Cyprus in the EU: Challenges – Opportunities – Prospects

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This keynote address concentrates on Cyprus in the EU and on the challenges and opportunities created since the accession of Cyprus to the EU.

This historic island traces its roots to at least 9000 BCE. It has been an important part of the history and culture of Western and, particularly, Hellenic civilisation. Today, in the first decade of the 21st century, Cyprus remains the last divided and occupied country of Europe, although my Irish friends believe otherwise.

A successful accession process

1 May 2004 is a milestone in the long history of Cyprus. The Republic of Cyprus was the first among the ten candidates in the last EU expansion to complete its accession talks, in record time (March 1998 – December 2002), having met, without difficulty, the EU’s political, social and economic criteria.

The government of Cyprus displayed excellent organisational skills. Cyprus is a small country with a small bureaucracy. The government brought together a talented team of experts to address the technical details of the thirty or so chapters of the acquis communautaire that formed the basis of the accession talks. Their work was complemented by an excellent negotiating team and by talented Cypriot diplomats in key EU capitals. Moreover, there was coordination with all levels of government in Cyprus. The Cypriot performance is a model that should be studied by all future applicants for EU accession (Stephanou, 2005).

The Cypriot success is even more impressive considering that at the same time, the government and its legal services were also engaged in complex political and legal negotiations with the United Nations on the resolution of the Cyprus problem.
Obstacles on the way to Brussels

Cyprus faced various challenges on the road to Brussels. First, it was important that all political forces supported the application. Consensus was achieved following a democratic dialogue in each of the major Cypriot political parties.

Second, given the special circumstances created by the Turkish invasion and continuing occupation, Cyprus needed the support of Greece. The architect of the Cypriot accession process and of the coordination of the policies of Greece and Cyprus was the Deputy Foreign Minister of Greece, the late Yannis Kranidiotis. Turkey’s allies attempted to use the Cypriot application to promote Turkey’s EU candidacy and to impose a settlement in Cyprus as a precondition for Cypriot accession to the EU. Greece was the critical actor in the accession process as any further EU enlargement depended on its consent.

Cypriot, Greek and other EU diplomats addressed a third obstacle involving the direction of future EU expansion. This was resolved in 1994 with a compromise involving expansion both in the Mediterranean and in Eastern Europe.

A key objective of Cypriot policy was that its application should be evaluated on its own merits and should not be linked to that of Turkey or to the solution of the Cyprus problem as a precondition for accession. Such linkage would have given Turkey an indirect veto over EU policy and would have held the EU hostage to Turkish policy on Cyprus.

Cyprus, with Greek support, met that goal. At the 1999 Helsinki summit, the EU unanimously agreed that Cyprus would become a member, even without a political settlement.

Cypriot goals in the accession talks

EU accession was a natural, but also a strategic policy choice of all Cypriot governments. Cyprus had been part of Europe in terms of history, civilisation, culture and economic ties. Moreover, Cyprus shared with Western Europe a commitment to democracy, the rule of law and human rights.

Because 37 per cent of the Republic remained under Turkish occupation, a number of political goals, in addition to economic goals, guided the Cypriot accession strategy, including:

- The affirmation of the legitimacy of the Republic of Cyprus. The signature of the Treaty of Accession on 16 April 2003 and its Protocols1 upheld the consistent policy of the international community that recognised only the Republic of Cyprus and its government. This was important in view of external attempts to subvert the sovereignty, unity and independence of the Republic of Cyprus.2

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1 For the text of Protocol 10 in particular see Macris, 2003:207–208.
2 The UN Security Council had adopted unanimous resolutions to that effect following the constitu-
The consolidation of Cypriot ties to the West following the end of the Cold War, the diminishing importance of the non-aligned movement, and Turkey's ties to the West primarily because of its NATO membership.

The strengthening, in accordance with the principles of Article 6 of the EU Treaty, of the negotiating position of the government of Cyprus against external attempts to impose solutions violating key principles of European law as in the case of “Annan-V”.

