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Centre for Small State Studies
Institute of International Affairs - University of Iceland

Occasional Paper
1-2003

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ISSN 1670-4290

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Cyprus and the European Union: The Significance of Being Small

by

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Earlier versions of this paper were presented at the Seventh Biennial International Conference of the European Community Studies Association, Madison, 31 May-2 June 2001, and the Eighth Research Conference of the University Association for Contemporary European Studies, Newcastle, 2-4 September 2003.

Centre for Small State Studies
University of Iceland
November 2003

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Introduction

Academic analysis and commentary on Cyprus and the EU has focused primarily on the (many possible) relationships between the so-called ‘Cyprus Problem’ and the Republic of Cyprus’s movement towards EU membership. That is to say, attention has been mainly taken up with the implications for both Cyprus and the EU arising from the drive of the Government of the Republic – which claims sovereignty over all of Cyprus but which, in practice, controls only the Greek Cypriot, southern, part – to join the EU in the name of the whole island when the Turkish Cypriot, northern, part of Cyprus, which claims to be a separate state and in practice operates as one, is unwilling to join the EU as part of a single Cypriot state. (The academic literature on the Cyprus Problem and the EU includes Baier-Allen 1999, Neuwahl 2000, Nugent 1997 and 2000, and Tocci 2000. For an account that is sympathetic to the Greek Cypriot viewpoint see Joseph 1999, whilst for one that is sympathetic to the Turkish Cypriot viewpoint see Brewin 2000).

This concentration on the Cyprus Problem implications of Cyprus becoming an EU member state has resulted in other implications of Cyprus’s participation in the current enlargement round being somewhat under-explored. This paper seeks to help rectify this situation by focusing on the ‘small state’ dimension of Cyprus’s EU accession.

It is a dimension that merits exploring for two main reasons. First, although all states naturally have their own individuality in terms of such factors as history, political and economic structures, level of development, social and ethnic composition, and culture, there are characteristics that small states share. There is a wealth of academic literature testifying to how the fact of being a small state does much to shape and influence both the outlooks and behaviour of small states in the international system and the outlooks and behaviour of international actors towards them. Much of the more recent of this literature is focused on small states and the European integration process (see, for example, Goetschel 1998, Griffiths and Pharo 1995, Kelstrup 1993, and Thorhallsson 2000). Second, enlargement rounds over the years have increased the number and proportion of small states that are members of the EU, and this process will be further advanced when Central and Eastern European

countries (CEECs) and Cyprus and Malta accede. If a very low population cut-off point of 1.5 million is taken as the criterion of being a small state, then when the ten states with which accession negotiations have been concluded join the EU in May 2004 the number of small EU member states will increase from one (Luxembourg) out of fifteen to four (with Cyprus, Malta and Estonia) out of twenty five. If a cut-off point of 15 million is taken, the number will increase from nine out of fifteen to eighteen out of twenty five. This prospect of a greatly increased number of small states has been a matter of considerable concern to the EU's existing large states, as was evidenced at the December 2000 Nice summit where there were sharp differences between large states and small states on the post-enlargement national representations in the EU's main institutions and national voting weights in the Council of Ministers.

The focus of this paper is on three aspects of the small state dimension of Cyprus's prospective EU accession: the nature of Cyprus's smallness; smallness as a reason for Cyprus seeking EU membership and the likely benefits and drawbacks of EU membership for Cyprus as a small state; and the challenges for the EU in incorporating the small state of Cyprus.

Cyprus as a Small State

In the relevant academic literature there is no commonly accepted definition of what constitutes a small state. There are, essentially, two definitional approaches: the quantitative and the qualitative.

The quantitative approach defines small states on the basis of measurable criteria. The most commonly used criterion is population size, though the size of Gross Domestic Product (GDP) and land area are criteria that sometimes also are taken. Kelstrup (1993:140) is an example of those who use this approach, defining small states simply as 'states with a very limited resource base'. Commentators taking such an approach take different benchmarks when deciding how limited must be 'limited' and how small must be 'small' to qualify being regarded as small. To take, for example, just two recent and contrasting examples of studies of small states and European integration, Goetschel (1998) takes a population of less than 10 million as his 'qualification' whilst Pace (2000a) takes less than 3 million. Neither of these cut-off points is, of course, either right or wrong, since the term small state is inherently

relative, but the taking of different cut-off points naturally results in analysts of small states differing significantly in their focus and, often also, their research findings.

