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Could the Cyprus issue be solved in 2016?

Ioannis N. Grigoriadis
Bilkent University/ELIAMEP

- The Cyprus question is expected to attract increased international attention in 2016, given that a compromise settlement appears likely by the end of the year.
- Both leaders appear to share a common vision of a united, federal Cyprus.
- The property question remains be the most thorny, and for its resolution urgent fundraising is necessary.
- Property and governance issues are likely to be correlated with the territorial adjustment issue.
- Innovative solutions need to replace the existing defunct guarantee system.
- Agreeing on a compromise and having it approved by double referendum would be only the beginning of the peace consolidation process in Cyprus.

Could the Cyprus issue be solved in 2016?

Introduction

Fifty-eight years after the first *de facto* division of the city of Nicosia into a Greek Cypriot and Turkish Cypriot sector, the Cyprus conflict has proven to be one of the longest standing and most intractable in the world. As the 1963-1964 hostilities and the 1974 war led to a *de facto* division of the island, recurrent conflict resolution attempts failed as they met with the intransigence of all or some of the parties involved. This served the interests of those who thought that the *de jure recognition* of the current status quo on the island would be the best solution. In the view of some, including Rauf Denktaş, the historic leader of the Turkish Cypriot community, "the lack of solution is the solution". The hitherto most comprehensive attempt to resolve the Cyprus dispute was a plan named after the former UN Secretary General Kofi Annan aiming to transform Cyprus to a bizonal, bicommunal federation. It was put into a double referendum on 24 April 2004, approved by the Turkish Cypriot and rejected by the Greek Cypriot community. Many thought that following the failed 2004 attempt to reach a settlement, Cyprus would inevitably drift towards partition. Yet recent developments seem to have dispelled that pessimism. Forty-two years after the 1974 Greek junta instigated military coup and the subsequent Turkish invasion, and twelve years after the failed Annan Plan referendums, optimism about a settlement in Cyprus is rising. It is even said that 2016 is likely to be the year of conflict resolution in the embattled island.

This optimism is due not only to the course of bicommunal negotiations but also to the stance of the two negotiation leaders. Nicos Anastasiades, president of the Republic of Cyprus, and Mustafa Akıncı, president of the internationally unrecognized "Turkish Republic of Northern Cyprus (TRNC)", were both known as moderates and committed to a compromise-based settlement of the Cyprus question, before they assumed their offices. As president of the centre-right "Democratic Rally" party, Anastasiades was the only major Greek Cypriot political party leader who extended his full support for the Annan Plan in the 2004 referendum. Following the rejection of the plan by a resounding 76 percent of Greek Cypriots, most analysts had predicted the premature end of his political career. Nevertheless, Anastasiades was able to recover and win the presidential elections in February 2013. Despite his rather unfortunate debut and the Cypriot bank bail-in, Anastasiades proved able to successfully manage the Cypriot economic crisis and conclude the memorandum agreement between Cyprus and its creditors.

On his side, Akıncı has also had a long and impeccable record of bicommunal work and reconciliation efforts. As mayor of the

Turkish sector of Nicosia between 1976 and 1990, he established a model partnership with his Greek Cypriot counterpart Lellos Demetriades that won international acclaim at a time of minimal intercommunal contact and high political tension on the island. As a leader of the "Communal Democracy Party", Akıncı was a staunch advocate of a settlement of the Cyprus question on the basis of a bizonal, bicommunal federation, while many Turkish Cypriot leaders endorsed the idea of loose confederation or partition. His April 2015 election to the helm of the "TRNC" was a pleasant surprise to many who considered that his views on the Cyprus issue could not represent the mainstream of Turkish Cypriot community. Both Anastasiades and Akıncı appeared ready to negotiate in good will and shared a common vision of a united federal Cyprus. The bicommunal negotiations, which had resumed in February 2015, gained new momentum. While key issues such as property, territory and security remained unresolved, there was mounting hope that thanks to good will in negotiations a compromise agreement could be reached and brought to a double referendum within 2016.

