Cyprus and the European Union Accession Process: Inspiration for Peace or Incentive for Crisis?

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Since the European Commission’s 1993 favorable Opinion on Cyprus, the European Union (EU) has consistently upheld the view that the prospect of accession to the EU would be a catalyst for settling conflict on the island. Yet between the mid-1990s and late 2001, the Cyprus situation steadily deteriorated while all parties’ positions hardened. This article argues that this was the direct result of a misconceived EU policy and suggests how the EU could still play a positive role in encouraging negotiations on this dispute.

In July 1990 the Republic of Cyprus (RoC) presented its application for European Union (EU) membership on behalf of the whole island. What seemed like a promising start to a settlement between the Turkish and Greek communities on the island, failed to realize its potential. Finally, in November 2001, talks between the two community leaderships restarted. While the precise motivations for resuming talks cannot be easily identified yet, what is clear is that the current round of negotiations may well be the last chance to solve the conflict. The failure of the talks may not simply entail a continuation of the present status quo. The potential consequences of the accession of a divided Cyprus on Turkey-EU relations, as well as on the peace and stability of the eastern Mediterranean at large, may be profound. However, the vicious circle is by no means inevitable. Provided that current policies and positions in Brussels as well as in Ankara and Athens truly act in support of the negotiations between the two Cypriot leaders, the EU “catalytic” effect could lead to a long-awaited settlement on the island.

Historical Background

After 37 years of negotiations under the aegis of the UN and 27 years following the Turkish military intervention in Cyprus, the political context of the island was fundamentally altered with the explicit introduction of the EU variable into the dynamics of the conflict. Following the constitutional breakdown and inter-communal fighting in 1963–64, just
three years after formal independence from British colonial rule, and the Turkish military intervention in 1974 creating the partition of Cyprus into almost entirely “ethnically cleansed” Greek and Turkish Cypriot zones, the Cyprus deadlock has persisted to this day. Innumerable meetings, negotiations, proximity talks and third-party proposals have failed to bring about a settlement to this seemingly “solvable” conflict. The result has been the violation of rights and opportunities of all Cypriots and a permanent state of conflict and instability in the eastern Mediterranean between Greece and Turkey. For decades, the Greece-Turkey-EU triangle has been a factor of tension in the region, the EU and NATO.

In the 1990s the structure and dynamics of the Cyprus question were fundamentally altered by the explicit introduction of the EU as a party to the conflict. Following the 1993 Opinion stating Cyprus’ eligibility to EU membership, the Greek Cypriot RoC first conducted “technical talks” with the EU in order to familiarize itself with the acquis. Following a historic EU decision on March 6, 1995, the RoC embarked upon a structured accession dialogue with the EU in June 1995 and finally opened accession negotiations in March 1998, which proceeded at a fast pace. By December 2001, the RoC had successfully concluded 24 out of 29 negotiating chapters with the EU, making Cyprus amongst the best-placed candidates of the fifth enlargement. With negotiations scheduled to end by December 2002, Cyprus is expected to accede to the EU with the first wave of candidates by 2004.

Why Should the Process of EU Accession Catalyze a Resolution of the Cyprus Conflict?

Since the 1993 Opinion on Cyprus, European institutions consistently agreed that the process of EU accession and the prospect of final membership would act as a catalyst to a settlement of the conflict. This expectation was repeatedly asserted in all EU decisions and statements concerning Cyprus. As Enlargement Commissioner Gunter Verheugen put it on June 30, 2001, EU accession presents the “best tool” to ensure the peaceful coexistence of the two communities.

What reasoning motivated this expectation? Although an official argument was never spelt out, an implicit logic underpinned EU statements. Turkish Cypriot intransigence, either fuelled or accepted by Ankara, was primarily responsible for the persisting stalemate on the island. The EU thus
offered appetizing carrots to these two parties in the form of future inclusion in the Union. However, these carrots were conditional upon progress or settlement of the conflict. In addition, by no longer requiring a settlement of the conflict prior to the RoC's EU accession, the EU presented Turkey with a potentially harmful stick. Hence, the EU believed it could act as a catalyst for the settlement of the conflict by increasing Turkish and Turkish Cypriot willingness to compromise and settle.

**Conditional Carrots for Turkish Cypriots**

For Turkish Cypriots, the carrot of EU membership was automatically conditional upon a settlement. Given that the EU did not recognize the self-declared Turkish Republic of Northern Cyprus (TRNC), northern Cyprus could only benefit from EU membership *de facto* following a political settlement. Such a settlement would entail single EU membership for the entire island. This could be compatible with a wide range of constitutional solutions including both the Greek Cypriot federal position and the Turkish Cypriot confederate proposal. However, it would not be compatible with either separate EU membership of the TRNC, or with the TRNC's entry in the EU together with Turkey at a later date. Hence, Turkish Cypriot gains from EU membership were conditional upon a political settlement within at least a formally reunified state.

But what were precisely the conditional carrots being offered to the Turkish Cypriots? The incentives were predominantly economic. Although reference was often made to the protection of Turkish Cypriot rights within the Union, the EU and the RoC believed that economic gains represented the strongest incentives for the Turkish Cypriot community. The EU could offer important economic benefits to small, poverty-stricken and potentially trade dependent areas like northern Cyprus. Economic gains to northern Cyprus would include an end to its 27-year economic isolation through inclusion in the EU customs union together with Turkey as well as in the EU single market. EU membership would also include a considerable transfer of EU structural funds to this undeveloped region. On January 30, 2002, the Union declared it would earmark €206 million over the course of three years for northern Cyprus in the event of a settlement.

**Conditional Sticks and Carrots for Turkey**

The EU also believed that Turkey's own inclusion in the EU accession process, and the threat of Cyprus' EU membership without a settlement,
would encourage Turkey to pursue a compromise more actively. The EU viewed Ankara at the very least as providing the indispensable support for Rauf Denktash’s positions, if not actually engineering Turkish Cypriot polices in negotiations. A change in Ankara’s position towards a more compromising stance was seen as indispensable to a settlement.

The EU expected that the Helsinki summit’s decision to upgrade Turkey’s formal status to EU candidate member would induce Turkey to adopt a more accommodating stance towards Cyprus. EU officials believed that Ankara valued its ties to the Union far more than Cyprus. On the one hand, Turkish strategic interests in Cyprus were seen as becoming progressively less important. While strategic energy and water issues may have increased Ankara’s interests in Cyprus (given the importance of Cyprus in controlling the oil traffic from the Bay of İskenderun, as well as a planned water pipeline from Turkey to Israel via northern Cyprus), general military strategic interests in Cyprus were viewed as having decreased with the development of military technology since the 1960s–1970s.

On the other hand, the value Turkey attached to its EU ambitions was considered as having risen since December 1999. Since the foundation of the Republic, Turkey’s European orientation was a cornerstone of its foreign policy and since 1987 Turkey’s EU membership application lay at the heart of its pro-European foreign policy. Following the December 1999 Helsinki European Council decision to formally include Turkey in the accession process, Turkey’s long cherished goal of EU membership became more realistic. Although full membership remained a distant prospect, the December 1999 decision placed Turkey on the EU map. With an increase in Turkey’s chances of membership, EU institutions expected Ankara to pursue its EU goals more actively and concretely. This entailed embarking upon a process of wide-ranging internal reform. Policy changes were also expected to include the pursuit of a settlement on Cyprus, which would greatly facilitate Turkey’s path to the Union.

The settlement of the Cyprus conflict was not an explicit condition for Turkey’s entry in the EU. Nonetheless, the Accession Partnership Document adopted by the Council of Ministers in March 2001 stated that Turkey should “support the UN Secretary General’s efforts to bring the process, aiming at a comprehensive settlement of the Cyprus problem, to a successful conclusion.” Clearly, such a condition can be interpreted in a variety of ways. Its meaning also depends upon the substance of UN
proposals. Until November 2001, in view of Turkey’s support for Denktaş’ refusal to return to the proximity talks, the EU certainly did not view Turkey as fulfilling this EU condition. With the resumption of direct talks on January 16, 2002, the EU’s attitude may change depending on its assessment of the Turkish Cypriot positions during negotiations. Despite the re-start of negotiations, the EU could continue to view Turkey as failing to meet the Cyprus clause as spelt out in the Accession Partnership Document. The EU is likely to continue to impose some form of conditionality on Turkey regarding Cyprus unless a settlement is found.

