The Cyprus Question in the Contemporary Regional-Security Environment

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Summary:

Negotiations over the settlement of the Cyprus Question entered a most critical phase following the official resumption of intercommunal talks between the Greek and Turkish Cypriot delegations. Greek and Turkish Cypriot delegations were once again invited to resume talks in the midst of a broader climate of insecurity. The discovery of energy resources within the exclusive economic zone of Cyprus and Israel coupled by the ever growing regional tensions, have ultimately encouraged the reshuffling of the regional security puzzle favouring the predominance of security considerations. A viable settlement of the islands’ division could normally open up a range of opportunities for rapid development, yet different perceptions over issues of sovereignty, adoption of the European acquis, human rights and self-determination, as well as political controversies regarding Turkey’s future role in the island, present serious impediment to the process of reaching a settlement. International concerns and mistrust over Turkey’s fuzzy role in the region in relation to the deadly conflicts in Syria and Iraq could finally push the idiosyncratic and often combative relations between Turkey, Israel and the US to the edge. Regional destabilization and shifting alliances have created aversion towards hasty and risk-prone decisions complicating the negotiating process in Cyprus.

Key Words:

Cyprus, conflict, negotiations, security, energy, economy, East Mediterranean, Israel, Turkey, Greece.
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Inter-communal negotiations between the Greek Cypriot and Turkish Cypriot delegations have recently resumed in Cyprus following the Joint Declaration reached by the President of the Republic of Cyprus Nicos Anastasiades and the leader of the Turkish Cypriot community Derviş Eroğlu on February the 11th 2014. The Joint Declaration has provided parties with a framework of essential constitutional features prior to an agreed settlement. In accordance with the High Level Agreements of 1977 and the Ten-Point Agreement of 1979, UN Security Council Resolutions designate the creation of a bi-communal and bizonal federation without clearly defining the distribution of competencies between the two communal entities and the federal centre.

A united Cyprus will seek to establish itself as a model of consociational peace for the region. However, any consociational arrangement will only prosper in a genuinely sovereign, truly united and democratic Cyprus, freed from external threats, unduly pressures, patronization and interferences. A functional settlement, harmonized with the European acquis communautaire, must naturally entail the removal of outdated security guarantees and its legitimacy be validated by the

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subsequent withdrawal of the vast Turkish military forces stationed on the island. To the contrary, a dysfunctional settlement can only increase friction and insecurity, leading to eventual deadlock.

Solving the enigma of territorial and administrative separation demands rigorous and tailor-made institutional design. Certainly, the island’s violent division has created grounds for an evolving administrative apparatus in the territories controlled by the Turkish Cypriot community. No matter how repugnant this may be to the Greek Cypriots, ethnic fragmentation has become an undeniable reality on the ground. Contemporary debates on sovereignty have eventually evolved around the idea of integrating the break-away territory back into the primary state structure i.e. the Republic of Cyprus, albeit under a bizonal structure with a considerable level of self-rule and a strong federal centre (transformation), or founding a new federal state with the merging of two sovereign entities and a loose federal centre (re-establishment).

Be it as it may, the primary goal of concosciational power-sharing at the federal level is to accommodate ethnicity into an inclusive political system that safeguards ethnic representation. Striking a fine balance between entity and federal level powers requires a system that establishes interdependencies while preventing an overlapping of competencies. Of course, merging the gap between centripetal and centrifugal state-building approaches will necessitate a reasonable compromise.

Sovereignty

Yet political reluctance and disappointment have taken hold after forty years of failing expectations. The two communities on the island, Greek Cypriots and Turkish Cypriots, have grown miles apart; younger Greek Cypriot generations have little understanding and affection of historical events and past traumas, and little tangible incentives to make concessions risking a largely fulfilling way of life. Respective ethno-political elites are entrenched within their own principled positions, viewing this whole process of rapprochement as a game of competing strategies for averting dominance and ethnic subjugation. Issues of territorial adjustments, security, property returns, compensations and human rights are core issues in the Greek Cypriot agenda. Rather dissimilarly, Turkish Cypriots put emphasis on aspects that enhance the international legitimacy and status of the northern Cypriot entity.\(^3\) Turkish Cypriots have qualms about consenting on confidence building measures, especially with regards to the ex ante handing over of Varosia, presuming a tactical withdrawal of Greek Cypriots from the negotiations.

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\(^{3}\)“Αλωνίζουν Ναμί και Οζερσάι για αναβάθμιση ψευδοκράτους”, Ο Φιλελεύθερος, 20/03/2014.
Av. at: http://www.philenews.com/el-gr/top-stories/885/190784#sthash.UMCv9PCh.dpuf

“Εργόλου: Ο ΟΗΕ μπλοκάρει την αναγνώριση”, Ο Φιλελεύθερος, 19/07/2014.

