an international conference, despite Christofias' opposition to any such decision. Ban's press release was not well received in the Republic and several members of the various Greek Cypriot political parties called the meeting a total failure and criticized Eroglu for backing away from the convergences they felt had been reached with his predecessor Ali Talat. For his part, Eroglu expressed mild satisfaction with the outcome of Greentree suggesting he anticipated no new

²⁴ "Europeanize talks in Cyprus, if U.N. plan fails," *Hurriyet Daily News*, October 11, 2011.

offers from the Greek Cypriot side that he would be willing to accept; he also suggested that the lack of a solution by July would set a number of changes in the north into motion.

On February 2, 2012, the Greek Cypriot House of Representatives, responding to U.N. Envoy Downer's reference to Christofias as president of Greek Cyprus as opposed to the Republic of Cyprus, passed a resolution calling into question Downer's objectivity and credibility. During the debate, several opposition political party members also suggested Christofias step down as principle negotiator for a settlement.

On February 5, 2012, perhaps sensing that the negotiations were about to go into a deep freeze, Turkish Cypriot Democratic Party leader, Serder Denktash, apparently suggested that if an acceptable solution had not been reached by June, the Turkish Cypriots should consider holding a referendum to determine whether they would want the negotiations to continue.²⁵

During the week of February 13, 2012, the Greek Cypriot National Council met for two days with Christofias and scheduled two additional meetings with him in March. The meetings were a follow-up to what had been reported to be the paper Christofias had given to U.N. Secretary-General Ban in New York outlining what concessions Christofias may be willing to make to achieve an agreement. The members of the Council complained that Christofias had kept them in the dark about the negotiations and they wanted an explanation of his negotiating position. It appears the Council also wanted to be assured that Christofias would not agree to a U.N.-sponsored international conference on security issues in the spring should Special Envoy Downer's report in March 2012 to the Secretary-General recommend such a conference.

Christofias and Eroglu resumed their direct negotiations in mid-February focusing on the property issue but it appeared unlikely that the stalemate could have been broken at that point. The Turkish Cypriots appeared unable to accept any deal until an international conference suggested by Turkey, and backed by the U.N., be held, a conference Christofias would not have agreed to attend. Any agreement Christofias would have accepted would have been difficult for him to sell to the political opposition and the ensuing debate, even before a referendum could be scheduled, would detract from the upcoming presidency of the EU. Thus, even though negotiations would continue, the potential for any agreement looked to be delayed not only until after the EU presidency but also until after the February 2013 national elections in the Republic. In essence, the Turkish Cypriots would have been placed on hold for almost a year, a status it seems doubtful they would have accepted. The stalemate set the stage for a potentially dramatic decision by the Turkish Cypriots near the end of June when they could announce they were suspending the unification negotiations and would be seeking additional diplomatic recognition for the TRNC. This, of course, would have been bad news for Christofias and the beginning of the Cypriot presidency of the EU.

Some suggested that Ankara would not let this scenario play out because Ankara's relations with the EU would suffer by any such action taken by the Turkish Cypriots. However, since Ankara had already stated that it would not deal with the EU on any issue in which the Greek Cypriots would chair, and given Turkey's own stalemated accession negotiations which would be placed on further hold during the Cypriot presidency, Ankara saw no downside to allowing Eroglu to walk away from the table at this point.

²⁵ "Call for referendum on Cyprus talks," *Famagusta Gazette*, February 6, 2012.

In early April it was reported that the Turkish Cypriot side had suggested that the U.N.-sponsored talks be terminated once the Republic assumed the EU Presidency on July 1, 2012. This prompted President Christofias to respond that Turkish Cypriots were no longer interested in a solution even though as Christofias suggested, the talks could continue during the EU Presidency as the two issues were not related.²⁶ Two weeks later, U.N. Special Envoy Alexander Downer announced that U.N. Secretary-General Ban had decided not to call for an international conference on Cyprus due to the lack of agreement on core domestic issues and further stated that the U.N. would no longer host the “unproductive” leader’s talks. Downer said that the U.N. would reconvene the meetings “when there was a clear indication that both sides had something substantial to conclude”.²⁷ While both sides blamed the other for a lack of progress on an agreement, the reaction to the downgrading of the talks appeared to be muted among both the political leaders as well as the general publics in both communities.