The provision, based on EU principles, of new options to address human rights and security issues that had plagued the UN good offices mission since 1964.

Cypriot elites were not unrealistic in their political expectations of the EU. They were quite familiar with the limitations of the EU in the absence of a common foreign and security policy and the inability of the EU to address other political disputes among its members.3

However, the Cypriot public, like the public in other European countries, may have had illusions over what EU organs could or should do. This was a clear indication of the important role of elites in EU decision-making and of the ineffective communication between EU officials and the publics of member states. This is an important problem area that needs to be addressed if European integration is to advance further.

**Cyprus in the EU: challenges and opportunities**

The accession of Cyprus to the EU came at a critical time in the life of the EU and of Cyprus itself in the aftermath of the rejection of the Annan Plan. The European Union is seeking its own identity in internal and external matters. This has been complicated by the French and Dutch rejection of the proposed European Constitution, by Turkey's candidacy, by the involvement of the United States on behalf of Turkey, and by Middle East-related issues.

In this environment, what is the role of a small country like Cyprus in the EU? First, we must recognise that, even though Cyprus is a small and divided country, it is not the "poor relation" in the EU. This needs to be emphasised and understood both in Nicosia and in Brussels. Cyprus is not a charity case. Cyprus was granted its membership because it fully met the Copenhagen criteria years before its actual accession. Cyprus has:

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3 As in the case of the 1996 Imia crisis; Gibraltar; the situation in the Basque regions of Spain, etc. They were also aware of the Berlin plus limitations on EU-NATO cooperation (2002).
A strong economy;
A vibrant democratic political system;
Highly skilled human resources;
A strong technical infrastructure;
A population that, according to the latest Eurobarometer data, prefers to stay in their country;
One of the largest commercial fleets in the world;
An important geographic location in relation to the Middle East, Central Asia and Northeast Africa, all areas of economic, political and security interest to the EU.

To gain respect and be effective in the complex institutional structure of the EU, Cyprus, more than the other new EU members, needs to do a number of things:

- Appoint the best qualified personnel in key EU policy making and other technocratic positions, and in counterpart positions in bureaucratic agencies in Nicosia. I raise this point because Cypriot civil servants and other officials, in contrast to civil servants from other EU members, prefer not to leave home for prolonged periods of time. In addition, partisan considerations rather than merit often interfere with important appointments. This is also true in political party selections of candidates for election to the European Parliament. I want to make it very clear that this comment is not a criticism of any Cypriot currently serving in the EU or in the European Parliament.

- Ensure that the personnel selected also have knowledge of issues affecting all EU members. The perception should not be that the only role for Cyprus is that of engaging the EU in the resolution of the Cyprus problem. The EU has an important role to play in the Cyprus problem and this remains an important Cypriot policy priority, but the Cyprus problem is one of many facing the EU. A key role for Cypriot diplomacy will be that of building coalitions with other members on a whole range of European issues such as slow economic growth, unemployment, the impact of globalisation, the environment, health care, migration and human trafficking, terrorism, security and so on. Cyprus alone cannot solve any of these problems. However, positive initiatives in cooperation with other EU members will distinguish Cyprus in the EU and will create linkages that will also serve Cypriot political objectives.

- Encourage an understanding of the institutional and legal complexity of the EU and of the weaknesses of the emerging institutions, which include the Commission, the expanding role of the European Parliament, the Council of Ministers, and so on. It is in the interest of the Republic of Cyprus to align
itself with those who are committed to the ideal of European integration and of a federal Europe. This is where Cyprus will also find support for its own cause and will minimise the frustration felt when certain EU members place their economic and other realpolitik interests ahead of EU principles.

- Ensure the development of changes in public mentality and behaviour in order to make EU membership more effective. Cyprus is no longer an island unto itself, but a member of a large, complex and dynamic community. Merit rather than political patronage, a global orientation over parochial horizons must be the order of the day for both the private and the public sectors. EU membership requires a serious dialogue between the Cypriot political leadership and the Cypriot public as to the role of Cyprus in the EU. The EU, in turn, needs to explain better its priorities and actions to the publics of member states. This will reduce the disconnect between Brussels and the publics of member states, a factor that contributed to the rejection of the European Constitution in France and the Netherlands.