“Εργόλου: Νέος συνεταιρισμός με δύο κράτη”, Το Βήμα, 14/02/2014.
Av. at: http://www.tovima.gr/politics/article/?aid=567843

Av. at: https://www.opendemocracy.net/caneurope-make-it/vassilis-k-fouskas/third-way-for-cyprus-2
While the Greek Cypriot delegation emphasizes core existential issues regarding the reflection of provisions for a single citizenship, single legal international representation and single internal sovereignty in the constitution and federal structure, the Turkish Cypriot side is keen to interpret the notion of sovereignty as the product of ‘two equal sovereignties’. According to Turkish Cypriots, single sovereignty originates from the mutual consent (condition) of two sovereign communities without which the federal state cannot legitimately exist.

The Joint Statement agreed by President Nicos Anastasiades and Derviş Eroğlu mentions that sovereignty emanates equally from the Greek Cypriots and the Turkish Cypriots, as two separate but politically equal entities. The federal system provides for the exercise of power by the constituent states through essentially the constituent states have constitutional rights enshrined under provision of the federal constitution to exercise executive powers as patented, integral, structural and irrevocable rights equivalent to self-determination. The constitution itself guarantees the existence of an internal legislative and executive branch by itself and any form of partition, secession or annexation is prohibited.

Although President Anastasiades explained that the Joint Declaration ensures that constituent states have no sovereignty or pre-existing right to independent statehood, but acquire the status of constituent state only as part of the federation. Turkish Cypriot leader Eroğlu declares that the Joint Declaration provides for a partnership of two equal founding states. The Turkish Cypriot side will normally seek to capitalize on the territorial gains achieved by the 1974 military fait accompli; granting the occupied territories with legal territorial status.

### Cypriot Exceptionalism?

Unavoidably, discussions on the settlement of the Cyprus Question resurfaced amidst a difficult economic period in the Republic of Cyprus. Surely, the discovery of hydrocarbon reserves in the Eastern Mediterranean, and within the Exclusive Economic Zones of Cyprus and Israel, has fuelled efforts to resolve the outstanding political problem. The exploitation of natural resource deposits will most likely generate revenues, increase national and per capita GDP and boost opportunities for investments in the sector of energy and in ancillary sectors including transportation, services and technology. Alongside to the prospective benefits of energy resources, a functional settlement will potentially complement growth through the development of new energy, infrastructure, residential...
developments in buffer zone areas and tourism within the large fenced area of Varosia in Famagusta (Ammochostos).

The insolvency of the Cypriot bank system and the subsequent austerity measures has naturally forced the economy to recession. After the disposal of a 10 billion Euro support loan to Cyprus, public debt has grown to a staggering 112.2% of GDP, while the Cypriot GDP has declined from approximately 17 billion Euros to 15.7 billion Euros. However, in actual numbers, external debt was reduced by approximately 200 million Euros and it is currently estimated to be around 18.2 billion Euros. After the restructuring of the banking sector the Cypriot economy entered a short-term liquidity crisis, result of the partial elimination and withdrawal of large capital deposits, the freezing of business and investment activity, and the subsequent income reductions, but mostly due to the constraining psychological effects induced by the unprecedented financial shock in the market.

The quick reset of economic activity in the Republic of Cyprus shows that contraction has largely been the result of insecurity, prompting a sudden slowdown in consumer spending and commercial activity rather than a consequence of widespread capital loss. Also, the majority of large foreign deposit holders and strategic investors have partly reinstated their funds following the lifting of restrictions and the subsequent appointment of Russian experts to the bank management committee in the Bank of Cyprus. A series of public service salary reductions averaging at 25% of annual income per capita has produced minimal discomfort considering the hefty public employee payrolls and the respective privileges enjoyed by workers in the public sector. Nonetheless, the retraction of economic activity has given rise to new social pressures stemming from unemployment. Rising unemployment is probably the most worrisome consequence of the recessionary economic course; however, in the second quarter of 2014, unemployment fell from 18.2% to 16.4%.

Moreover, the real estate sector was the one that was hit hardest by the March 2013 credit crunch crisis. Indicatively, loan holders find it particularly hard to dispose immobile properties to repay debts, knowing that house prices have lost much of their original value and that demand is low. The decline of consumer demand for housing and the inability of private and corporate loan holders to repay their debts - received for purchasing or building expensive residencies - has remained a constant source of uncertainty for the viability of the banking sector.

Stabilizing public expenditures and increasing the influx of new wealth are key priorities for economic recovery. Undoubtedly, the small Cypriot market yields small profit returns for companies and service providers, rendering plurality in competition and investment relatively ineffectual. This largely explains the emergence of sector monopolies and market-share domination. Nonetheless,
increasing and expanding the span of production is essential. Turning away from a banking sector economy to an extrovert service and trade driven economy is of outmost importance. The encouragement of private initiative and the exploitation of comparative assets in the sectors of energy, tourism, trade and shipping could help terminate the recessionary orbit on the premises that Cyprus develops a comprehensive strategic plan.