The qualitative approach does not use measurable data to define and identify small states and so is less objective and more impressionistic. The approach involves evaluation of a state's relationship to its wider environment – with possible considerations including the amount of influence a state exercises and the extent to which it perceives itself and is perceived by others as being small. Baechler (1998: 271) is one of those who takes this approach, asserting that '(t)he term small state characterizes a specific state's position towards its environment which is characterized by a certain deficiency in influence and in autonomy relative to large powers'. This evaluative approach inevitably makes categorisations and comparisons of small states more difficult than when using quantitative criteria, but it is helpful in building into our perceptions and understandings of small states the fact that a state that is small in resource terms may not necessarily be so in influence and power terms. So, for example, careful and astute use of diplomatic, mediating and brokerage skills may enhance the international position a state would be expected to occupy and the international roles it would be expected to exercise by virtue of its resources alone.

But whether quantitative or qualitative criteria are taken (and their relative merits are explored further in Archer and Nugent, 2002), there can be little doubt that Cyprus is indisputably a small state. It would perhaps be erroneous to describe it as a micro state – in Europe that description is best restricted to Andorra, Liechtenstein, Monaco, and San Marino, all of which have populations of less than 70,000 and all of which have at least partially integrated political, economic and security arrangements with larger neighbouring and surrounding states. But if Cyprus is not quite a micro state, it most certainly is a *very* small state. Taking the three most used quantitative criteria of smallness: the population of the Republic is 667,000, with about another 200,000 in the north (excluding Turkish troops, but including Turkish settlers); the 2001 GDP of the Republic totalled €10.2 billion (reliable figures are not available for the north, but the amount is likely to be around €1 billion); and the land area of the whole island is 9,251 sq.km. The degree of Cyprus's smallness in resource terms may be seen by comparing these figures with those of Belgium, a state customarily regarded as being one of the EU's existing small member states: Belgium's population is 10.3 million; its 2001 GDP was €257.3 billion; and its land area is 30,528 sq.km. As for applying qualitative criteria of size to Cyprus, while it has

attracted a disproportionate amount of international attention, it would be difficult to make out a case that it has exerted influence and power on the international stage that is significantly greater than its size.

Smallness as a Reason for Cyprus Seeking EU Membership, and the Likely Benefits and Problems of EU Membership for Cyprus as a Small State

Countries seeking membership of the EU do so for a mixture of reasons. Two sets of reasons are invariably present. First, there are economic reasons. The most important of these is the advantages to be gained from being part of a large market, though for many applicants – including all CEECs – the expectation of being a net recipient of EU funds is also important. Second, there are political reasons. Of particular importance here is the ability to influence EU decisions, since all European states are affected by many of these decisions whether they are EU members or not. Being part of the emerging European superpower, and helping to shape its relations with the rest of the world, is an additional political attraction for many EU applicants. A third set of reasons for seeking EU membership is also sometimes present, and certainly is so in the current – 10 + 2 (10 CEECs plus Cyprus and Malta) - enlargement round, in the form of security considerations. The EU does not, of course, provide hard security in the manner of the North Atlantic Treaty Organisation (NATO), but it is seen by some acceding states as offering useful soft security protection and comfort.

Cyprus's attempt to become an EU member is influenced by each of these three sets of reasons, but in a manner that is very much unique to it. It is a uniqueness that stems from a combination of Cyprus's smallness on the one hand and its special security position on the other. The nature of the uniqueness will now be shown, through an examination of each of the three sets of reasons for seeking EU membership coupled with observations on the associated likely benefits and problems of EU membership for Cyprus as a small state.

The Economic Dimension

Because of the small size of their productive capacities and domestic markets, small states normally have a higher ratio of trade in goods and services than large states. This heavy dependence on external trade – and in particular the dependence on external outlets for (usually specialised) domestic output – results in small states usually being very interested in preferential trading arrangements with trading partners.

With the EU being Cyprus's largest trading partner – accounting for around 54 per cent of its exports and 52 per cent of its imports in 2002 (European Commission, 2003a) - better trading access to the EU has thus naturally long been a key goal of Cypriot economic policy. However, this has not necessarily required EU membership, for Cyprus began moving towards the creation of a customs union with the EU from 1972, when an Association Agreement was concluded between the two. This progression was suspended following the 1974 Turkish invasion, but was re-activated in 1987 and, prior to being overtaken by the accession negotiations, was scheduled to be completed in 2002.