- Continue close relations between Greece and Cyprus in the EU. I have already praised the cooperation and coordination of Greek and Cypriot policies leading to the accession of Cyprus to the EU. Bilateral cooperation and consultation must continue, keeping in mind that the two kindred states may, at times, have divergent views on issues affecting them and the EU. The case of Turkish accession is a prime example. In the past, countries like the United States, Britain, Turkey and even the Greek junta justified their interference in Cyprus on the grounds that Greek and Turkish Cypriots were mere appendages of their motherlands. The Republics of Cyprus and Greece must continue their cooperation and consultation, but always in a manner enhancing and promoting the sovereignty and independence of the Republic of Cyprus that has been under siege for more than forty years. Moreover, neither country should turn differences in their foreign policy assessments into domestic partisan disputes or public disagreements. Differences in foreign policy assessments do not imply abandonment of their common Hellenic heritage or the fact that both states face common external threats. It is a natural consequence of the fact that two independent states at times can and do have different assessments of issues of concern to them.

**A “European solution” to the Cyprus problem**

The political objectives of Cyprus will be served best by active Cypriot involvement and coalition building on European issues. This will help destroy the misconception that Cyprus joined the EU only to unload its political problem on Brussels. The same is true with the Cypriot public perception that the EU, in contrast to the UN, will solve the Cyprus problem. The Cyprus problem has been and remains a European
problem, especially since the opening of accession talks between the EU and Turkey. Can the EU succeed where the UN has failed? What do we mean when we call for a “European solution” of the Cyprus problem?

- Such a solution should begin with the recognition of the EU’s institutional limitations in the absence of a common foreign and security policy. This will reduce the disillusionment and frustration caused by the behaviour of EU members, such as the United Kingdom, on matters relating to Cyprus.

- A “European solution” does not imply abandoning the “good offices” mission of the United Nations. It excludes, however, attempts at imposed solutions through the UN as in the case of Annan’s arbitration plan of 2004.

- It calls for active EU involvement in any UN-sponsored talks. There cannot be a repetition of the 2004 cycle of negotiations where the United States, Britain, Turkey and the Secretary-General relegated the EU to the status of an “observer” and a legitimiser of the derogations from European law that were the foundation of the Annan Plan.

- A “European solution” is one that is based on the principles of Article 6 of the EU Treaty. These principles include democracy; the rule of law; a genuinely representative government; respect for the territorial integrity, sovereignty and independence of EU members; good neighbour relations and the peaceful settlement of disputes; the full observance of the European Convention on Human Rights and its Protocols; equality under the law; and no discrimination on the basis of ethnicity, language, gender, or religion.

- It must include the implementation of European Court decisions involving the rights of the displaced to their homes and properties and the full implementation of the Court’s decision in the fourth interstate application against Turkey (2001). A “European solution” is realistic and possible as long as there is unity on the internal front in Cyprus, and Cypriot diplomacy builds appropriate coalitions in all EU institutional levels, including the European Parliament. This will safeguard the application of EU principles not only in the case of a Cyprus settlement, but also in the enforcement of the obligations that Turkey undertook in order to commence its accession talks with the EU.

The myth of Turkish Cypriot “isolation”

Despite Cypriot diplomatic efforts, Turkey has effectively exploited and promoted the myth of the so-called “isolation” of the Turkish Cypriot community and has demanded that the international community, including the EU, take measures to lift the “isolation” of the Turkish Cypriots. Turkey has even tried to link the legal obligations of its accession terms to the lifting of the Turkish Cypriot “isolation”. This old Anatolian bazaar tactic has no connection to Turkey’s legal obligations vis-a-vis the EU.
Britain, in an attempt to appease Turkey and to punish the Greek Cypriots for their rejection of the Annan Plan, pushed through an EU trade and aid regulation on behalf of the Turkish Cypriots days before the Republic of Cyprus became an EU member. In this manner, Cyprus could not vote on a regulation affecting its economic and political rights.