On May 14, 2012, recognizing his own internal political realities and reverting back to an earlier statement that he would not seek reelection if he was not able to resolve the Cyprus problem, President Christofias, stating that “there are no reasonable hope for a solution to the Cyprus problem or for substantial further progress in the remaining months of our presidency”, announced that he would not seek reelection in 2013.²⁸

In late May, U.N. Special Envoy Downer stated that U.N.-hosted negotiations would continue at the technical level and would seek confidence-building measures between the two sides but that the upcoming national elections in the Republic “injected a great deal of uncertainty” with no guarantee that the winner of the Presidential election would want to start up the negotiations from the point they were suspended.²⁹

Issues

Following the April 2010 elections in the north in which Dervis Eroglu became the new leader of the Turkish Cypriots, both sides agreed to begin the new round of negotiations where the Christofias/Talat talks supposedly left off although it was somewhat unclear exactly where Christofias and Talat left off as neither side revealed any official document listing any of the so-called “convergences” that may have been arrived at before Talat left office. Nevertheless, it seems most observers point to statements made by Christofias and Talat on May 23 and July 1, 2008, as the basis for the negotiations. In those two statements, the leaders affirmed a bi-zonal, bi-communal federation with Greek Cypriot and Turkish Cypriot states with equal status and a government with a single citizenship and a single international personality.

In his April 1, 2010, press conference former Turkish Cypriot leader Talat stated that 31 “joint documents” had been prepared addressing a range of issues on which the parties either shared similar views or where differences still existed. For instance, he suggested that the new federal government would have powers over external relations, EU relations, citizenship, budget and economic coordination. Another understanding may have determined that one side would hold the portfolio of the foreign minister and the other the EU portfolio. Still another had the equal

²⁶ “Eroglu seeks termination of U.N. talks on Cyprus, President says”, *Famagusta Gazette*, April 12, 2012.

²⁷ “U.N. decides to take a back seat”, *Cyprus-Mail*, April 28, 2012.

²⁸ “Christofias bows out”, *Cyprus-Mail*, May 15, 2012.

²⁹ “Our View: The U.N. could be preserving the talks procedure for nothing”, *Cyprus-Mail*, May 26, 2012.

constituent states covering most of the remainder of the governance issues. It appears that the two sides had agreed on a Senate, equally represented, and a House proportionally based on population. There may have also been a “convergence” on a new judicial court that would have equal Turkish and Greek Cypriot representation and that Cyprus would be represented in the European Parliament by four Greek and two Turkish Cypriot MPs.

Even if Christofias and Eroglu had agreed to accept the Christofias/Talat “convergences” as a starting point, or exchanged their own comprehensive new proposals neither side acknowledged them as anything more than unofficial understandings as both sides have adhered to the idea that “nothing is agreed until everything is agreed.” However, based on comments by the two leaders, Talat’s April 1 press conference, critiques by leaders of the Greek Cypriot political parties, and other sources, the issues and the problems can be somewhat stitched together.

Both sides continue to differ over how a new united Cyprus would be created. The Greek Cypriots assumed the new unified state would evolve from the existing Republic of Cyprus. The Turkish Cypriots wanted the new state to be based on two equal “founding states” and Eroglu has hinted that he is not prepared to give up the Turkish Republic of Northern Cyprus or its flag. There have been reports that the Turkish Cypriots are prepared to rename their side of the island the Turkish Republic of Cyprus on July 1, 2012.

Greek Cypriots proposed the direct election of a president and vice president for a six-year term on the same ticket with weighted cross-community voting. The president would be a Greek Cypriot for four years and the vice president would be a Turkish Cypriot; they would then rotate offices, with the Turkish Cypriot becoming president for two years. Turkish Cypriots initially proposed that the executive have two alternating presidents elected by the Senate. Turkish Cypriots were opposed to a single list of Greek Cypriot and Turkish Cypriot candidates to be elected by all of the people of Cyprus principally because Greek Cypriots, by virtue of their majority, would in effect elect the Turkish Cypriot candidate. At some point Talat seemed to have made a significant concession in agreeing to accept the Greek position for the election of a president and vice president even though he continued to have doubts about direct popular voting. Although the idea of a rotating presidency was not new, opposition to the proposal was, and continues to be, vocal on the Greek Cypriot side as many Greek Cypriots apparently could not accept the idea of being governed by a representative of the Turkish Cypriot minority.³⁰