The Property Issue - Funding the Cost of a Solution

While the negotiations were held on the principle that unless there is agreement in all negotiation chapters there is no agreement at all, it appeared that property would be the most critical chapter. The future of Greek Cypriot properties in the prospective Turkish Cypriot constituent state and Turkish Cypriot properties in the prospective Greek Cypriot constituent state has been one of the most sensitive issues. In line with the Annan Plan, restitution, exchange or monetary compensation were agreed to be the three remedies. The identification of criteria in order to identify the applicable remedy has been the subject of intensive negotiations. These negotiations were influenced by two key decisions of the European Court of Human Rights (ECtHR) regarding the property rights of displaced persons in the Republic of Cyprus, the Loizidou[1] and the Demopoulos[2] cases. These have set the framework within which the negotiations have been conducted. The overall amount of compensation would vary depending on the territory that would be transferred to the Greek Cypriot constituent state. Moderate accounts have calculated the cost of property compensation in the event of conflict resolution from 15 to 20 billion Euros. Despite the optimism that reaching a compromise agreement to be brought to a referendum in 2016 is possible, very little has been done, regarding raising the funds necessary for the implementation of a property settlement. As approximately 250.000 Greek and Turkish Cypriots were displaced in different phases of the Cyprus conflict, they could not exercise their rights on their immovable property which remained on the other side of the "green line." A property settlement would mean that a substantial

1. European Court of Human Rights (ECtHR), *Loizidou vs. Turkey [No. 58201/1998]* (Strasbourg: Grand Chamber, 1998)
2. European Court of Human Rights (ECtHR), *Demopoulos and Others vs. Turkey [No. 97649/2010]* (Strasbourg: Grand Chamber, 2010)

number of these displaced Greek and Turkish Cypriots would have to forfeit their immovable properties in the north and the south respectively in return for monetary compensation. Some vague promises by the US Secretary of State John Kerry and the President of the European Commission Jean-Claude Juncker about providing substantial financial aid have not been followed up. A concerted, international fundraising campaign appears essential for the success of not only the property agreement, but also the comprehensive agreement as a whole.

Offering displaced persons who would not be restituted to their immovable property with an immediate and fair monetary compensation in accordance to real estate market values would not only be a matter of justice. It is also likely to heavily weigh towards the way the compromise agreement is perceived by the Greek Cypriot and Turkish Cypriot public opinion. Uncertainty about who would cover the cost of compensation and how fair the amount of compensation would be were among the main reasons for the resounding negative vote of Greek Cypriots in the 2004 Annan Plan referendum. Greek Cypriots were left to assume that it would be the federal state of Cyprus –in other words, primarily themselves– that would cover the cost. Securing adequate funds for resolving the property question is a matter that needs to be prioritized and addressed before a new referendum is organized.

Territorial Adjustments

Territory is another negotiation chapter which is likely to weigh heavily towards the appeal of a compromise solution. Due to its sensitivity, the territorial adjustment has been deliberately left to be discussed in the end of the negotiation process. Following a discussion of and agreement upon the criteria upon which the adjustment will be made, a new map delineating the borders of the Greek Cypriot and the Turkish Cypriot constituent states will have to be produced. In recent negotiations, there appear to be some important stumbling blocks. The inclusion of the town of Morphou (Güzelyurt) to the Greek Cypriot constituent state, as it was provisioned in all different versions of the Annan Plan map, appears to be a sensitive question for the Turkish Cypriot side. On the other hand, the status of the Karpasia (Karpaz) peninsula in the northeast of Cyprus is another important issue, due to its demographic and religious significance for Greek Cypriots. Agreement on Karpasia (Karpaz) might be reached through the introduction of areas to be managed not by the constituent states, but the federal government. It should also be added that the territorial adjustment issue remains inextricably connected to the governance and property questions. It would be reasonable to correlate the potential reinforcement of the bizonal character of the future federation with an increase of the area to be transferred from the Turkish Cypriot to the Greek Cypriot constituent state, as a result of the planned territorial adjustment. In other words, stronger limitation of the rights of Greek Cypriot displaced persons to be restituted to their properties, resettle and gain political rights in the Turkish Cypriot constituent state would have to be followed by bigger territorial concessions by the Turkish Cypriot to the Greek Cypriot constituent state. A drastic reduction of the

area under the control of the UK military bases in Dhekeleia and Akrotiri, which was already discussed and agreed upon in the context of the Annan Plan negotiations, would also be a very welcome contribution to an agreement on territorial adjustment.