Let us examine the myth of the so-called Turkish Cypriot “isolation”, show how it came about, and discuss how the Republic of Cyprus has addressed one of the consequences of the Turkish invasion and of the continuing occupation of Cyprus.

- The Turkish Cypriot “isolation” was the direct result of the ethnic cleansing carried out by the Turkish Army in the aftermath of its invasion of Cyprus.
- From the middle of August 1974 to April 2003, it was the Turkish Army that prohibited the movement of persons, goods and services across the ceasefire line.
- All states, except Turkey, and all international and regional organisations condemned the creation by the Turkish Army of the so-called “TRNC” in occupied Cyprus. Moreover, international law and diplomatic practice recognises only one state and one government in Cyprus, that of the Republic of Cyprus. This is why international court decisions have found the so-called “TRNC” to be a “subordinate local administration” to the Turkish Army and do not accept as legal any documents, including export certificates, issued by these “authorities”. The same holds true for ports of entry in the occupied areas.
- Turkish Cypriot “authorities”, from 1974 to 2003, prohibited the use of passports, identity cards and other documents issued by the Republic of Cyprus.
- Turkey, in violation of the 1949 Geneva Convention, brought in Anatolian settlers with the intention of altering the demographic and political structure of the occupied areas and of Cyprus as a whole. Today, the settlers outnumber the native Turkish Cypriots by a margin of two to one. Most of the settlers have been granted “TRNC” citizenship.
- Turkey introduced the worthless Turkish lira as the currency of the occupied areas, banned until 2003 the use of the Cyprus pound, and brought in Turkish bureaucrats to manage the economy of the occupied areas. Thus, Turkey exported its economic chaos to occupied Cyprus.
- On 12 March 1998, President Clerides offered the Turkish Cypriots full participation in the Cypriot EU negotiating team. The Turkish Cypriot “authorities” and Turkey rejected this offer. This was another example of Turkey’s divisive policy that aimed at the separation and isolation of the Turkish Cypriots.

Since the Turkish Army partially lifted restrictions across the ceasefire line and the government of Cyprus adopted confidence building measures, economic conditions in the occupied areas have markedly improved. Per capita income, even though lower
than that of the free areas, has more than tripled compared to 2002. This is the result of a major capital infusion from the free areas of the Republic in the form of tourist income, free medical care, work in the free areas of the Republic, social security transfers, and EU development funds, among other contributions. Since 2003, it is estimated that more than $800 million have gone to nearly 230,000 legal and illegal residents of the occupied areas, a significant amount by any standard. This does not include the illegal profits made by the usurpation and sale of Greek Cypriot properties, primarily to British and German nationals. The government of Cyprus will continue its confidence building measures and will support EU trade and aid assistance to the occupied areas as long as such actions do not violate EU rules or the sovereignty and territorial integrity of the Republic of Cyprus.

What are the objectives of those advocating the lifting of the Turkish Cypriot “isolation”?

- For the United States and Britain these actions are intended to penalise the Greek Cypriots for their rejection of the Annan Plan, and to implement de facto certain aspects of that plan. England and the United States anticipate that this will strengthen their ties to Ankara.

- For most members of the EU and of the EU Commission, measures on behalf of the Turkish Cypriots are of a humanitarian nature. They are intended to close the economic gap between the two communities, especially in the event of reunification. Others want to appease Turkey, whose EU candidacy is in trouble because of its failure to meet EU standards.

- Turkey’s primary aim is to create conditions leading to the de facto recognition of the regime in the occupied areas so that an eventual settlement will reflect its long desired two state solution in Cyprus. Turkey has promoted a variety of scenarios to achieve this goal. One is that the “TRNC” is an autonomous region of the EU with trade privileges under Article 133 (trade with third countries). The other is the “Taiwan model”, that is a fully functioning but largely unrecognised state.