The thorny issue of property had been the focus of the first 15 or so meetings between Christofias and Eroglu. As a result of the ethnic strife of the 1960s and the deployment of Turkish military forces on the island in 1974, it was estimated that over 150,000 Greek Cypriots living in the north were forced south and close to 50,000 Turkish Cypriots living in the south fled to the north, with both communities leaving behind massive amounts of vacated property, including buildings and land. Greek Cypriots have long insisted that the original and legal owners who lost properties in the north must have the right to decide how to deal with their property, whether through recovery, exchange, or compensation. Turkish Cypriots believe that the current inhabitant of a property must have priority and that the issue should be resolved through compensation, exchange of alternate property, or restitution. As in past negotiations, the gap in the respective Cypriot positions has been great and appears to remain so.

³⁰ According to a poll conducted by the EDEK party in the Spring of 2010, over 70% of Greek Cypriots polled expressed opposition to a rotating presidency.

Eroglu has indicated that any solution could not result in significant social upheaval in north Cyprus, meaning that only a small number of Greek Cypriots would be permitted to return to property in the north. Press leaks initially indicated that Eroglu had proposed that property in the south owned by Turkish Cypriot or Muslim charitable foundations be given to Greek Cypriots unable to return to their properties in the north. He also apparently had suggested that Turkish Cypriot property in the south become part of an urban development program in which money, presumably from the sale or rent of the property, be placed in a fund to compensate Greek Cypriots for lost property in the north.³¹ In either case, the U.N. has offered its expertise to work with both sides to find ways to raise the funds necessary to provide adequate compensation to the original owners, should that be part of the settlement outcome. News accounts reported in the press in September 2010 indicated that Christofias may have suggested that Turkish Cypriot inhabitants of Greek Cypriot property pay rent to the original owners until a settlement of a property's status is arranged. After press leaks in September indicated that part of Eroglu's proposals on property may have set minimum limits on the number of displaced Greek Cypriots that could return to their properties in the north, several of the Greek Cypriot political parties reacted negatively. Yiannakis Omiirou, then-leader of EDEK and now President of the Parliament, reportedly called Eroglu's proposals "infuriating and uncompromising" and not worth discussing.³² The U.N. progress report issued on November 24, 2010, indicated that for the time being the two positions were irreconcilable.

The question of overall territory that would come under the jurisdiction of the two equal states is also in dispute. The Turkish Cypriot side of the "green line" includes approximately 37% of the island and includes several areas, such as Varosha, Morphou, and Karpas, that had been almost 100% Greek Cypriot inhabited before the 1974 division. Greek Cypriots want that territory returned, which would leave the Turkish Cypriot side controlling about 29% of the territory. In July 2010, President Christofias, seeking to unlock the property issue, tabled a proposal that would link the property and territory issues into one agreement and included Christofias's apparent earlier offer to Talat to include allowing 50,000 mainland Turkish settlers to stay. Eroglu rejected the offer and since then has stated that "no one on Cyprus is any longer a refugee" and that sending mainland Turkish settlers back to Turkey was not something he could agree to.

In his proposal, Christofias also resurrected an older proposal that would have the Turkish side return the uninhabited city of Varosha to Greek Cyprus in exchange for opening the sea port of Famagusta for use by the Turkish Cypriots to conduct international trade. The port would be operated by the EU and a joint Greek/Turkish Cypriot administration, thus allowing direct trade between northern Cyprus and the EU. Eroglu, perhaps banking on a decision by the EU to open direct trade with the north (see below) rejected the Varosha/Famagusta proposal, although some speculate that Ankara was opposed to such a deal because it then would have placed pressure on Turkey to comply with its obligations under the Ankara Protocol to open its ports to Cypriot commerce. The European Parliament in its 2011 report on Turkey's accession progress (introduced in Parliament in 2012) called for that very trade-off.

The Interpeace public opinion poll released in early July 2011 seemed to indicate that Turkish Cypriots were opposed to any type of territorial adjustments under a settlement, including the return of Verosha to the Greek Cypriots.³³ This opinion was reinforced by Prime Minister

³¹ "Property leaks undermine the peace talks," *Cyprus-Mail*, September 5, 2010.

³² "Christofias: unity needed now, before it's too late," *Cyprus-Mail*, September 9, 2010.

³³ Interpeace Cyprus 2015 poll, op.cit.