Security - The Future of the Treaty of Guarantee

The question of security is expected to be the last to be discussed in bicommunal negotiations. At that stage, these will have to be widened and include the three states that have been guarantors of the Republic of Cyprus according to the founding Zurich-London treaties of 1959-1960: Greece, Turkey and the United Kingdom. Ironically none of the three states assigned with the duty to protect the sovereignty and territorial integrity of the Republic of Cyprus have proved successful in performing their treaty obligations. This would be a strong reason to discontinue a regime, which is already considered outdated and counter-effective. On the other hand, a security arrangement will be necessary for the new federal state of Cyprus and will have to address two parameters that could destabilize any conflict resolution and peace building process on the island: Greek Cypriot security concerns vis-à-vis Turkey and Turkish Cypriot security concerns against Greek Cypriots. The involvement of the European Union, the United Nations in a new security arrangement protecting the fundamental security interests of both communities and building trust will be essential not only for reaching a settlement, but also but for making it viable and workable.

The Role of Natural Resources: Natural Gas and Water

Natural resources have recently become one of the most popular parameters in the discussion of the Cyprus issue. The discovery of sizeable natural gas reserves in the Eastern Mediterranean has attracted global attention. It appeared that energy might become yet another area of confrontation between the Republic of Cyprus and Turkey. On the other hand, some considered the discovery of natural gas reserves as a potential booster of the efforts towards conflict resolution[3]. It was namely expected that the windfall revenue could contribute to the reconstruction of a united Cyprus. Moreover, it could also become an incentive for Turkey to support a compromise agreement in Cyprus. The recent deterioration of Russian-Turkish relations has raised the significance of Eastern Mediterranean natural gas for Turkey. Building a pipeline, which would transport Cypriot, Egyptian and Israeli natural gas to Turkey and from there to Southeastern Europe, could be one of the most efficient solutions for gas addressing Turkish energy security and accessing the European energy market.

Apart from energy, water was another natural resource that entered the calculus of the Cyprus issue. Being short in water resources, Cyprus faced additional aridity

3. Ioannis N. Grigoriadis, "Energy Discoveries in the Eastern Mediterranean: Conflict or Cooperation?", *Middle East Policy*, Vol. 21, no. 3 (2014), pp. 130-31

problems due to falling rain levels and the development of agriculture. Bringing water from the water-rich southern coast of Turkey to the northern part of Cyprus was originally not perceived to be a part of the Cyprus conflict resolution process. It meant to alleviate the perennial aridity problem in the north, as well as strengthen the links between Turkey and the "TRNC". An agreement was signed in October 2010 between Turkey and the "TRNC" for the construction of a water pipeline connecting the southern coast of Turkey with the northern coast of Cyprus. The Republic of Cyprus openly protested against this agreement, which it considered as sheer violation of its sovereignty and a further step towards the annexation of "TRNC" to Turkey. Following long delays, the project was completed and the first water flowed in October 2015. It was stated that the project was completed with a capacity that could address the needs of both communities of the island, if a solution were achieved. Disputes emerged, however, between Turkish and "TRNC" authorities regarding the management of the water distribution throughout the northern part of the island. In any case, the prospect of securing a steady water supply for the whole island could secure drinking water supply and boost the agricultural sector of a united Cyprus.

Conclusion

Based on the above, it would be no exaggeration to state that a window of opportunity for the resolution of the Cyprus question within 2016 does exist. While serious disagreements persist in bicommunal negotiations, it appears that the determination of both sides to pursue a settlement is likely to prevail and lead to difficult compromises. The guarantor states, Greece, Turkey and the United Kingdom do not appear willing to attempt to block a settlement agreed upon by the two communities. Meanwhile, the role of the European Union, the United Nations and the United States is expected to be crucial in the coming months, both in terms of securing the funds necessary for a settlement, as well as in terms of establishing a new security arrangement for the new federal, united Cyprus. In conclusion, it should not be forgotten that reaching a compromise settlement in Cyprus and having it approved by popular vote would only be the first step for the consolidation of peace. Developing the necessary institutions that would safeguard the transition, guarantee the implementation of the agreement and make the two communities work together for a common future would be the next crucial step towards permanent peace on the island.

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About the Author

Dr. Ioannis N. Grigoriadis is Associate Professor and Jean Monnet Chair of European Studies at the Department of Political Science and Public Administration, Bilkent University and Research Fellow at the Hellenic Foundation for European and Foreign Policy (ELIAMEP). His research interests include European politics, nationalism and democratisation.

Konrad
Adenauer
Stiftung

Konrad-Adenauer-Stiftung Greece
Mourouzi 8, GR-10674 Athens
www.kas.de/griechenland | info.athen@kas.de