The most important reason why the EU believed Ankara would work towards a settlement of the Cyprus issue was because of the expected accession of the RoC in the near future. Settlement was effectively a condition for Cyprus’ EU membership in the 1993 Commission Opinion. Paragraph 48 stated that “as soon as the prospect of settlement is surer the Commission is ready to start the process with Cyprus that should eventually lead to its accession.” Yet as a result of successful Greek diplomatic pressure, Cyprus was included in the next round of EU enlargement in the June 1994 Corfu European Council. The implicit decision to drop this condition was taken at the General Affairs Council on March 6, 1995. The French Presidency skilfully linked the removal of the December 1994 Greek veto on the final stage of the Turkish-EU customs union with the initiation of Cyprus’ accession negotiations six months following the end of the 1996 Intergovernmental Conference. In July 1997 “Agenda 2000” explicitly allowed for the possibility of accession negotiations prior to a settlement. The December 1997 Luxembourg Council formally set a date of the initiation of accession negotiations with the RoC. Finally, conditionality was explicitly abandoned at the December 1999 Helsinki Council. The decision to lift conditionality from the Greek Cypriot government and grant Turkey candidate status was the EU’s second historic compromise in the Greece-Turkey-Cyprus triangle.

With the removal of strict conditionality on the RoC regarding a settlement, Cyprus is expected to become an EU member as a divided island if necessary. The Helsinki Council conclusions stated that if a settlement was not found by the time of accession, Cyprus’ entry in the EU could occur taking into account “all relevant factors.” This clause essentially meant that the Greek Cypriots could enter the EU alone provided they were viewed as having actively searched for a compromise
solution. If the EU believed that Greek Cypriot goodwill failed to materialize into a settlement due to Turkish Cypriot intransigence, the divided island would be allowed to join without a settlement being a precondition.

Up until now, the EU has considered the Greek Cypriot side as acting constructively with regards to the search for a compromise settlement. Cyprus' Accession Partnership Document requested that in the short-term the government should "maximize efforts to support a settlement under the auspices of the UN." The 2000 Commission report on Cyprus stated that given the then ongoing proximity talks, the RoC fulfilled this short-term priority. After November 2000, the proximity talks were stalled as a result of a Turkish and not a Greek Cypriot decision. Hence, in the 2001 Commission Progress report, the EU did not consider the RoC as failing to meet its EU priorities. In November 2001, Glaicos Clerides accepted Rauf Denktas' invitation to resume direct talks. The EU thus continued to view the RoC as fulfilling its conditions as far as a settlement is concerned.

More importantly, Cyprus' entry into the EU as a divided island, if need be, is expected given Greece's 1997 threat to veto the entire enlargement process unless Cyprus is included in the first round of accession in 2003–4. In 1998, France, Italy, Germany and the Netherlands expressed their unease about initiating accession negotiations with a divided Cyprus. Since then, the reluctance of these states to hold accession negotiations with an all-Greek Cyprus delegation has died down. Given the historic importance of the fifth enlargement, it is highly unlikely that any EU government would veto a divided Cyprus' EU membership, despite the potentially negative consequences this could have.

If a divided Cyprus were to enter the EU, Turkish interests could be severely harmed. The current Greek-Turkish conflict over Cyprus would become, in effect, a Turkish-EU conflict and would severely hamper Turkish-EU relations and Turkish ambitions to join the Union. With the entry of a divided Cyprus into the Union, Turkey, an EU candidate, would be viewed as an illegal occupier of EU territory. Furthermore, the likelihood of either Greece and/or Cyprus exercising their veto powers to prevent a future Turkish accession to the EU would be very high. Because of these considerable costs and Turkey's more realistic prospects of membership since December 1999, the EU expected Turkey to engage
more actively in the search for a settlement prior to Cyprus’ entry in the EU.

On the other hand, the entry of a united Cyprus into the EU could be viewed as being highly beneficial to Turkey. With the effective participation of Turkish Cypriots in EU structures and policies, Turkish would become an official EU language. Moreover, Turkey’s EU candidature would gain the full support of a fully recognized community.

The EU’s implicit reasoning behind its expected catalytic effect was straightforward. To the extent that a Cyprus settlement had proved elusive as a result of Turkish and Turkish Cypriot intransigence, by offering conditional sticks and carrots to the two parties, the EU believed it would catalyze a settlement on the island.

**Did the EU Act as a Catalyst for the Settlement of the Cyprus Conflict?**

Despite EU reasoning stated above, throughout the 1990s, and particularly between 1994–95 and late 2001, the Cyprus conflict deteriorated. Both sides appeared less willing to compromise and shift from their fixed negotiating positions.14

*Hardening Turkish Cypriot Positions*

Since the mid-1990s, the Turkish Cypriot position consistently hardened, indicating a reduced political willingness to settle the conflict through compromise. At the June 1994 Corfu summit, the European Council decided to include Cyprus and Malta in the next round of enlargement. On March 6, 1995, the EU General Affairs Council accepted the initiation of the RoC’s accession negotiations six months following the termination of the 1996 Intergovernmental Conference. At the same time, in August 1994 the TRNC Assembly revoked all past commitments to a federal solution. In 1995, the Turkish Cypriot leadership introduced pre-conditions for direct negotiations. Direct negotiations would only be resumed if conducted on a state-to-state basis. Following the July 1997 “Agenda 2000” decision to allow accession negotiations with a divided Cyprus, Rauf Denktaş contributed to the failure of talks in Glion in August 1997 by demanding an immediate freezing of accession negotiations between the Greek Cypriots and the EU.

In March 1998 accession negotiations were formally launched. In August 1998 Denktaş officially rejected the concept of a federation as a
basis for the constitutional settlement and opted for a confederation between two sovereign states. The change in the Turkish Cypriot negotiating position can be described to a large extent as cosmetic. Long before the official confederation position was adopted, Turkish Cypriots had been calling for the recognition of their separate sovereignty and the creation of a federation “by aggregation.” The latter implied the prior existence of two mutually recognized states that would voluntarily pool their sovereignties into one internationally recognized state. A confederation could thus be viewed as the first step in the creation of a “federation by aggregation.” Nonetheless, the change in the Turkish Cypriot position signaled an important political change in terms of reduced willingness to negotiate and compromise, creating a wider divide in the positions of the two parties.

In December 1999 conditionality on the RoC was explicitly removed. Having concluded 24 out of 29 negotiation chapters, Cyprus could smoothly approach full EU membership by 2004. Negotiations should end in 2002, leaving 2003 for the signature and ratification of the Accession Treaty. As relations between Cyprus and the EU evolved rapidly in the last two years, the Turkish Cypriot position became further entrenched. Following the conclusion of the November 2000 round of proximity talks, Denktas refused to attend the sixth round that had been scheduled for January 2001. On December 16, 2000, the Legislative Assembly of the TRNC declared that “at this stage, the process of proximity talks has lost its meaning.” In September 2001 the Turkish Cypriot leadership again refused to re-launch the proximity talks under the UN aegis on the grounds that there was no common ground between the conflicting parties.

Within the Turkish Cypriot political class there are wide differences of opinion concerning the conflict. The National Unity Party (UBP—Ulusal Birlik Partisi) headed by Derviş Eroğlu and the Democrat Party (DP—Demokrat Partisi) headed by Salih Coşar and Serdar Denktas, as well as Rauf Denktas himself, represent the right-wing nationalist hardliner camp. The center-left party of Mustafa Akinci, the Communal Liberation Party (TKP—Toplumcu Kurtuluş Partisi) and the Republican Party (Cumhuriyet Türk Partisi—CTP) of Mehmet Ali Talat, as well as smaller parties and movements further to the left, call for more flexible positions. The latter support a resumption of negotiations, a speedy entry into the EU and a reunified Cyprus not necessarily along confederal lines. Naturally,
it is important to take these differing views into account, especially if they reflect the feelings of Turkish Cypriots, as opposed to the Turkish settlers (as the Greek Cypriot government repeatedly states, although this is difficult to ascertain in practice).

Nonetheless one cannot neglect the fact that, irrespective of all accusations against the democratic credentials of the TRNC, the nationalist camp has been in power in northern Cyprus since the partition of the island. Its support has risen and consistently outweighed that of the moderate center-left parties. It is also important to note that both the great majority of the people and the two major center-left parties (CTP and TKP) call for EU membership post-settlement. Furthermore, with the withdrawal of Mustafa Akinci’s TKP from the TRNC’s governing coalition in May 2001, the TRNC leadership’s attitudes are unlikely to soften. The new government headed by Derviş Eroğlu consists of the UBP and the DP, whose views regarding the settlement of the conflict are almost identical.