Erdogan in his comments in northern Cyprus on July 20, 2011, when he apparently stated that Morphou was an integral part of northern Cyprus and would not be returned, nor would Verosha. The Interpeace opinion poll, however, suggested that there could be public support for Christofias's offer of a jointly administered port at Famagusta in return for Verosha. This offer remains on the table although Christofias has offered to allow Varosha to be turned over to the United Nations for administration while the Turkish Cypriots have offered to allow Greek Cypriots to return to their homes in Varosha where they would live under a Turkish Cypriot administration.

With respect to the issue of settlers, the Greek Cypriot political opposition seems to be opposed to any agreement that would allow the settlers to remain on the island. However, the Interpeace poll indicated that although Turkish Cypriots thought most settlers should be permitted to stay, particularly those who have intermarried with Turkish Cypriots, both sides seemed to suggest that a compromise could allow the settlers to stay with a residence permit but not full citizenship or voting rights.³⁴

Next to the property issue, the issue of security guarantees continues to be one of the most difficult bridges to cross. The Greek Cypriots had long argued that all Turkish military forces would have to leave the island. They argued that the European Union (EU) could offer guarantees to all of its member states. Therefore, once north Cyprus was part of the EU, they saw no reason for guarantees from third countries such as Turkey, Greece, or the United Kingdom.³⁵ Turkish Cypriots and Turkey maintain that the 1960 Treaties of Guarantee and Alliance must be reaffirmed in any settlement and Turkish security guarantees should not be lifted until Turkey joins the EU because, without guarantees, the Turkish Cypriots would feel insecure based on their history with ethnic violence on the island in the 1960s.

During an earlier period in 2010 when the talks were faltering, Turkish Prime Minister Erdogan suggested that, as a way to move the negotiations forward, a five-party international conference be held to try to help settle the major differences between the two Cypriot sides. The initial Greek Cypriot reaction was that such a conference was not needed and that a solution would have to come from the Cypriots themselves. However, in a March 18, 2010, speech Christofias did seem to suggest that an international conference that included the permanent members of the U.N. Security Council, the EU, Greece, Turkey, and the two Cypriot sides might be useful if it focused on what he termed the international aspects of the problem, namely troop withdrawals, settlers, and future security guarantees. He has since restated his support for such an option as long as all of the "domestic" issues between the Greek and Turkish communities were resolved first. At the July 2011 meeting between Christofias, Eroglu, and the U.N. Secretary-General, Ban indicated that the U.N. was prepared to call such an international conference on security once an agreement between the two sides had been reached on the other issues. However, in a July 2011 speech commemorating the 1974 Turkish military intervention in Cyprus, Eroglu stated that the security guarantees with Motherland Turkey could not be changed.³⁶

³⁴ Ibid.

³⁵ "Cypriot FM: No Derogations from Acquis During a Solution," *Cyprus News Agency*, November 14, 2008, BBC Monitoring European, November 17, 2008.

³⁶ See speech of Turkish Cypriot leader Dervis Eroglu commemorating the Turkish intervention in Cyprus, July 20, 2011.

EU Trade with North Cyprus

During the lull between the last negotiating session between Christofias and Talat on March 30, 2010, and the April 18, 2010, elections in the Turkish Cypriot community, a problematic issue rose unexpectedly for the Greek Cypriot side. In March 2010 the EU Commission, under the new provisions of the Lisbon Treaty requiring the EU Parliament to act on international trade provisions, sent a formal notification to the EU Parliament asking for consideration of a Direct Trade Regulation (DTR) that would permit trade between the EU and northern Cyprus.

Trade between the EU member states and north Cyprus was a proposal initially put forward by the EU in 2004 after the Turkish Cypriots agreed to accept the Annan Plan for reunification. The EU, as an acknowledgment of the positive Turkish Cypriot vote, had agreed to take measures to help end what some claimed was the isolation of the north and to stimulate the north's economy. Since the Cyprus accession treaty had stated that the whole of Cyprus was part of the Union, trade with the north had been considered an internal market issue. Under the EU's rules, any changes to the status of this issue were subject to unanimous vote within the EU Council and thus the acceptance or veto of the Cyprus government was key. At the time, the trade proposal was vetoed by the Government of Cyprus in the EU Council on the grounds that considering direct trade with the north would effectively recognize the Turkish Republic of Northern Cyprus and would lessen the urgency in the north to negotiate a final settlement.