The East-Med Security Puzzle

The proposal to construct a direct gas pipeline from Israel to Turkey offers Israel direct access to an important emerging market, namely Turkey. A pipeline across Israel to Turkey via Cyprus will provide Turkey with cheap natural gas and oil, reducing to a significant extent dependence on the relatively high prices of Russian gas and Iranian oil while increasing energy dependence from Israel. The intense U.S. interest in the Middle East, Iran and the Black Sea makes Turkey a valuable strategic partner. Therefore, the U.S. has encouraged Israel and Turkey to rekindle their broken relationships. Surely then, the likelihood of bridging an underwater pipeline from Israel to Turkey through the Exclusive Economic Zone of united Cyprus will significantly advance the island’s strategic value.

Energy-thirsty Turkey is prepared to provide financial grants for the construction of a pipeline connecting directly with Israel. The Israel-based drilling consortium Delek has been exploring the possible transit pipeline to Turkey but any major pipeline project would have to be pierced through the Cyprus EEZ, and hence requires consent by the Republic of Cyprus. Alternatively, the possibility to construct a pipeline from Greece, under the premise that Israel would prefer a politically secure all-European energy corridor, could potentially provide a safer but relatively costly and complicated outlet for the unhindered exploitation of seabed resources.

The European Union envisages the creation of secure energy roots. A positive development, but surely not substantial enough on its own, is the East Mediterranean pipeline project’s classification as a European Project of Common Interest, approved by the EU and duly included in the fast track list of Greece’s investment projects. Greece, Cyprus and Israel have recently signed a Memorandum of Understanding on energy infrastructure. The EU Energy Commissioner Günther Oettinger stated that the liquid gas terminal in Greece will be improved (the project is approved), to increase capacity for the servicing of East Mediterranean gas fields that exist in Israel, Cyprus and Greece. For these reasons, as noted, “the development of gas infrastructure and a pipeline to

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"Γιάννης Μανιάτης: Ενεργειακός κόμβος της Ευρώπης η Ελλάδα", Το Βήμα, 7/06/2014. Av.at: http://www.tovima.gr/finance/article/?aid=603659

the sea is important for the European Commission’. Be that as it may, a durable and crystallized settlement in Cyprus will foster the development of investment activity in the energy sector. Of course, the faster extraction of energy resources will mean faster repayment of Cypriot debts to the EU.

The geostrategic and economic benefits arising from a swift settlement of the Cyprus problem are equally, if not more, critical to Turkey. First, Turkey wishes to rid off international charges and restrictions imposed on the occupied territories with a view to legitimatize and elevate the status of the occupied territories to that of a constituent state. Secondly, Turkey seeks to override blockades impeding EU accession course, and thirdly desires to gradually disengage from the considerable maintenance costs in the occupied territories in Cyprus. However, Turkey wishes to do so without undermining the country’s strategic perceptions of security in the area.

Turkey is currently going through a serious political crisis. The country is trapped into a power struggle between Tayip Erdogan’s AKP and Fethullah Gülen’s Islamic opposition, part of a broader nexus of conflict including secular Kemalists and the nascent liberal social class. The conflict nexus includes members of the judiciary and high rank police officers accused by Prime Minister Erdogan for subverting the government. Turkey has been swirling deep into a state of political anomaly characterized by avid persecutions of dissidents, bans against civic liberties, corruption, scandals, and social unrest. All these have created significant reactions within and outside the country.

At the same time, Turkey’s ambitious foreign policy has clearly failed to deliver the envisaged objectives. Apart from the deepening rifts in relations with Israel and frosty relations with the EU, pressures for military intervention in Syria backfired, while support for a Sunnite Islamic alliance with Mohamed Morsi’s Muslim Brotherhood Party in Egypt has ultimately turned into fiasco. Also, Turkey has openly supported forces of Sunni insurgents in Syria, and about 1 million refugees and rebels have flown into Turkey since the eruption of violence. Asides of the frequent border frictions between Syrian and Turkish forces, the congregation of Sunni rebels, including Islamic militants who sought refuge in Turkey, creates conditions for division and radicalization, threatening to crack deeper the fragile security and political balances in the country. The most recent diffusion of


violent Islamic militancy from Syria to Iraq has raised concerns regarding Turkey’s fuzzy role in the region.\textsuperscript{15}

While Turkey has clearly sided with the anti-government forces in Syria, Israel is facing a major security dilemma. Surely, President Assad is sympathetic to the Shiite establishment in Tehran and supportive of Hezbollah’s politico-military ventures in Lebanon. Yet the fall of Assad’s regime will most likely press Israel to deal with a diversity of Islamic free-riding forces, and the staunchly anti-Semitic members of Al Qaeda and ISIS. Israel has retained a tolerant attitude towards Assad in stark contrast to the political stance adopted by Turkey. Moreover, a resurge of serious tensions between the Israeli government and Hamas has ignited a new round of violent hostilities in Gaza. Israel’s reaction against what it was seen as an inconsiderate support of Hamas by Turkey has led to a deepening ‘trust deficit’ between the two countries. Events in Iraq demonstrate that Turkey’s grave political miscalculation to support Syria’s alloy of Sunni insurgents against the Assad regime has backfired. As of now, the security considerations of Israel and Turkey on regional issues of security do not seem to converge.