*Turkish Support for the TRNC*

Ankara supported Turkish Cypriot positions. Following the March 1995 decision, Turkey and the TRNC declared their intention to partially integrate in December 1995. A Joint Declaration proposing economic and financial integration and partial foreign, defense and security policy integration was signed in January 1997. Immediately after the March 1998 initiation of accession negotiations between Cyprus and the EU, Turkey and the TRNC established a “joint economic zone.” Turkish-Turkish Cypriot integration received a further boost in May 2000 with Ankara’s confirmation that Turkey and the TRNC would match any form of integration concluded between the RoC and the EU. Furthermore, several Turkish officials threatened retaliation following the RoC’s accession into the Union. Foreign Minister İsmail Cem suggested that Turkey might react vehemently in response to a unilateral accession of the RoC to the EU.¹⁸ A full annexation of the TRNC, declaring northern Cyprus the eighty-second province of Turkey was also suggested.¹⁹

Declarations of integration between Turkey and North Cyprus may be discarded as irrelevant. Several observers have dismissed the significance of these developments, given the illegal premises on which they are grounded. They are also probably practically meaningless given the high degree of *de facto* integration between Turkey and the TRNC already in
place. Nonetheless, the political significance of these policies is noteworthy in so far as it indicates Ankara’s antagonizing attitude towards the EU as well as its general lack of willingness to search for a solution prior to Turkey’s own EU membership. As Turkey objects to Cyprus’ entry into the Union as a divided island, the aim of these recent statements and actions is undoubtedly to prevent this. However, these recent Turkish positions are unlikely to be only tactical threats. Ankara may well proceed along the path of integration with the TRNC, whatever this may mean, if Cyprus were to enter the EU in the near future.

The current Turkish position also dovetails with the approach of Turkey’s premier Bülent Ecevit. A traditional believer that the Cyprus conflict was solved in 1974, when he ordered 40,000 Turks to take control of approximately 37 percent of the island’s territory, Ecevit reiterated his call for a solution in Cyprus à la Czechoslovakia in the summer of 2001. The peaceful divorce between the two communities would legalize the *de facto* non-violent *status quo* that has persisted in Cyprus since 1974. Divorce would be followed by the consequent integration between the Greek Cypriot south and the EU on the one hand, and the parallel integration between the TRNC and Turkey on the other. Ultimately, reconciliation would culminate with Turkey’s own entry into the EU. This would finally restore the balance in the eastern Mediterranean, which was upset with Greece’s entry in the Union in 1981.

*Hardening Greek Cypriot Positions and Greek Support*

Turning to the Greek Cypriot side, one cannot detect an explicit hardening in their negotiating positions. But nor can one note a more compromising attitude or a genuine effort to settle the conflict in the short term by making the necessary concessions. On the contrary, analyzing Greek Cypriot policies and statements, it is possible to detect an increase in Greek Cypriot confrontational attitudes towards Turkey and the Turkish Cypriot community.

First, the Greek Cypriot leadership in the 1990s exerted greater pressure in international and more precisely European legal fora for a condemnation of Turkish Cypriot actions and positions. Particularly since 1989, the Greek Cypriot government directed much of its attention to highlighting the illegal and unjust practices committed by the Turkish Cypriot government and Ankara. These efforts were aimed primarily at reinforcing the Western perception that the conflict is driven by Turkey
and that the Turkish Cypriot administration is merely a Turkish puppet. In addition, these efforts highlight the human rights violations committed by Turkey in Cyprus and contribute to the tightening of the economic isolation of northern Cyprus. In Greek Cypriot eyes, all these goals contribute to the discrediting of the TRNC and intensify international pressure on Turkey concerning its Cyprus policy. Indeed this resulted in the July 1994 European Court of Justice (ECJ) ruling against the import of Turkish Cypriot goods without RoC health and transport certificates and the December 1996 ruling of the European Court of Human Rights, condemning Turkey for preventing Titina Loizidou from returning to her property in the north. In May 2001 the European Court of Human Rights delivered its decision concerning the fourth application of the RoC of March 1995. Turkey was found guilty of human rights abuses concerning missing persons, the property rights of displaced persons and the conditions of Greek Cypriot residents in northern Cyprus.

Second, increased Greek Cypriot aggressiveness was evident in security and defense policies. Since 1993 Greek Cypriots underwent significant military upgrading through the “Joint Defense Doctrine” with Greece, placing the former under the latter’s military umbrella and increasing annual defense expenditure to seven percent of Greek Cypriot GNP. Within the framework of the Joint Defense Doctrine, Greek and Greek Cypriot forces engaged in joint military exercises, the RoC constructed an air base in Paphos and a naval base in Terazi and Greece committed itself to intervention in the event of a Turkish attack. Tensions rose further in 1997–99 when President Clerides was determined to deploy Russian S-300 missiles in Cyprus. The crisis was diffused in January 1999, when US and European pressure succeeded in persuading the Greek and Greek Cypriot governments to deploy the missiles in Crete instead.

Finally, uncompromising Greek Cypriot positions were evident during the September 2000 round of proximity talks. On September 12, 2000, Kofi Annan’s speech during the proximity talks referred to the political equality of the two communities on the island and the principle that each leadership could only represent its own community and no other. The concept of political equality was not new and had been endorsed by the UN and accepted by the parties since 1989. Nonetheless, the Greek Cypriot leadership reacted strongly against the statement. President Glafcos Clerides postponed the talks for two days awaiting clarification of
the statement prior to his return. The Greek Cypriot House of Representatives rejected Annan’s statement defining it outside the framework of UN principles and claiming it included unacceptable “confederal elements.”

Naturally, there are divisions within the Greek Cypriot political class concerning the Cyprus conflict. Demetris Christofias’ Reformist Workers Party (AKEL—Aristera Nees Dymeis) and George Vassiliou’s United Democrats (EDI—Enomenoi Democrats) tend to adopt more moderate stances. Vassos Lyssarides’ Socialists (KISOS—Kinima Sosialdemocratoni) and Tasos Papadopoulos’ Democrat Party (DIKO—Democratico Komma) together with the extremist New Horizons (Neoi Orizontes) have historically taken more hardline positions. Glafkos Clerides’ Democratic Rally (DISY—Democraticos Synagermos) has fallen traditionally in between the two. Following the elections in the RoC in May 2001 the increase in AKEL’s vote secured Christofias’ post as Speaker of the House of Representatives. George Vassiliou is currently Chief Negotiator for Cyprus’ accession to the EU. Internal Greek Cypriot politics thus suggests a possible moderation of the RoC’s position. However, the differences between the mainstream parties concerning the Cyprus conflict are not so significant as they are in northern part of the island and should not be expected to lead to a radical change in official Greek Cypriot attitudes.

Greece’s role in Cyprus-EU relations merits mention. Unlike Turkey, Greece has not played a direct role in Cyprus since 1974. Instead, it has rather played a supportive role, seconding the RoC’s positions. Nonetheless, in view of its EU membership since 1981, the position of Greece was pivotal in Turkey-EU-Cyprus relations. Particularly since the mid-1980s, Greece actively encouraged Cyprus-EU relations. Andreas Papandreou’s approach to the conflict was that an acceptable solution in Cyprus hinged upon a shift in Ankara’s position, which could only be yielded through the internationalization of the problem. With PASOK’s full acceptance of the European Community (EC) by the mid-1980s, the Papandreou government began to view EC involvement in the Cyprus conflict as highly desirable. This approach was fully espoused by the RoC under the Presidencies of George Vassiliou and Glafkos Clerides.

Particularly since the 1993 Commission Opinion on Cyprus, member state Greece lobbied intensively for the acceleration of Cyprus-EU ties and the removal of conditionality on the RoC concerning conflict settlement. The decision to include Cyprus in the next wave of
enlargement was taken at the June 1994 Corfu summit under the Greek Presidency. The March 1995 decision allowing for the initiation of accession negotiations with the RoC was linked (although not explicitly) to Greece’s removal of its veto on the Turkey-EU customs union. The opposition of some member states to begin accession negotiations with a divided Cyprus was eliminated by Greece’s explicit threat to veto the entire enlargement unless this also included the RoC. The decision to explicitly remove conditionality on the RoC was linked to Greece’s acceptance of Turkey as an EU candidate. In short, Greece’s role in the EU has been arguably one of the most pivotal factors affecting the Union’s stance towards the island.

Since mid-1999 and most critically since the September 1999 “earthquake diplomacy” between Greece and Turkey, which ushered a renewed rapprochement between the historic enemies, Greece’s role in the EU concerning Turkey has changed. Indeed, the Simitis government marked a historic turning point in Greece’s attitudes towards Turkey. The current Greek administration, particularly Foreign Minister George Papandreu, has advocated a policy of Turkish inclusion rather than exclusion from Europe in order to “win” its disputes with Turkey. Nonetheless, Greece’s support for the Greek Cypriot government remains unabated. Despite the personal preferences of Greek politicians, particularly in view of domestic politics dynamics in Athens, it is unlikely that the current Greek government would explicitly change its policy towards the Cyprus. The RoC can thus safely assume that its path to Europe would remain open irrespective of a settlement.