Trade preferences in themselves have thus not been critical for Cyprus in its attempt to become an EU member. Much the same goes for other claimed economic advantages of EU membership. There certainly are some such economic advantages for Cyprus – including EU funding, participation in EU programmes, a probable increase in foreign direct investment and location by overseas businesses, and an intensification of already existing pressures to tackle structural economic problems emanating largely from heavy state regulation, protectionism, and ownership. Use of such advantages has resulted in existing EU small states – most notably Luxembourg and Ireland – very much benefiting economically from their EU membership. However, for Cyprus it is not all a matter of advantages or of risk-free gain. One reason why it is not so is that in recent years Cypriot economic growth has been faster than average EU growth, so there is the possibility of spillover from the EU economy having a dampening effect. Another reason is that the (mandatory) adoption of EU regulatory policies and practices could endanger the growth in both financial services and in the location of offshore companies which, along with the expansion in tourism, have been at the heart of Cypriot economic dynamism.

The economic balance sheet in terms of Cyprus's accession to the EU is thus probably in the black, but not overwhelmingly so.

The Political Dimension

Cyprus is located at the very eastern end of the Mediterranean, with Turkey only 75km to the north and Syria 105km to the east. However, most of its citizens regard themselves as being European. EU membership would be regarded by many as being beneficial in so far as it would confirm and strengthen this European identity.

Regarding the political impact Cyprus can have in the EU, over thirty years ago Robert Keohane (1969) made a useful distinction between system-determining, system-influencing, system-affecting, and system-ineffectual states. On many issues Cyprus will doubtless be in the third and fourth of these categories. The fact is that as a small state there are many EU policy areas in which Cyprus has little direct interest and in which it does not wish to be, and indeed does not have the political/administrative resources to be capable of being, much involved. There are, however, a number of core policy areas in which it most certainly does wish to be an active policy player and can aspire to being in at least the second category. Prominent amongst these areas are: agriculture as it affects the Mediterranean; the environment, which is crucially important for tourism; regulation of services, especially financial services and tourism; and aspects of external policies, most particularly in respect of EuroMed and Cyprus Problem-related issues (on which more below).

What are the prospects of Cyprus being able to significantly influence such policies? Adapting a framework advanced by Baillie (1998) to explain why all small states have the potential to exercise at least some significant influence in the EU, it can be suggested that the nature and extent of Cyprus's political influence over EU decision-making will primarily be a consequence of three factors:

- 1) *Characteristics specific to Cyprus.* All EU member states have characteristics of some sort that are specific to them. These characteristics can have the effect, or can be used to have the effect, of increasing political influence. So, for example, as Baillie notes, Luxembourg's political standing in the EU is enhanced by virtue of its position as an EU founding member. For Cyprus, one special characteristic that might well assist it is its historical ties with Greece and the UK. Another is its geographical

position in the eastern Mediterranean, which could be useful in enabling it to act as a bridgehead to neighbouring Middle Eastern and North African countries. Certainly this possible bridgehead role is one to which Cyprus aspires, as Cypriot President Papadopoulos, speaking in July 2003 on the occasion of his signing of the Instrument of Ratification of Cyprus's Treaty of Accession to the EU demonstrated. He said that as one of the external borders of the EU Cyprus 'can become an economic, political and cultural bridge linking the two shores of the Mediterranean – a necessary bridge of mutual understanding and cooperation between the various religions, cultures and ways of life (Cyprus Government, 2003).

2) *The institutional arrangements that are advantageous to small member states.* All small states are advantaged in EU institutions and decision-making processes. Regarding institutional representation, membership of the College of Commissioners and of the EU's three Courts – of Justice, of First Instance, and of Auditors - is on the basis of one per member state, whilst in the European Parliament (EP) small states have proportionately more Members of the European Parliament (MEPs) than large states. Regarding decision-making weight in the European Council and Council of Ministers, virtually all of the decisions of the former and many of the more important and sensitive decisions of the latter are taken by unanimity, which is clearly beneficial to small states. Furthermore, even where qualified majority voting (QMV) is possible it tends to be used only after extensive efforts have been made to reach a consensus, and when it is used small states are proportionally over-represented in voting allocations (see below for more on this).

3) *The negotiating positions and behaviour of Cyprus.* Several academic commentators have demonstrated that small states have a potential to take advantage of their smallness in EU negotiations. For example, Thorhallsson (2000: Chapter 5) notes that the relatively limited number of people involved in representing small states in EU negotiations can result in them often having more room for manoeuvre than their counterparts from large states and being able to operate on a more flexible basis. Baillie (1998: 201-05) notes that small states can take advantage of the fact that they are not usually seen as being competitors by large states and also of the fact that making concessions to them does not normally involve giving up very much in relative terms.