**US and Russia**

The U.S. administration has recently shown active interest in developments over Cyprus. In his recent visit to Cyprus, the Vice President of the United States, Joe Biden, explicitly recognized the inalienable sovereign right of the Republic of Cyprus to explore and exploit the natural wealth located within her Exclusive Economic Zone, which means that resolution of the Cyprus question is in no way a prerequisite for the exploration and exploitation of gas and oil.\textsuperscript{16} Joe Biden warned

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\textsuperscript{15} Semih Idiz, “Turkey downplays IS threat, but concerns grow”, Al Monitor, 8/08/2014.

\textsuperscript{16} “Μπάιντεν: Στηρίζουμε την κυπριακή ΑΟΖ”, Η Καθημερινή, 22/05/2014.

“Λακκοτρύπης: Αυτονόμητη για τις ΗΠΑ η κυπριακή μας στην ΑΟΖ”, Ο Φιλελευθέρος, 23/05/2014.
Turkey that failing to understand the importance of the discovery of hydrocarbons in the region - and Turkey can only profit by helping solve the Cyprus problem- will eventually result in Turkey "missing the train". Exploitation of energy reserves located in the southern part of the island can move forward even if the island remains divided, and Turkey will be excluded from the East Mediterranean energy puzzle. 17

In other words, if Turkey desires a solution, she will have to take steps fostering a climate of security and mutual trust. Vice President Biden’s frustration with Turkish Cypriot attitudes regarding the requested opening of the fenced town of Varosia in Famagusta, despite the provision of U.S. guarantees, and the far-fetched claim of Turkish Cypriots to set a specific date for a referendum on the solution in return for the opening of Famagusta, provides little ground for optimism. 18 Most recently, at a scheduled meeting between the two delegations, Nikos Anastasiades stormed furiously out of the room, enraged with Eragl’s refusal to accept proposed terms. 19 Finally, Russia holds a discrete but consistent political attitude towards Cyprus. Apart from the considerable economic link between Russia and the Republic of Cyprus, it should not be forgotten that Russia plays a crucial strategic role in the Eastern Mediterranean. The Russian Foreign Ministry made clear that Russia will not tolerate ultimatums neither deadlines intended to blackmail the Republic of Cyprus, while stating that the only solution Russia will support will be one based on the UN resolutions 20

**Greece**

Cyprus remains a ‘top national priority’ in the Greek government’s foreign policy agenda. Consumed by the consequences of the crisis, Greek foreign policy has until recently taken a backseat on key foreign affairs. Regrettably, the incapacity of Greek political parties to coordinate a single political block on issues regarding Cyprus has made it very difficult to shape a national grand strategy. Nevertheless, the Greek states’ foreign policy initiatives in Europe and beyond

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have played a key role in sustaining momentum and supporting the accomplishment of a fair and viable solution.

At a meeting with US Secretary of State, the Greek Foreign Minister Evangelos Venizelos expressed his support for a viable and fair settlement in Cyprus, within the UN Security Council Resolutions framework, and consistent with the European acquis on the basis of a single international personality, a single sovereignty and a single citizenship across Cyprus. Yet the Turkish side has explicitly demanded the introduction of permanent diversions from the European acquis to prevent appeals from Greek Cypriot refugees deprived of the rights of free installation and property. After meeting with President Nicos Anastasiades, Greek Prime Minister Antonis Samaras raised the issue for a more active involvement of the European Commission in the negotiation process with elected President of the Commission Jean Claude Juncker.

The coalition government in Greece, although supportive to the initiatives of President Anastasiades, remains sceptical as to the outcome of talks. A dysfunctional settlement will overturn strategic and diplomatic correlations in Greek-Turkish relations. The likelihood of constraining Greek Cypriot leverage over vital strategic and political choices in Cyprus, while rendering the Turkish Cypriot leadership and Turkey itself critical regulators of Cypriot strategic affairs, could result in fracturing the traditional security bonds between the two countries. Naturally, it is assumed that no political party in Greece wants to be charged with a failure to settle the ‘national question’, let alone bear the knock-on effects of a dysfunctional settlement on Greek-Turkish relations in the Aegean and Thrace.