Between the mid-1990s and late 2001 there was thus a clear reduction in the political willingness of both Cypriot leaderships to agree upon a mutually acceptable settlement of the conflict. While the hardening Turkish and Turkish Cypriot positions were more visible, there was also little indication that the Greek Cypriot side was ready to compromise.

EU Accession as Catalyzing Crisis Rather than Settlement in Cyprus

In order to understand the failure of the EU’s catalytic effect up until late 2001, it is necessary to turn to the interests of the different parties in the conflict who have EU membership aspirations and to their interaction with EU policies and positions. The interaction between EU policies towards Cyprus and Turkey and the interests of the Greek Cypriots, the
Turkish Cypriots and Turkey shed considerable light upon failure of the EU’s expected catalytic effect.

**Greek Cypriot Interests and EU Policies**

The Greek Cypriot community had important political and security interests to engage in the accession process. These interests were specifically related to the Cyprus conflict itself. The entry of the RoC into the Union could strengthen the Greek Cypriot negotiating position and provide many of the political and security benefits sought by Greek Cypriots in the light of the persisting conflict. The receipt of these benefits was not conditional upon a settlement on the island. Hence, the reduced incentives to settle the conflict prior to membership during the 1990s.

First, Cyprus-EU relations and the process of accession greatly strengthened Greek Cypriots’ standing *vis-à-vis* their Turkish Cypriot counterparts. The EU’s exclusive relations with the Greek Cypriots further discredited the self-proclaimed TRNC and strengthened the Greek Cypriot bargaining position. Perceived hierarchy between the parties was reinforced when the EU, adamant to include the Turkish Cypriots in the accession process, encouraged the RoC to extend the invitation to them. Turkish Cypriot officials were invited to participate “under the government of the Republic of Cyprus.” The Turkish Cypriot leadership categorically rejected this proposal given its hierarchical nature. Acceptance would have further reduced the TRNC’s standing *vis-à-vis* the Greek Cypriot government, as it would have entailed its acceptance of the legitimacy of the RoC’s application to the EU on behalf of Cyprus. In addition, in Turkish Cypriot eyes, accepting participation as a delegation in the Greek Cypriot team without veto rights would have implied a major concession in subsequent inter-communal negotiations concerning their future status.

Second, the RoC’s EU membership would also increase Greek Cypriot leverage on Turkey. The Greek Cypriots together with the Greeks in the Union would effectively gain veto rights over Turkey’s future EU membership. As such, a divided Cyprus’ EU membership would greatly increase Greek Cypriot leverage on Turkey and encourage a settlement in its favor or consolidate the *status quo* with high costs to Turkey.

Third, and more specific to the Cyprus question, Cyprus’ membership in the EU could encourage a settlement on Greek Cypriot terms. EU
membership would create a framework for the liberalization of the freedoms of movement, property and settlement in so far as these three freedoms are integral elements of the EU acquis communautaire. With Cyprus and Greece in the Union, in theory any Greek Cypriot and Greek would be able to buy property and set up a business anywhere on the island. Yet as long as Turkey remained outside the EU, Turks would not enjoy the same rights unless special provisions were devised. During the 1990s, the Greek Cypriot side frequently mentioned the EU acquis in its aim to reclaim and acquire property in northern Cyprus. In its October 2000 rejection of Kofi Annan’s speech, the Greek Cypriot House of Representatives stressed that “it is a basic and fundamental principle of the talks that any proposals or ideas should be fully in line with the acquis communautaire.”

EU membership was also perceived as creating increasing difficulties for the retention of the 35,000 Turkish troops in northern Cyprus and the continuation of an operative Treaty of Guarantee. The 1959 Treaty of Guarantee was signed at the same time as the Treaty of Alliance and the Basic Principles of the Cyprus Constitution by Greece, Turkey, Britain and the two Cypriot communities. The Treaty of Alliance determined the number of foreign troops (Greek and Turkish) allowed to be stationed in Cyprus. The Treaty of Guarantee effectively spelt out the roles of the three guarantor powers (Greece, Turkey and the United Kingdom) in the affairs of the RoC. It allowed for the possibility of unilateral rights of intervention by the three guarantor powers in Cyprus in the event of a breach of the RoC’s constitutional order. The British refusal to intervene militarily in Cyprus in 1974 led Turkey to appeal these provisions of the Treaty in July and August 1974 during its military intervention on the island.

While EU membership could allow a continuation of the Turkish role and presence in Cyprus’ security, the Greek Cypriots feel this role would be restricted and monitored by the EU following Cyprus’ membership. This would entail a considerable scaling down of the Turkish military presence in northern Cyprus. Although the numbers of troops would no doubt exceed the 650 allowed under the 1959 Treaty of Alliance, they would be significantly reduced from the 35,000 Turkish troops present in Cyprus today. Most importantly, while the rights of guarantor intervention may remain in the context of a settlement, the Greek Cypriots feel that EU membership would render Turkey’s unilateral rights of intervention
effectively inoperative. According to the RoC, it is highly unlikely that guarantor Turkey, as a candidate EU member, would intervene militarily in EU member Cyprus following a breach of a future settlement. Even if a settlement were not found prior to Cyprus’ EU membership, the Greek Cypriots’ sense of security would be enhanced greatly, in so far as the likelihood of a Turkish military involvement in Cyprus would significantly diminish.

Given the nature of Greek Cypriot gains from EU membership together with the lifting of EU conditionality on the RoC regarding a settlement, the Greek Cypriot leadership in the 1990s had little incentive to make major concessions in order to settle the conflict prior to entry into the EU. Moreover, Greek Cypriots felt that the gains from EU membership would considerably strengthen the Greek Cypriot bargaining position and encourage a settlement along Greek Cypriot lines.

**Turkish Cypriot Interests and EU Policies**

The political and security advantages that EU membership would accrue Greek Cypriots with were viewed automatically as potential threats by the Turkish Cypriots. Hence, the Turkish Cypriot leadership reacted strongly against Greek Cypriot initiatives with respect to the EU in the 1990s.

The TRNC government based its reaction on two basic arguments. First, the Turkish Cypriot leadership regarded the EC application of the RoC as illegitimate as it was submitted on behalf of the island as a whole. This disregarded the fact that Turkish Cypriots were not represented; the Turkish Cypriot people recognize the TRNC as their legitimate authority. Second, Turkish Cypriot officials regarded the application as illegal. The application violated the 1959 Treaty of Guarantee stating that Cyprus would not participate in any political or economic union with another state and that Cyprus could not join an international organization of which only one of the motherland countries was a member. The Treaty also stated that both the Greek Cypriot president and the Turkish Cypriot vice-president would enjoy veto rights over foreign policy decisions.

Membership in an organization such as the EU was clearly of critical importance to the Turkish Cypriots, who feared that as long as Greece is a member of the Union and Turkey is not, Cyprus’ EU accession would represent a “backdoor route” to attain enosis. However, Turkish Cypriots were not only skeptical of EU membership because of the clear gains it would accrue to their opponents. During the 1990s, the EU failed to
articulate sufficiently attractive promises to Turkish Cypriots. On the contrary, it presented them with potentially harmful threats. As mentioned above, the EU has attempted to lure Turkish Cypriots into an agreement mainly by offering conditional economic carrots. Yet economic gains were only a secondary priority in the eyes of the Turkish Cypriot leadership. The prospect of economic gains through Cyprus' EU membership was insufficient incentive to shift the Turkish Cypriot negotiating position. On the contrary, economic incentives were frequently referred to as "bribes" by the TRNC leadership.

The pressures of economic isolation have undoubtedly been felt more acutely since 2000, with the banking and economic crises in Turkey reflected in northern Cyprus. Despite this, the Turkish Cypriot government would not renounce its status claims in return for economic gains. The TRNC endured 38 years of economic blockade and subsidization without creating mass pressure to reunite with the RoC, despite the considerably higher standards of living in southern Cyprus. It was thus unlikely that the additional economic incentives offered by EU membership would alter the Turkish Cypriot position. The options of international recognition followed by EU membership or, at worse, economic integration with Turkey with its customs union with the EU were preferred by the majority of the Turkish Cypriot leadership.