Cyprus's smallness will thus not result in it being without political influence in the EU, especially on issues that are important to it and where unanimity applies in the European Council and Council of Ministers. Indeed, Cyprus is in a position to use its smallness to its negotiating advantage: being weak will help it in certain situations, especially if this is allied with adroit use of negotiating skills and being seen to be non-confrontational.

The Security Dimension

Security considerations have loomed larger in Cyprus's progression to EU membership than they have done for any other EU applicant since the European Community was founded in the 1950s. This is because of the island's highly developed sense of vulnerability *vis a vis* Turkey and its associated inability to resolve its internal security problem – both of which are explained, at least in part, by Cyprus's smallness.

Put simply, small states traditionally have two broad options in respect of their security policies: attempt to be neutral and independent on the one hand or find protective friends and be dependent on the other. Between these two 'polar positions' are various possibilities that can nuance basic stances, including being given/seeking multi-power constitutional guarantees and being neutral in security terms whilst being closely linked with a larger country or a group of countries for economic purposes.

In the early years of its existence after its foundation in 1960 Cyprus leaned towards the neutrality option, by becoming a founding and active member of the Non Aligned Movement. This position was, however, always overlain, and somewhat undermined, by the fact that the independence of the island was supposedly guaranteed by Greece, Turkey and the UK – the three countries which in effect, negotiated and decided the 1960 constitutional settlement. This guarantorship arrangement weakened Cyprus's claimed neutrality because the two main ethnic communities living in Cyprus – Greek Cypriots, comprising just over 80 per cent of the population, and Turkish Cypriots, comprising just less than 20 per cent – looked to the historical enemies of Greece and Turkey as their mother countries.

The extent of Cyprus's security problem was demonstrated, but also made much more complicated and politically dangerous, when Turkey invaded the northern part of the island in 1974. It did so in response to a *coup* - against the (Greek Cypriot) government of Archbishop Makarios - which was sponsored by the then military government in Athens and which was interpreted by Turkish Cypriots and Turkey as not only a threat to Turkish Cypriots but also a move to incorporate Cyprus within Greece. Large numbers of Turkish troops – currently estimated at around 30,000 – have remained in northern Cyprus since the 1974 invasion. And since an independent state, with the name 'Turkish Republic of Northern Cyprus' ('TRNC'), was declared in the north in 1983, northern Cypriot authorities – most particularly through their leader Rauf Denktash - have shown little interest in the concerns that have since dominated security policy in the Greek Cypriot zone: removal of the Turkish military presence in the north; removal of the perceived Turkish military threat to the south; and political reunification of the island.

Until the late 1980s the government of the Republic sought to deal with these pressing security problems mainly through the United Nations (UN) – which has consistently supported the Republic's position that Cyprus should be a bi-communal and bi-zonal sovereign state – and through diplomatic support from friendly governments in the West. As, however, the division of the island and the problems and tensions associated with it continued then so did Greek Cypriot security thinking shift. One way in which it did so was that hard security options were more actively sought. The most important outcomes of this were a defence pact agreed with Greece in 1994, and a decision taken in 1997 to purchase the Russian S-300 air to ground missile system – though, under EU pressure, it was later decided that the missile system should not be deployed. Another way in which security thinking shifted, and of most interest to us here, is that progression to, and eventually realisation of, EU membership was increasingly seen as having security attractions. There are two – inextricably interconnected - aspects of this.

First, EU membership came to be seen as offering Cyprus soft security protection from Turkey. Greek Cypriots perceive Turkey as posing a very real potential military threat: a perception that is stoked periodically by beligerent and uncompromising pronouncement from Ankara. The assumption in the Republic is that Turkey would not dare to take military action against an EU member state.