The Government of Cyprus claimed that such a decision to initiate direct trade with the north would circumvent Articles 1 and 2 of Protocol 10 of the Accession Treaty with Cyprus. This, they claimed, could result in an actual partial lifting of the suspended *acquis* in the north, would endanger the unification negotiations, and would give the Turkish Cypriots less of an incentive to make concessions. In addition, the Greek Cypriots argued that the regulation as drafted would address trade with north Cyprus as an issue of international trade with a third party and thus would avoid a potential Greek Cypriot veto in the EU Council. Interestingly, the Commission's proposal and the uncertainty over what actions the European Parliament could have taken may also have been partly behind the revised offer by President Christofias to open the port of Famagusta to Turkish Cypriot trade (in exchange for the return of Verosha) in order to preempt any direct EU trade with the north without Government of Cyprus participation.

The direct trade issue became a difficult legal and political matter in the Parliament. In the Commission's proposal, the legal basis for considering the DTR fell to the EP's International Trade Committee. After several weeks of discussions between the Cyprus government, the Greek Cypriot members of the EU Parliament, and their European People's Party group leadership, the largest political group in the Parliament, the Parliament leadership decided that the issue would be considered by the EP's Legal Committee, which would determine whether the legal basis underlying the Commission's proposal was the correct basis for the Parliament to act on the DTR. The Legal Committee appointed a rapporteur to study the question. Because of the controversial nature of the regulation and the impact it could have had one way or the other on the current negotiations in Cyprus, it was unclear whether Parliament would postpone any further consideration of the issue, no matter the outcome of the Legal Committee's opinion, until the end of 2010 pending an assessment of the status of the negotiations by that time. However, on October 18, 2010, the Legal Committee by a vote of 18-5 ruled that the Commission could not bypass the Government of Cyprus to implement direct trade with north Cyprus and thus the Commission's proposal would not be taken up by the Parliament. After the vote, President Christofias sent a letter to EU Commission President Barroso asking him to withdraw the regulation and allow the negotiations to resolve the issue.

The Republic of Cyprus argues that the Turkish Cypriots are far from “isolated.” They point out that under Cyprus’s EU Accession Agreement, Turkish Cypriots can travel to the south, apply for an EU passport (which many have done), and travel throughout Europe. They also point out that the European Commission has an office in the north that oversees the expenditure of funds provided by the EU to help the north prepare for eventual lifting of the suspension of the *acquis* and the north’s inclusion into the Union. The European Parliament also has a High-Level Working Group for Northern Cyprus, chaired by the MEP Libor Roucek, that visits the north three times each year to assess the progress the north is making towards eventual full integration.

On trade, Greek Cypriots maintain a similar view. Under the EU’s Green Line regulations of 2004, trade between north Cyprus and EU member states can take place as long as products from the north transited through ports operated by the Government of Cyprus, the official member of the Union. Although this process provides Turkish Cypriot products EU trade preferences, Turkish Cypriots argue that certain restrictions placed on the transit of goods from the north to ports in the south by the Government of Cyprus make it difficult and more expensive to comply with EU regulations. Direct trade from Turkish Cypriot ports in the north to EU member states also exists today although products destined for Europe through the north do not include EU trade preferences and do not carry commercial documents officially recognized in EU customs territory. Despite these restrictions, exports from the north to the European market amount to approximately 20% of the north’s total exports, making the EU north Cyprus’s second-largest trading partner after Turkey. Easing of the EU’s direct trade restrictions would clearly have a beneficial impact on the north. According to Kemel Baykalli of the Turkish Cypriot Chamber of Commerce (KTTO), “the adoption of the direct trade proposal ... will increase the competitiveness of Turkish Cypriot products and thus help bridge the economic gap with Greek Cyprus.”³⁷ Others also believe direct trade would serve to convince the Turkish Cypriots of the benefits of full membership in the EU and thus could become a positive force on Turkish Cypriot leaders to reach a final settlement.

Some observers believe the direct trade issue had more to do with Turkey’s EU accession status than with opening up northern Cyprus. Turkey continues to refuse to open its air and sea ports to Cypriot commercial operations as required under an Additional Protocol to Turkey’s accession agreement with the EU. And Turkey, according to many, has consistently tried to change the terms of the debate between itself and the EU on this issue by suggesting that permitting direct trade between the EU and north Cyprus could result in Turkey’s compliance with the Protocol, a condition not included in the Protocol. With the EU Commission and Council assessments of Turkey’s accession progress scheduled to be released by the end of 2010, the Commission appeared to have wanted to take an initiative that would have allowed Turkey to respond positively and thus avoid another year in which the EU had to remind Turkey that it had failed to comply with EU rules. In the end, no decision on the trade issue was taken and all three EU institutions—the Commission, Council, and Parliament—in their annual assessments of Turkey’s accession progress again criticized Turkey for failing to implement an agreement with the EU regarding one of its member states.