Human and minority rights protection within the EU were also not viewed by the Turkish Cypriot leadership as an attractive prospect. First and foremost, the Turkish Cypriot people and government do not view themselves as a minority in Cyprus, but as an equal community to the Greek Cypriots. Second, human and minority rights protection were historically dealt with by the Council of Europe, which never attempted to prevent or to restore constitutional order in Cyprus. In view of the specific details of the forthcoming enlargement, the EU has taken a more active stance on human and minority rights questions during the past decade. Nonetheless, Turkish Cypriots remained skeptical of the EU's will and ability to effectively prevent a renewed constitutional breakdown in Cyprus. Turkish Cypriot officials often made references to the status of the Turks of Western Thrace who, despite being a minority community in the EU, are subject to discrimination by Athens. Hence, Rauf Denktas' assertion: "if the EU accepts the TRNC as a minority, we will have no place in the EU."\(^{28}\)

Many Turkish Cypriots actually regard the possibility of Cyprus' EU membership prior to Turkey's as a security threat. They believe that the
EU membership of a reunified Cyprus, with Turkey left out and effectively impotent vis-à-vis internal Cypriot affairs, would be potentially dangerous. The Cyprus question was characterized as a double minority question. The delicate balance and the essential problem of the island were determined by the fact that the Turkish Cypriots were a numerical minority on the island, but Greek Cypriots (as well as Greece) were considerably smaller and weaker than Turkey.

In Turkish Cypriot eyes, the entry of the island into the Union could upset the balance that had been in their favor. Many Turkish Cypriots feared a recurrence of the events of 1963, when the Greek Cypriots reversed most constitutional provisions assuring Turkish Cypriot communal rights. However, unlike 1974, following Cyprus’ EU membership without Turkey, the latter’s space for maneuver would be significantly lower. Under these new circumstances, Turkey could find it extremely difficult to intervene, while the Union probably would choose to step aside. The EU has chosen not to actively intervene in intra-state conflicts within its border such as the Basque Country or Northern Ireland. Given the limits the EU would impose on possible Turkish guarantorship and the distrust of the EU’s role as guarantor, many Turkish Cypriots view EU membership without Turkey as more a security threat than a security guarantee. Although it is unlikely that the events of the past will be repeated, Turkish Cypriot threat perception exists and must be accounted for.

The EU’s expected catalytic effect relied heavily upon Turkish Cypriot incentives to enter the Union. Yet if these incentives were not as strong as expected by EU institutions the EU’s implicit argument failed. Without sufficiently strong incentives to enter the EU, the imposition of de facto conditionality on the Turkish Cypriots would not have the desired effect. If the consequences of EU membership were viewed more as security threats than as economic or political benefits by the Turkish Cypriot leadership, then the conditional offer of membership was more likely to be counterproductive. Conditionality was unlikely to raise the TRNC leadership’s propensity to broker a settlement on the island either before or after the RoC’s entry in the Union.

**Turkish Interests and EU Policies**

As stated, an important element of the EU’s expected catalytic effect concerned Turkey and the EU belief that Ankara would push for an early
Cyprus settlement. However, the incentive of EU membership was unlikely to induce Turkey to reverse its policy towards Cyprus. Apparently, European officials did not appreciate the attitudes of Turkish decisionmakers towards the island. External observers rationally concluded that strategic military interests in Cyprus had decreased. However, Turkey's strategic interests in Cyprus should be viewed in the light of Turkey's own specific political and security culture. The Sevres syndrome in Turkey persists and continues to be manipulated to this day. Turkish strategic thinkers still tend to view Turkey as being surrounded by hostile neighbors supported by the great powers, who threaten the Republic's territorial integrity. Hence, although military technology should have logically reduced the significance of the island, the need to prevent Cyprus from becoming Greek-controlled remained an utmost priority in Ankara.

Naturally the EU effected Turkish attitudes towards the island. After the perceived rejection at the 1997 Luxembourg summit, Turkey felt freer to support the hardened Turkish Cypriot position. However, Turkey maintained its support for the TRNC following the Greek-Turkish rapprochement in September 1999 and the December 1999 Helsinki European summit, which recognized Turkey as a candidate to EU accession. Although the events of the early 1960s in Cyprus cannot be remembered by the younger generation of Turks, it is highly unlikely that any Turkish politician could afford to explicitly forsake northern Cyprus for the EU.

However, Turkey's unmoving position towards the Cyprus conflict was also due to the fundamental lack of credibility of the EU's own conditional incentives to Turkey. The uncertainty and long-term perspective of Turkey's EU membership coupled with the importance of Cyprus in Turkish politics explained the ineffectiveness of EU conditionality on Turkey regarding the issue at hand. In order for a policy of conditionality to be credible, two critical conditions must be fulfilled. The recipient must perceive the donor to be both truthful in its intentions and capable of delivering its promises. In this case, the condition of truthfulness was not fulfilled.

First, the ambiguity and vagueness of EU policy towards Turkey cast serious doubts on the former's intentions regarding the latter's future membership. The infamous Christian Democrat declarations against Turkey's EU membership on the grounds of religion in March 1997 and
the EU’s rejection of Turkey’s candidature in December 1997 were followed by the optimism of the 1999 Helsinki summit. This optimism wavered during the second half of 2000 following the dispute over the Accession Partnership Document and the controversy over Turkey’s role in European Security and Defense Policy (ESDP). Tensions rose after the Commission’s first publication of the Accession Partnership Document for Turkey in November 2000, spelling out the short- and medium-term conditions Turkey would need to fulfill in order to comply with the Copenhagen criteria and begin accession negotiations. Initially Turkey reacted harshly to the document, feeling that conditionality with respect to Cyprus had been strengthened, but the controversy subsided with the wording of the relevant clause.

However, the dispute over Turkey’s role in ESDP is still unsolved. At the 1999 NATO Washington summit, Turkey and the other non-EU European allies were assured that the mechanisms for associate member inclusion applied by the Western European Union (WEU) would be retained in ESDP. However, this has not been the case as the EU refuted non-EU participation in the decisionmaking (as opposed to decisionshaping) stage. In the light of Turkey’s perceived national interests, Turkey threatened to exercise its veto in NATO, disrupting the EU’s assured access to NATO planning and capability resources and called for an acceptable form of inclusion in ESDP decisionmaking procedures. While an agreement appeared to exist between the United States, the United Kingdom and Turkey in November 2001 outside the EU, the EU has not yet endorsed such an agreement in view of Greek national security concerns.

Truthfulness is also questioned given the long-term perspective of Turkey’s EU membership. The expected delivery of Turkey’s incentive lies in the distant future. This not only diminishes the current value of the incentive, but it also casts doubt upon the truthfulness of EU objectives with regard to Turkey. What will the Union look like by the time Turkey is ready to fully join it and what will be the attitudes of its member states? Even if we grant the unlikely assumption that the EU-15 and its public opinion would accept Turkey’s future accession, there are no guarantees that future members, expected to enter the Union before Turkey, would agree to Turkey’s accession. The Union’s policy of conditional incentives to Turkey thus suffers from serious credibility problems, partly explaining Turkey’s willingness to support the hardened Turkish Cypriot position.
Thus, the EU’s expected catalytic effect during the 1990s failed because of interaction between the interests of conflicting parties in the accession process and the EU’s policies within the framework of enlargement. The failure was caused by a fundamentally misconceived EU policy towards Cyprus and Turkey. First, conditional incentives offered to the Turkish Cypriots were not valuable enough for the leadership to renege its negotiating positions. Furthermore, EU membership would actually represent a security threat to Turkish Cypriots who would be cut off from Turkey until the latter’s uncertain EU membership. Second, conditional incentives to Turkey were not credible enough for it to alter its stance in the near future. Third, despite powerful interests to enter the EU, the removal of conditionality on the Greek Cypriots since 1994/95 seriously reduced their incentives to compromise, at least up until late 2001.

**Heading for a Crisis?**

By late 2001 relations between the two communities on the island, between Greece and Turkey and between Turkey and the EU, appeared to be heading towards a crisis. The conditional or unconditional sticks and carrots offered to three of the conflicting parties were not inducing a settlement on the island, but the effect of persisting division would not necessarily entail a continuation of the *status quo*. With the introduction of the EU variable in the Cyprus equation, the failure of the positive catalytic effect could still dramatically affect the region. The implementation of conditional sticks and other negative consequences following the EU membership of a divided Cyprus could catalyze a crisis in the eastern Mediterranean due to a severe deterioration in Turkey-EU relations.

The EU membership of a divided island would present serious obstacles to Turkey’s own candidature. As stated, the Cyprus question would become an internal EU problem and thus a conflict between Turkey and the EU. With the development of ESDP, the Cyprus conflict could become a future EU security priority. EU officials currently rule out this possibility. Indeed today, with a mandate of the EU Rapid Reaction Force (RRF) that does not extend beyond the Petersburg Tasks, this appears an unlikely prospect. Yet ESDP is still in the making and the EU’s position towards Cyprus has altered so dramatically over the course of the last two decades, that there is no guarantee that Cyprus will not become an ESDP
priority, particularly following the accession of a divided Cyprus to the EU.