If the international community is sincere in its efforts to assist the lifting of the Turkish Cypriot “isolation”, it needs to support a solution that will remove Turkey’s troops and settlers from Cyprus, and will encourage the reunification of the island under the terms and conditions of European law. Otherwise, measures promoting the de facto existence of the Turkish Cypriot “state” will formalise the division of Cyprus.

Cyprus and Turkey’s EU accession

Turkey signed an economic association agreement with the EEC in 1963, and sought full membership in 1987, even though it did not meet the EEC’s economic and political criteria. After 1995, Greek policy initiatives supported Turkey’s European
aspirations. Greece in 1995 lifted its veto on Turkey’s EC Financial Protocol, and supported the 1999 EU decision that Turkey could become a candidate state. Both decisions helped advance Cypriot accession to the EU and contributed to a better climate in Greek-Turkish relations.

The major EU decisions on Turkey’s EU accession were those of 17 December 2004 and of 3 October 2005. Both were supported by Greece and Cyprus, despite domestic and foreign pressures to veto the Turkish application. Cyprus supported the Commission’s recommendations in the belief that Turkey’s accession path would encourage the democratisation of Turkey and would contribute to peace and to the reunification of Cyprus. Cypriot diplomacy focused its efforts on the incorporation of commitments in regard to Cyprus in Turkey’s accession documents. Considering the open-ended support of the British EU presidency for Turkey’s candidacy, Cyprus successfully met its minimum goals.

Even though Turkey has signed the EU accession documents, it continues its non-recognition of the Republic of Cyprus and refuses to open its ports and airports to Cypriot vessels. The European Commission has repeatedly stated that Turkey’s unilaterally interpretation of the accession documents has no legal validity and that non-compliance would affect the accession process. This is why, late in 2006, the EU froze the main chapters in Turkey’s accession negotiations.

Turkey’s behavior vis-a-vis the EU has been unprecedented. No other applicant has failed to recognise an EU member; attempted to unilaterally interpret the agreed terms of accession; and even threatened the EU if it did not accept Turkey’s demands. Turkey is capitalising on Anglo-American support and on the belief that both countries are willing to remove Cyprus as an obstacle to Turkey’s EU path.\(^4\) However, the Cyprus problem is one of many facing Turkey’s candidacy. Turkey’s actions will doom its candidacy. The European Commission is now concerned about the EU’s “absorption capacity” for candidates of Turkey’s size and characteristics, while several EU members are likely to resort to referenda over any further widening of the EU. Turkey’s failure to implement domestic reforms and to curb the economic and political power of the “deep state”, is creating a consensus that the best Turkey can hope for will be a special relationship with the EU that will fall well short of full membership.

The second thoughts on the part of the EU on Turkey’s candidacy raise serious questions about EU decision-making. Under American and British pressure and the impact of events in the Middle East, the EU may have been forced into a decision it now regrets. The decision has created false expectations not only on the part of Turkey, but also on the part of other small Balkan states. The effect of these false expectations may be worse than if the EU had the political courage to freeze any further enlargement. In the words of the EU’s Enlargement Commissioner Olli Rehn, the EU needs to build a new consensus on enlargement while ensuring the Union’s capacity

\(^4\) See the recommendations included in Cook and Sherwood-Randall, 2006.
to function. Rigorous conditionality can have a positive effect on candidate countries. But, unless the EU improves its own internal functioning and takes the dramatic decisions required for political unity, it will remain a large free trade area. The addition of new members, many of whom are dependent on the United States, will further dilute European unification and weaken Europe's influence on international politics.

Turkey never reciprocated the support it has received from Greece and Cyprus in its EU accession process. This raises questions about the future. Were the Cypriot assumptions for its affirmative vote well founded? Turkey, so far, has shown none of the “good neighbour” requirements under Article 6 of the EU Treaty. Instead:

- Turkish troops occupy 37 per cent of Cyprus;
- Turkey refuses to recognise the Republic of Cyprus, and is the only country recognising the breakaway entity known as “TRNC”;
- It refuses to implement European Court decisions on Cyprus, while continuing its human rights violations in the occupied areas;
- It refuses to ratify the Treaties on the Law of the Sea, which all EU members have ratified; has threatened Cyprus over its right to explore and exploit resources on its continental shelf; and has even questioned the right of Cyprus to sign treaties with foreign countries;
- It continues to veto the membership of Cyprus in various international fora;5
- It continues to sanction the destruction of the cultural heritage of the occupied areas.