Although some observers believed the EU missed an opportunity to help move the Cyprus negotiations forward while at the same time overcoming a barrier to Turkey’s accession

³⁷ “Turkish Cypriot NGO campaigns for direct trade with EU,” *Hurriyet Daily News and Economic Review*, May 13, 2010.

negotiations,³⁸ others felt the debate over direct trade throughout the summer had added a negative distraction to the negotiations particularly on the Greek Cypriot side. While many believe opening up more trade opportunities for Turkish Cypriot products would be positive for both communities on Cyprus, most believe this issue should be resolved by the Cypriot parties and the EU within the parameters of the settlement negotiations. Additional trade opportunities for the Turkish Cypriots could be done initially by having the EU review the “green line” regulations, by having Greek Cypriots remove any impediments the Turkish Cypriots claim hinder their ability to transit products through Government ports. The Turkish Cypriots for their part could reconsider the proposal to open the port of Famagusta under EU and joint Cypriot administration.

Assessment

As noted earlier in this report, in October 2010 Turkish press reported that Turkish Cypriot leader Eroglu appeared so frustrated with the negotiations that he suggested that Turkish Cypriots had become fed up and no longer believed in the possibility of a mutually agreeable settlement. “As time passes” he said, “the willingness of the two communities to live together is diminishing.” Less than two years later, it would appear that Eroglu’s observation may about to become a reality and that the island may be on the verge of the kind of Czech-Slovak separation Eroglu talked about during his election campaign.

The elections of Christofias and Talat in 2008 ushered in a period of higher expectations for a settlement than at any time since 2004, when the Annan Plan was considered by both Cypriot communities. The personal relationship between Christofias and Talat and their public commitments to finding a solution to the Cyprus problem suggested that if these two leaders could not achieve a negotiated settlement, not perfect for either side but acceptable to both, then it might take a long time before two like-minded leaders would again find themselves in a position to find a way to unify the people of Cyprus.

Yet, after two years and close to 80 meetings and despite the strong commitment, good intentions, and warm relations between the two leaders, progress in the talks fell victim to the harsh realities of four decades of separation, mistrust, misunderstanding, and in some cases, indifference to the need for a final settlement and unification of the island. Even a possible change in leadership in the north resulting from elections in 2010, and thus a different negotiating strategy and more uncertainty for the future, did not appear to be enough of an incentive to overcome the differences between the two leaders in order to reach a final solution.

The inability of Christofias and Talat to reach an acceptable accommodation and the ensuing stalemate between Christofias and Eroglu has led some observers to question whether a settlement can still be achieved at all or whether, despite all of the rhetoric, maintaining the status quo or even moving to permanent separation, could become a less desirable but less disruptive outcome for both sides. In the fall of 2009, the International Crisis Group (ICG), in a report it published suggested that after all the fits and starts of the [Christofias/Talat] round of negotiations, “the island may be accelerating a slide toward permanent partition and that some elements in both communities given 36 years of futility and the wide differences of opinion over each item on the table from property rights to Turkish settlers to governance, may be willing to

³⁸ Nathalie Tocci, “*The Baffling Short-sightedness in the EU-Turkey-Cyprus Triangle*,” Istituto Affari Internazionali, October 2010.

concede the possibility of a permanently divided land.”³⁹ In a speech on August 15, 2010, Turkish Prime Minister Erdogan suggested that 2010 could be the last chance for the Greek Cypriots to take the steps needed for a solution and on August 20, 2010, Mr. Eroglu said the end of 2010 could be a turning point. This issue also surfaced, ironically from Christofias himself, when after a September 8, 2010, negotiating session, Christofias was reported to have warned that “the fait accompli on the island could soon become a road of no return” and that he was not willing to become the “last president before partition.”⁴⁰

Of course, by the end of 2010 no settlement had been reached and none of the dire predictions materialized. But by July 2011 the settlement negotiations entered yet another “critical” period with the U.N. calling for a final negotiated settlement to be reached by the end of October 2011 and both Turkish Prime Minister Erdogan and Turkish Cypriot leader Eroglu suggesting that this time they meant what they said about the need for an agreement to be in place before July 1, 2012, or the whole process could collapse.