The ongoing disagreement between Turkey and the EU over the establishment of ESDP is clearly, albeit not exclusively, linked to Cyprus. Given diverging political positions on Cyprus, Turkey is adamant not to transfer these political divergences to the security domain that could occur with the creation of an ESDP from which Turkey is excluded. The extent to which British and American officials are willing to accommodate Turkey was not disclosed. However, several sources suggest that the proposed formula would exclude specific geographical areas, including Cyprus and the Aegean, from the reach of ESDP. Greece objected to this formulation claiming that the proposals negotiated outside the framework of the EU could threaten Greece’s sovereign rights in the Aegean. This by no means entails Greece’s intention to deploy the future RRF in Cyprus (or the Aegean), but Greece’s current position suggests the option should not be excluded altogether.

Turkey-EU relations would also be harmed in the event of the accession of a divided island to the Union given the implications this would have for Turkey’s own EU membership objectives. Greek Cypriot membership of the EU would effectively mean that a settlement of the Cyprus conflict would become a fully-fledged condition to Turkey’s own accession. It is highly unlikely that Greece and the RoC would accept Turkey’s EU membership without a formal settlement on the island. Greek Cypriot officials already declare that in the event of Cyprus gaining EU membership as a divided island, the government of Cyprus would veto Turkey’s EU membership negotiations until an acceptable settlement was reached. The management of a possible crisis at the time of accession of a divided Cyprus possibly in 2003/4 may be complicated by the fact that Greece will hold the EU Presidency from January to June 2003.

Needless to say, a deterioration of Turkey-EU relations would be harmful to the EU as well as to Turkey. Since the establishment of the EC, even the harshest European critics of Turkey’s political system have acknowledged the importance of smooth and close relations with Turkey. While geopolitical arguments have not prevented European political actors from voicing criticism of Turkey’s deficient democracy, the EC/EU, strongly encouraged by the United States, has never intended to alienate Turkey. In the aftermath of the terrorist attacks of September 11, 2001, the importance of an inclusive approach vis-à-vis Turkey was
further enhanced. The need to foster integration with Muslim and strategically located Turkey, while actively encouraging democratic and economic reform in this candidate state, became all the more important.

The consequences for the Cyprus conflict, Turkey-EU and Turkey-Greece relations are all the more serious once we appreciate the current domestic political situation in both Turkey and the TRNC. Once the delicate balance of attitudes towards the EU in both Turkey and northern Cyprus is taken into account, the prospect of crisis looms larger and clearer.

The EU’s positive catalytic effect is grounded upon the assumption that inter alia both Ankara and northern Nicosia view EU membership as a desirable goal. Denktas has frequently asserted, particularly following the Helsinki decision to admit Turkey as an EU candidate, that if a suitable settlement is found on the island, EU membership would mean a promising future for Cyprus. In addition, Turkish liberal politicians and businessmen, Islamists and the traditional Kemalist establishment (including the military) all appear in favor of Turkey’s EU membership.

Yet a far more complex picture emerges beyond the rhetoric. Beginning with the TRNC, the reluctance to compromise suggests that governing Turkish Cypriots do not necessarily view the elimination of their EU prospects as a disastrous consequence. Increasingly uncompromising rhetoric, no matter how unjust the EU or UN stances were perceived to be in northern Cyprus, could only be counterproductive to genuinely EU-orientated Turkish Cypriots. Such rhetoric also allowed Greek Cypriots to appear moderate and compromising, an important advantage to the RoC in its race to the Union.

Some Turkish Cypriot officials argue that the entry of a divided Cyprus into the EU would not entail the abandonment of the TRNC’s EU aspirations. While the Greek Cypriot south could enter the EU in the next few years, the north could enter together with Turkey at a later date. Yet the EU has given no indication that this could be an even remote possibility. Enlargement Commissioner Gunter Verheugen clearly stated that there would be no separate negotiations with the two Cypriot states and no EU membership of the TRNC on Turkey’s accession. Hence, while paying lip service to its EU aspirations (particularly in view of the 95 percent of Turkish Cypriots in favor of eventual EU membership), the current TRNC regime may not be committed to EU accession.

Some officials in northern Nicosia may be content with a gradual
integration between the TRNC and Turkey. This would increase the viability of the TRNC, whose continued existence could ultimately lead to its international recognition. A cooling of Ankara’s relations with Brussels following the RoC’s entry into the Union would facilitate Turkey’s continued support for and integration with the TRNC. Hence, nationalist Turkish Cypriots may not necessarily view the RoC’s entry in the Union as a catastrophe, but rather as an externally given opportunity to pursue economic and political integration with Turkey, allowing the continued survival of the de facto Turkish Cypriot state. This would mean that the prospects for a Cyprus settlement would be postponed indefinitely.

The situation in Turkey is even more complex. While almost all political actors in Turkey pay lip service to the aspiration of EU membership, not all are necessarily genuinely committed to this goal. Effective opposition to EU membership may exist for different reasons. Some right-wing nationalists may prefer to establish closer links with Turkic Eurasia than see Turkey’s full integration with Western Europe. Traditional hardline Kemalists, within both the political establishment and the military, may object to the effective erosion of sovereignty following from the renunciation of important policy competencies. Others oppose wide-ranging internal reform required by the EU, arguing that due to Turkey’s specific geopolitical position and importance, the EU should encourage Turkish integration in Europe without pressing too adamantly for internal change. In view of the EU’s position, they may be more inclined to pursue Turkey’s Western orientations through closer relations with the United States, which appears to appreciate Turkey’s geopolitical position more than Europe. Genuine supporters of EU membership hold that while it is up to Turkey to generate necessary reform, the EU anchor could serve to promote democratization and economic reform in the country.

It is currently impossible to predict which trends and opinions will ultimately prevail. Turkey now finds itself in a delicate state of flux due to the persisting economic crisis in the country. Yet it is clear that a crisis over Cyprus in the next two years and a rupture in Turkey’s relations with Europe could significantly strengthen the hand of the nationalists and Euro-skeptics in Turkey and reduce the credibility of the pro-Europeans. This in turn would further increase Turkey’s alienation from the EU. A recent poll published in September 2001 showed that around 45 percent of Turks were undecided about their political preferences. A potential
Cyprus crisis on the horizon could feasibly tilt these votes towards the nationalist camp in Turkey, hampering further Turkey’s prospects of EU accession.

The entry of a divided Cyprus into the EU could thus spearhead serious crisis in the eastern Mediterranean. It would cause a severe blow to Turkey-EU relations creating new obstacles along Turkey’s path towards EU accession. This in turn would lead to other undesirable consequences. With the deterioration of Turkey-EU relations, integration between the TRNC and Turkey could proceed more swiftly and this would further reduce incentives for a compromise settlement amongst the Turkish Cypriot leadership. Moreover, severed relations between Turkey and the EU would strengthen anti-EU forces in Turkey, currently operating under the surface. Hence, the increased alienation of Turkey and northern Cyprus from the EU, creating a state of permanent instability in the region.

The New Opening: The EU’s Role to Encourage a Settlement

A historic event took place in early December 2001. On the invitation of the Turkish Cypriot leader, Glafkos Clerides crossed the buffer zone to dine with Rauf Denktaş in northern Cyprus. The “dinner diplomacy” continued throughout December and early January. On January 16 the two leaders resumed direct talks, stalled since the summer of 1997. Since then there has been much speculation about what triggered this change and whether the talks signified yet another tactical maneuvering, or a genuine change of substance. Without delving into similar speculation, the current analysis assumes that the talks do indeed represent a new opening, whose motives may well be mixed. The question is what could external actors, and the EU in particular, do in order to sustain and encourage these positive dynamics towards a final settlement.

The EU factor could still act as a positive catalyst in Cyprus, provided it sent the adequate positive signals and incentives to the conflicting parties. Reversing the arguments explaining why the EU has been catalyzing crisis in the eastern Mediterranean, it is possible to detect important policy changes able to change existing trends. What incentives could the EU offer Turkey, Turkish Cypriots and Greek Cypriots in order to encourage a settlement on the island in the forthcoming months?
Motivating Turkish Cypriots to Settle the Conflict Prior to EU Membership

In order to induce the Turkish Cypriot leadership to genuinely work towards a settlement, it is necessary to persuade it that a settlement within the EU could indeed serve its interests. While the stick of EU membership of a divided island may have contributed to or indeed may have been the principal factor explaining Rauf Denktaş’ return to the table, sufficiently attractive carrots are pivotal to encourage genuine Turkish Cypriot will to reach a settlement prior to membership. The economic benefits available to northern Cyprus following EU accession are insufficient to encourage a change in the Turkish Cypriot current position. Despite the considerable economic boost that EU membership would represent, sufficiently attractive political and security benefits are indispensable when aiming to change the Turkish Cypriot position. Could the EU provide sufficiently attractive political and security benefits to the Turkish Cypriot community?