These developments may force Cyprus, along with other EU members, to re-evaluate their policy on Turkey. Meanwhile, with the upcoming elections in Turkey we can only expect the hardening of Turkey’s foreign policy behavior.

Where do we go from here?

Thirty-three years after the Turkish invasion, Cyprus remains the last occupied and divided country of Europe. European courts, the European Union, the European Parliament, the Council of Europe and its Parliamentary Assembly, have all documented and condemned the illegality of Turkey’s actions and its continuing violations of human rights. Turkey has violated not only the agreements it signed in order to commence EU accession talks, but also major international treaties that it signed and ratified such as the 1949 Geneva Treaties, the UN Charter, and the European Convention on Human Rights, to name a few. The absence of international sanctions has encouraged Turkey’s misconduct.

5 Such as the OECD; and it threatens to veto a possible application to NATO and/or to the Partnership for Peace, the Missile Technology Control Regime, and the Open Skies Treaty for the verification of military activities in the Black Sea Economic Cooperation organisation, etc.
The Cyprus problem was and remains a European problem. Sacrificing Cyprus will not solve the EU’s Turkish dilemma; it will not assist the reunification of Cyprus; and it will undermine the credibility of the EU as a community of law. Being an eternal optimist, I believe that the EU can assist in the resolution of the Cyprus problem. A European solution along the lines I suggested earlier will protect the rights of Greek Cypriots and of the diminishing numbers of native Turkish Cypriots in a reunified Republic of Cyprus. It will also give new confidence to all EU members that theirs is a community of law.

Some have argued that had the Greek Cypriots approved the Annan Plan, today’s dilemmas would not exist. I disagree! Approval of the Annan Plan would have legitimised the division of Cyprus by destroying the internationally recognised Republic of Cyprus and replacing it by two autonomous states; would have deprived all Cypriots of fundamental rights under the European Convention; would have made all Cypriots second class citizens in the EU; would have deprived Cyprus of its rights in the EU and on its continental shelf; and would have granted Turkey, a non-EU member, the right to intervene in the affairs of an EU member. Moreover, complicated property compensation provisions would place the economic burden on the Greek Cypriot victims of the invasion, while property restitution would be a dream of the past. As for the settlers already in occupied Cyprus, they would be allowed to stay as “citizens”, while the Turkish Cypriot “constituent state” would continue to facilitate the entry of new settlers from Turkey. Once approved by the referendum, such derogations from European law could not be modified.

These factors should be remembered by all, whether in Cyprus or abroad, who still believe that with a few cosmetic changes “Annan-V” or a Ban Ki-Moon version of the Annan Plan will be accepted by the Greek Cypriots. Cyprus is in the EU now. It is in a very different negotiating position today than it was in 2004. It will not sacrifice its rights and its existence to appease anyone.

Greek Cypriots, in a few months, will also be heading to the polls. In a democratic society all issues will be debated in the presidential campaign. However, at the end of the day, it must be remembered that the unity, sovereignty, territorial integrity and independence of Cyprus is non-negotiable. Nor should the solution of the Cyprus problem become a partisan issue. It is a national issue and must be faced as such. The presidential debate must look beyond the abstract notions of the so-called bi-zonal, bi-communal federation and offer the public clear explanations of the meaning of these terms and their effect on the continued existence of the Republic of Cyprus and its capacity to function as a member of the EU.

For the first time since independence, Cypriots belong to a broader community whose principles and rights offer new protections to all citizens of the Republic. Cypriots need to rise to the European challenge, but not forget the consequences of the invasion and of the continuing occupation of their homeland. If Cypriots forget, the rest of the world will too.
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