For his part, Christofias had agreed to step up the negotiations process but had not changed his position regarding artificial timetables and accepted neither the end of October 2011 or July 1, 2012, as the last chance to reach an agreement. It also became more clear that given his public standing for his role in the Mari naval base explosion and his relations with the opposition by late summer 2011, Christofias could not go very far in the negotiations. The withdrawal of the DIKO Party from the governing coalition in the summer of 2011 meant Christofias no longer had a majority in parliament to defend any agreement that he signed off on or to argue for its acceptance by the parliament and the Greek Cypriot National Council. Christofias’s political problems had also been compounded by a battered economy although the news of major natural gas finds off the southern coast of the island in the Fall of 2011 did bring good news for the future.

It appears that since most Greek Cypriots believe that the lack of a final settlement would not affect the benefits they enjoy as members of the European Union there is less of an incentive to have their leaders negotiate away parts of their current authority and power to govern. The continued opposition to the idea of a rotating presidency and other issues under discussion among the leaders of most Greek Cypriot political parties is a case in point. And, comments by Greek Cypriot Archbishop Chrysostomos in May 2011 that if the negotiations led to another Annan-type plan, it would be rejected by the vast majority of Greek Cypriots as it was in 2004, may have been affirmed in the 2011 Interpeace opinion poll which seemed to indicate a hardened view toward an agreement by the Greek Cypriots polled. Others (some suggest mostly from within the settler community in the north) with closer ties to Ankara do not wish to be governed in any way by Greek Cypriots.

Without a settlement, however, it would seem that potential economic opportunities and growth across the entire island may not materialize. In addition, Greek Cypriots will be less likely to receive fair compensation for any property they still claim in the north. A decision in 2010 by the European Court of Human Rights (ECHR) to recognize the Immovable Property Commission (IPC) in north Cyprus means that in the absence of a settlement, all efforts to settle claims for compensation or restitution by Greek Cypriots who fled to the south and lost property as a result of events in 1974 would have to be exhausted in the IPC before claims could be filed with the

³⁹ *Cyprus: Reunification or Partition?* Europe Report 201, The International Crisis Group, September 30, 2009.

⁴⁰ *Ibid. Cyprus-Mail*, September 9, 2010.

ECHR. It was initially thought that the decision by the ECHR would force many Greek Cypriots, who had hoped to avoid dealing with Turkish Cypriots or Turkey in seeking compensation or restitution for their property, to demand a political settlement that included fair remedies for property claims. This demand never materialized although there appears to be growing Greek Cypriot opposition to reported Turkish Cypriot proposals for a settlement of the property issue. Finally, the failure to reach a settlement would mean that Greek Cypriots may forever face a large and powerful Turkish army just a few kilometers from the “green line.”

The lack of a settlement and possibly a permanent separation for one-third of the island may mean Turkish Cypriots would have less contact with Europe and would raise the question of what to do with Turkish Cypriots who hold EU passports. Recognition for the TRNC or the newly named Turkish Republic of Cyprus, mostly by Muslim states, could pick up, especially as a result of a renewed and improving relationship between the Republic of Cyprus and Israel, but the loss of potential benefits as an EU member could outweigh any initial gains through recognition. Continued dependence on Turkey for financial assistance would mean more interference for Turkish Cypriots from Ankara. Frustration over this last point was demonstrated in the north when, after Turkey imposed an economic austerity program on the north at the beginning of 2011, thousands of Turkish Cypriots took to the streets to protest what some believed was undue political and economic interference by Ankara in the daily lives of Turkish Cypriots. The rallies also raised the concerns that Ankara was permitting too many Turkish residents to emigrate to Cyprus, thus diluting the Turkish Cypriot personality of the north. Reacting to the protests, Turkey’s Prime Minister Erdogan angrily criticized the Turkish Cypriots, prompting a response from Turkish Cypriot leader Eroglu that he was “very upset” with Ankara.⁴¹ Some observers pointed out at the time that while the protests were aimed at the austerity program and at Ankara, they could have served as an opportunity for those in the north who supported a solution to the division of Cyprus to pressure Eroglu to move the unification talks forward. Such pressure, however, did not affect Eroglu’s negotiating strategy and some saw Prime Minister Erdogan’s visit to the north in summer 2011 as an attempt to reaffirm Turkey’s role in any final agreement or in the future without an agreement.