In addition to the Greek, Turkish and British military guarantees, the EU could offer itself as a non-military guarantor of a settlement. In the event of a breach of the constitutional order, or a violation of the principles of “liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law,” the Council, acting on a qualified majority, may decide to suspend certain rights deriving from the application of the Treaty to Cyprus.” In other words, Articles 6 and 7 of the EU Treaty could allow for a non-military EU guarantorship both of the constitutional order and the EU principles in Cyprus. Adding the EU as a guarantor would increase the credibility of the Treaty, given the strong deterrent force of possible EU sanctions. While the replacement of the Turkish and Greek military guarantees by an EU military guarantee would increase Turkish Cypriot sense of insecurity, a complementary and non-military EU guarantee would increase both communities’ confidence in the new settlement. There would be strong incentives for the (unlikely) repetition of the events of the 1960s given the increased credibility of the new Treaty.

The Union could also offer important political benefits to the Turkish as well as Greek Cypriot community as national communities without their own separate states. The position of non-state entities can be significantly enhanced within the Union’s multi-level framework of governance. EU regions can interact directly with each other through the Committee of the Regions and EU regional cooperation programs. They
can relate to European institutions through direct representation in Brussels and participation in EU regional policies.

Most interesting for the Turkish Cypriot community however, is the fact that within the EU, sub-state entities can interact directly with other member states in the Council of Ministers meetings via Article 146 of the 1991 Maastricht Treaty. This article does not specify that Ministers participating in Council meetings should be State Ministers (and thus Federal Ministers in the case of Federal States such as Germany, Belgium and Austria). Hence, ministers of federated entities can participate in Council meetings provided that in doing so they are representing the entire country. Belgium is one country that makes use of this article. Belgium applies the general constitutional principle guiding the conduct of its foreign policy (in foro interno in foro externo) to the assignment of Belgian representation in Council of Ministers meetings. Hence, in Council meetings dealing with policy areas that the Belgian Constitution assigns either wholly or predominantly to regions and communities, representatives of the latter governments, according to a system of rotation, are present in EU Council of Ministers meetings standing for Belgium as a whole. The 1992 UN Set of Ideas for a Cyprus settlement stated that while foreign policy would generally rest with the central level, the sub-state entities could engage in external relations in policy matters falling within their field of competence. The application of this principle within the EU multi-level governance framework could increase the EU’s appeal to the Turkish Cypriot community by adding substance to previously discussed UN proposals.

In order to enhance Turkish Cypriot incentives to seek an early settlement within the EU framework, the EU could also encourage Turkish Cypriot participation in ongoing accession negotiations even prior to a settlement. The EU indeed persuaded the Greek Cypriot government to invite Turkish Cypriot representatives to the negotiations. However, by extending the invitation through the RoC and only mentioning Turkish Cypriot participation without veto rights as members of the Greek Cypriot negotiating team, the initiative served to further alienate TRNC officials and enhance the status of the recognized RoC. The failed initiative augmented the perceived importance of fully-fledged statehood and indivisible sovereignty within the EU rather than doing precisely the opposite. If Turkish Cypriot officials had been invited to negotiations as politically equal representatives of the future Cyprus member state, Turkish Cypriot reactions may well have been different.
Another important signal would be the lifting of the EU trade restrictions on northern Cyprus. The effective EU embargo on northern Cyprus since the 1994 ECJ ruling not only dramatically affected the economy of northern Cyprus, but reinforced the siege mentality. This in turn contributed to the hardening of positions amongst the Turkish Cypriot leadership and confirmed their view that northern Cyprus could survive and prosper only through recognized statehood. The lifting of trade restrictions and the return to the pre-1994 trade practices would reduce the misperception in the north that all EU promised economic gains to the Turkish Cypriots are an effective “bribe” to encourage moderation in their negotiating positions. It would also reduce the perception of the Turkish Cypriot leadership of the importance of recognized separate statehood.

Finally, Turkish Cypriots could feel less threatened by the EU if a detailed discussion of possible transition periods and derogations on the application of the *acquis* was embarked upon immediately. Temporary restrictions to the application of the *acquis* are possible and have already been agreed with most current candidate countries. Furthermore, permanent derogations to the full application of the four freedoms (freedom of movement of goods, services, capital and persons) already exist within the EU in cases such as the Aaland Islands where there are permanent restrictions on Finnish property acquisitions in the Swedish inhabited islands, or Denmark where there are limits on the property available for German acquisition. In the current round of accession negotiations, Malta also secured permanent derogations for the acquisition of second homes on the island.

Commission officials have recently hinted that the EU *acquis* would accommodate virtually any settlement between the two parties so long as there was a single Cyprus EU member.38 Indeed this was a very important signal to the Turkish Cypriot leadership, which explicitly declared that this was one of the factors encouraging them to embark upon direct talks.39 Derogations to the freedoms of property and settlement are particularly important to Turkish Cypriots who fear being “bought out” by their richer Greek Cypriot neighbors. Now that the EU has accepted the possibility of *sui generis* measures to accommodate the concerns of the Turkish Cypriots, a detailed discussion between the EU and the two Cypriot communities of the precise modalities of these arrangements could further increase incentives to reach an agreement on the island. The EU could
significantly placate Turkish Cypriot fears by suggesting that restrictions could persist until the economic imbalance on the island was redressed or until Turkey also entered the Union.

*Motivating Turkey to Push for a Cyprus Settlement*

It is widely understood that a settlement on Cyprus will hinge, to a large extent, upon Turkey’s own position. European and US pressure were no doubt pivotal in encouraging Ankara to support a re-start of the talks. But what positive incentives could the EU offer to Ankara to encourage its genuine support for a settlement on the island in the coming months? In addition to a modified EU stance towards Turkish Cypriots, Turkish attitudes towards Cyprus could alter if the EU’s position towards Turkey’s membership were clearer and if the Union offered Turkey additional carrots with a shorter time perspective.

The uncertainty surrounding both Turkey’s economic and political reform process and the Union’s own shape and size by the time of Turkey’s accession make a detailed mapping of Turkey’s accession path impossible to predict. Nonetheless, the problems of uncertainty could be mitigated if Turkey were given a signal concerning its own accession and if channels were found to integrate it into the EU through mechanisms other than full membership in the short- and medium-term.

Clearly the EU will be unable to give Turkey a fixed date for the initiation of its accession negotiations until Turkey complies with the EU’s short- and medium-term priorities as set out in Turkey’s Accession Partnership Document. However, the EU Council in December 2002 could declare its readiness to initiate accession negotiations with Turkey after a set period of time following Turkey’s fulfillment of the Copenhagen criteria. Such a declaration, while not granting Turkey a more advantageous treatment compared to other candidates, which indeed fulfilled the Union’s criteria prior to accession negotiations, could nonetheless give Ankara a strong indication of the EU’s intentions and aims.

Mechanisms to integrate Turkey in EU structures prior to full membership could also be devised. This is already the case in areas such as trade with the 1996 Turkey-EU customs union. On March 4, 1998, the Commission proposed the extension of the Customs Union to the agricultural, service and public procurement sectors and the strengthening of cooperation in several fields. In December 2000 the EU Council of Ministers adopted a draft framework regulation on assistance to Turkey in
the framework of the pre-accession strategy. The financial package for Turkey was set at €177 million for the period 2000–2. These measures are undoubtedly constructive. Agricultural goods represent the greatest share of EU imports from Turkey. In 1999 agricultural and textile imports from Turkey added up to 14 percent of total EU imports, compared to machinery, transport material, chemical products and fuels, which together amounted to 3.6 percent of total EU imports. Financial transfers are also necessary given that they had been blocked for the past five years by the Greek veto in the Council of Ministers.

Other forms of integration between Turkey and the EU prior to Turkey’s full membership could be achieved in the security and monetary policy spheres. The question of Turkey’s future role in ESDP has already been discussed. Both because of the need to break the current deadlock and because of the security benefits this would bring to the Turkish Cypriot community, a suitable formula for the inclusion of Turkey in ESDP decisionmaking needs to be found. One could imagine the creation of a Security Agreement à la Schengen, for example. This would foresee the inclusion of non-EU member Turkey in ESDP decisionmaking procedures without veto rights, in the same way as non-EU member states Norway and Iceland are included in Schengen. In meetings of the Political and Security Committee concerning questions affecting Turkish interests (both in terms of geographical location and type of operation) one could envisage the participation without veto rights of the Turkish Ambassador (and the Ambassadors of the other non-EU European allies) as well.