Despite some concern heard in some quarters of the Turkish Cypriot community regarding an end to the negotiations, permanent partition as an acceptable alternative for many may be gaining momentum on both sides of the green line. As the ICG pointed out in its 2009 report, there appears to be a growing younger generation on both sides of the island who have never interacted with the other and see no reason to, do not have as much of a stake in the property issue, and may not wish to face the uncertainties and potential problems that a settlement neither side likes, but accepts, could create. In addition, Erdogan’s comments last summer regarding territorial concessions, an issue thought to have been one of the agreed “convergences” represented a step backward for many Greek Cypriots just as the growing opposition by Greek Cypriot political leaders to a rotating presidency and the number of mainland settlers permitted to stay on the island has been for the Turkish Cypriots raising the question of what compromises, if any, either side could really make. If the apparent suspension of the negotiations is really the beginning of the end of the negotiations, the permanent division of the island would no longer be seen as the simple musings of a small group of separatists.

Outside of the island, few want to see the negotiations permanently end or take such a significant step backward that it would take years to return to where the negotiations currently stand, even if

⁴¹ “Leader of northern Cyprus fumes at lecturing by Turkey,” *Hurriyet Daily News*, February 24, 2011.

many are not sure just how much progress toward a solution has actually been achieved between Christofias and Eroglu. And, up to this point no interested parties had wanted either or both Cypriot sides to conclude that a permanent separation might be the least painful solution. This has been reiterated by every interested observer in the EU and elsewhere. Clearly, for the moment, such an outcome would likely affect not only Cypriot-to-Cypriot relations but also Cyprus-Turkey, Greece-Turkey, EU-Turkey, and NATO-EU relations.

When formal negotiations were restarted in 2010 after the elections in the north, interested parties focused on the relationship between the Greek and Turkish Cypriot leaders, Christofias and Eroglu, and how flexible they would be with respect to their stated positions and the “convergences” that were reported to have been reached. At the beginning relations between the two leaders seemed to be businesslike. However, despite the occasional U.N.-hosted social dinners there have been signs that frustration with each other’s positions had grown and that since mid-2011 both leaders had more publically and frequently expressed concern that the talks were not making any real progress. While numerous meetings have taken place between the two leaders, neither side seems willing, or able, to make the necessary compromises to resolve the difficult issues and move on to a final agreement, suggesting as President Christofias recently stated, no solution seems possible at this point.

As 2012 began and the Republic of Cyprus had stepped up its preparations to take the rotating presidency of the EU on July 1, 2012 many felt the single biggest success of a Cyprus EU presidency would be starting out as a unified nation, or at least on a clear path to that end. However, the apparent harder line taken by Eroglu and Ankara made it more difficult for Christofias to try to conclude an agreement with the Turkish Cypriots by July 1, 2012. In addition, domestic political difficulties forced Christofias into a more defensive and cautious mode. Christofias was intent on making the EU Presidency a success which meant a solution, especially one not wholeheartedly supported by the Greek population may have become less desirable. Christofias clearly did not want a divisive debate over an unpopular agreement or a potential rejection of an agreement, to preoccupy or to ultimately overshadow the Cyprus EU Presidency. Although U.N. Secretary-General Ban had originally committed the U.N.’s Good Offices in Cyprus to the negotiation process for the entirety of 2012, the March assessment of the negotiation process by Special Envoy Downer altered the U.N. commitment to continuing its Good Offices. The now apparent end to the formal negotiations prior to the EU presidency could be a significant blow to both Cyprus and the EU and their relations with Turkey especially if Ankara or the Turkish Cypriots pursue courses of action designed to strengthen the idea that the island had become de facto, permanently separated.

With the window of opportunity to reach an agreed solution now apparently mostly closed until the spring of 2013 when a new government will take over the Republic, Eroglu’s comments from October 2010, seem to be ringing true. However, even if the remaining technical sessions that may take place between the Greek and Turkish Cypriots could suggest a glimmer of hope that something positive could emerge by the end of 2012, the difficult work of finalizing and approving that final elusive settlement will not prove to be any easier as such a prospect would then become engulfed in the Greek Cypriot national elections.

Author Contact Information

Vincent Morelli
Section Research Manager
vmorelli@crs.loc.gov, 7-8051