Finally Turkey could be drawn closer to the EU by encouraging an early unilateral Turkish adoption of the euro prior to EU membership. The ongoing financial crisis in Turkey is a clear indication of the problems arising when comprehensive economic reform is attempted within an underlying unstable and corrupt political context. The economically sound 1999 International Monetary Fund (IMF) stand-by agreement could not prevent the occurrence of two financial crises in Turkey, the last of which caused the worst economic crisis the country has witnessed in decades. The adoption of a foreign currency would transform the Turkish political economy by eliminating the possibility of government support of loss-making public or private enterprises. By renouncing control over monetary policy the government could engage seriously in a wide-ranging reform of the banking system. Furthermore, the unilateral adoption of a
foreign currency would eliminate the underlying lack of credibility of highly indebted countries, which make them susceptible to speculative attacks.\textsuperscript{43} Unilateral adoption of the euro is no alternative for reform, however it may well significantly facilitate the unavoidable process of Turkish economic and financial change. It should be noted that in June 2001, Economy Minister Kemal Derviş also suggested a unilateral adoption of the euro prior to Turkey's full EU membership.\textsuperscript{44}

**Motivating Greek Cypriots to Settle the Conflict Prior to EU Membership**

While there are no explicit signals of Greek Cypriot "intransigence," it is nonetheless critical for the EU to do its utmost to ensure sufficient Greek Cypriot goodwill to reach an agreement through mutual compromise. Re-applying conditionality to the RoC with respect to a settlement of the conflict is not an option. A just and long-lasting settlement of an ethnic conflict cannot be the result of one party's policies alone. Hence, for the same reasons why it would be undesirable for Turkey's future EU membership to be hostage to a Greek and Greek Cypriot insistence on a settlement, it would be equally unjust for Greek Cypriot EU membership to depend upon the Turkish Cypriot leadership and Ankara.

However the EU could induce Greek Cypriot authorities to openly embrace some already accepted provisions concerning a future Cyprus settlement. The vague wording of the Helsinki conclusions could be revised in greater detail. The EU could demand a Greek Cypriot declaration in favor of several principles of a future settlement as a condition of EU membership. These principles would not depart from general UN ideas on a Cyprus settlement. They would include concepts such as those of bi-zonality, bi-communality and political equality between the two communities within a unified island as defined in Boutros Ghali's 1992 Set of Ideas, for example. The EU could also ask the Greek Cypriots to accept equal Turkish Cypriot participation in EU negotiations as the future representatives of the Turkish Cypriot entity. Finally, it could encourage the Greek Cypriot government to accept that any future security arrangement for Cyprus within the EU would be all-inclusive and thus comprise Turkey as well.

All these conditions should be acceptable in principle to the Greek Cypriots, in so far as they have already endorsed them in the context of the UN. Nicosia should not view these conditions as betrayal by the EU, which would leave the Greek Cypriots "hostage" to the Turks. The
prospect of EU membership could in fact be considered as facilitating a Greek Cypriot acceptance of these principles. Even post-settlement, the prospects of EU membership would offer Greek Cypriots important security guarantees against Turkey; it would speed up the liberalization of the three freedoms (of movement, settlement and property) and create leverage against Turkey. Precisely because of the considerable advantages accruing to Greek Cypriots, notions such as bi-communality, bi-zonality and political equality, official Turkish Cypriot participation in EU negotiations and a comprehensive security arrangement including Turkey should become considerably more acceptable to the Greek Cypriot community.

A formal Greek Cypriot acceptance of these conditions could increase incentives to broker a settlement prior to membership. By clearly accepting several guidelines for a future settlement that dismiss unitary state solutions and accept a continuing involvement of Turkey in Cyprus, Greek Cypriot incentives to reach a settlement before EU membership could increase. By agreeing upon the bottom line of a future settlement, the Greek Cypriot government would abandon all hopes for a radical reversal of the status quo in its favor post-membership. As such, it may be more inclined to push for an agreement in the forthcoming months. It would also create additional incentives on the Turkish Cypriot side, as the latter would be reassured of their compatriots’ true intentions.

Increased activism from Brussels requires the agreement of member state Greece. Political trends in Athens suggest this is not an unrealistic expectation. The Simitis government has marked a historic turn in Greek attitudes towards Turkey, advocating a policy of European inclusion. Foreign Minister George Papandreou has been the most pivotal figure spearheading the Greek-Turkish rapprochement. Athens and Nicosia have more detached relations than Ankara and the TRNC. While supporting the Greek Cypriot cause, Athens is able to be less directly involved in the conflict. Assuming that Greece is serious about its interests in a “European Turkey,” Athens should strongly support a settlement prior to Cyprus’ EU membership, which would prevent a serious rift in Turkey-EU relations. Member state Greece may thus accept increased EU activism in the Cyprus conflict, so long as this was intended to yield a just and lasting settlement on the island, which would also safeguard fundamental Greek Cypriot needs and interests.
Conclusions

The EU’s catalytic effect was at work throughout the 1990s and up until late 2001. However, against all hopes and expectations, the EU variable was leading towards crisis rather than settlement in Cyprus. The reasons for this perverse catalytic effect were caused by the interaction between Greek Cypriot, Turkish Cypriot and Turkish interests on the one hand and EU policies of conditionality on the other. A miscalculated EU policy of conditionality grounded upon an incomplete understanding of the parties’ interests was causing an entrenched stalemate on the island, triggering a potential crisis in the eastern Mediterranean following the accession of a divided island. Yet with the resumption of direct talks between the two Cypriot leaders, the EU faces a unique opportunity to actively encourage the search for peace in Cyprus. A concerted effort from all parties and most importantly an alteration of EU policies towards Cyprus and Turkey could prove pivotal in encouraging the current direct talks to conclude successfully. If immediate action is taken, the magic EU catalytic effect could still materialize in the forthcoming months.

NOTES:


13. On Nov. 9, 1998, Italy, France, Germany and the Netherlands reiterated their position stating that the accession of Cyprus to the EU should benefit both communities and pointing out the problems involved in negotiations with a divided island.


22. This considerably increased the isolation of northern Cyprus.

23. The ECJ Loizidou case filed by Titina Loizidou and supported by the Republic of Cyprus concluded that the Turkish army (and not the TRNC) was in control of northern Cyprus and that Turkey was responsible for human right violations (property rights) in the north.


30. On March 15, 1997, Belgian Christian Democrat declared that “the EU is in the process of building a civilisation in which Turkey has no place” (Economist, March 15, 1997).


33. A 1997 poll in the TRNC showed an overwhelming 95 percent in favour of EU membership. However 84 percent of these supporters called for membership following a settlement on the island.

34. Article 6.1 of the Treaty of the European Union.
35. Article 7.3 of the Treaty of Nice, ex article 7.
36. On March 12, 1998, President Clerides formally announced his invitation to the Turkish Cypriots to participate in accession negotiations on the occasion of the European Conference meeting in London.

Should the Turkish Cypriot community respond favourably to this proposal they may rest assured that the points of view and opinions of their representatives will be discussed freely, seriously and in good faith, and that the conclusions reached will constitute an important element in formulating the negotiating positions of the Cypriot team. (Statement by President Clerides relating to Turkish Cypriot Participation, March 12, 1998, at <http://www.cyprus-eu.org.cy>.)

The wording of the invitation does not specify any mechanism to ensure an effective participation of the Turkish Cypriot representatives as "political equals" of their Greek Cypriot counterparts. Indeed at the time, member states such as France defined the invitation as "inadequate."

38. The question of derogations was hinted at both during Rauf Denktaş’ meeting with Gunter Verheugen on August 27, 2001, and during Commission President Prodi’s visit to the RoC House of Representatives in Oct. 2001.
39. Conversation with Ergun Olgun and Miïmtaz Soysal (both members of the Turkish Cypriot negotiating team), Feb. 2002.
40. €127 million come from the Mediterranean Fund (MEDA) and €45 million is intended to support political and economic development.
42. For a more detailed discussion of the possible accommodation of Turkey in ESDP, see Marc Houben and Nathalie Tocci, “Accommodating Turkey in ESDP,” CEPS Policy Brief 5 (Brussels: CEPS, 2001), at <http://www.ceps.be>.
44. See Leyla Boulton, “Turkey may adopt the euro before joining the EU, says Derviş,” Financial Times, June 4, 2001, p.2