Second, it came to be hoped that movement to EU membership by the Republic could act as a catalyst for a resolution of the Cyprus Problem. Two ways in which this might happen were anticipated. On the one hand, Turkey – the ‘TRNC’s’ patron and protector - might come to accept that it is in its own interests to see the Problem resolved. In this context the EU has made it clear that a resolution would be beneficial to EU-Turkey relations and would help Turkey to realise its own ambitions of EU membership. On the other hand, ‘TRNC’ leaders might be persuaded to become more flexible in negotiations on the Cyprus Problem so as to open the way for the economic regeneration of the north via EU membership for Turkish Cyprus. (Per capita wealth in the north is about one quarter that of the south, despite the north having been richer than the south at the time of the 1974 invasion.) Since 1994 the EU has sought to pressurise the ‘TRNC’ to move in this direction. It has done so by: a) the issuing of progressively more explicit commitments by the European Council, Council of Ministers and European Commission that a non resolution of the Cyprus Problem is not in itself a barrier to the Republic being granted EU membership; b) making it clear that the ‘TRNC’ cannot hope for EU membership either as a single state or as part of Turkey; c) promising immediate financial aid to northern Cyprus once the Cyprus Problem is resolved – even after the Republic signed the EU Accession Treaty in April 2003 the Commission promised that if a settlement could be reached quickly then €206 million would be channelled to northern Cyprus in the 2004-06 period. (For illustrations of EU statements and pronouncements covering these three dimensions of the EU’s approach, see, for example, the 1999 Helsinki summit declaration [European Council, 1999], Enlargement Commissioner Günter Verheugen’s speech in January 2001 [Verheugen, 2001], and Commission President Romano Prodi’s speech in November 2001 [Prodi, 2001]).

It might be thought that, to date, there is little evidence of the movement of the Republic towards EU membership acting as the hoped-for catalyst. Although it is true that in 2002-03 there were extensive high-level exchanges between the two sides – more indeed than at any time since the 1974 invasion - the fact is that the two sides remained far apart on key issues. Talks - they were hardly negotiations - on a UN sponsored peace plan and negotiations broke down in March 2003. Moreover, they broke down with the positions of the three key sets of actors seemingly unchanged: the Greek Cypriot government continued to insist on a single state of Cyprus, with a single sovereignty and citizenship; the ‘TRNC’ authorities remained committed to the

existence of two sovereign Cypriot states, with each to be internationally recognised; and the Turkish government did not show itself to be willing to pressurise the 'TRNC' to negotiate away its claimed sovereignty. (On the 2000-03 exchanges, see Tocci 2003.)

However, notwithstanding the lack of a breakthrough, it is still possible that EU membership for the Republic could act as a catalyst for a settlement of the Cyprus Problem. There are two ways in which this might happen.

First, in December 2002 and January 2003 there were unprecedented demonstrations in northern Cyprus against the policies of the 'TRNC' authorities. The demonstrations appeared to be stimulated primarily by the unwillingness of the authorities to reach a settlement under the UN's proposals, thus meaning that northern Cyprus could not become part of the EU and could not aspire to the standard of living in the south of the island. The widespread disaffection that the demonstrations revealed may not herald a policy change by the Denktash regime, but it may herald an eventual change to a new, and more flexible, regime.

Second, Turkey may yet use its influence over the 'TRNC' to force a solution. Throughout the 1990s and into the early 2000s the EU's strategy towards Turkey has been to establish as close relations with it as possible, short of opening accession negotiations. As part of this strategy, at the 1999 Helsinki summit Turkey was accorded the status of being a candidate country. Further to this, an Accession Partnership, designed to assist Turkey to make the changes which will result in it meeting the EU's accession criteria, was adopted by the Council in March 2001. At the December 2002 Copenhagen European Council meeting – the summit where it was formally decided that ten states, including Cyprus, could join the EU in May 2004 – Turkey's progression to eventual EU membership was taken a step further. At Copenhagen, the leaders of the EU-15 did not quite meet Turkey's demands to set a definite date for the opening of accession negotiations, but came very close to doing so in that they decided that the December 2004 summit will authorise the immediate opening of accession negotiations if the Commission so recommends on the basis of Turkey having continued with its reform programme. The Copenhagen summit did not explicitly link the opening of accession negotiations to the Cyprus Problem, but statements from several leading EU figures since Copenhagen have made it clear that it is most unlikely that they will be opened whilst the Problem remains unresolved.

Furthermore, in November 2003, the Commission, in its first post-Copenhagen annual report on the progress towards accession being made by Turkey, went further than it ever had before in linking the Cyprus Problem to Turkey's prospect of EU membership. The Commission stated that Turkey 'should provide determined support for efforts to achieve a comprehensive settlement of the Cyprus problem' (European Commission, 2003b: 45) The overall strategy paper on enlargement that was issued alongside the report on Turkey and reports on the other acceding and applicant countries went even further in emphasising the importance of Turkey becoming proactively involved in promoting a settlement:

The Commission considers that there are favourable conditions for the two communities to reach a comprehensive settlement of the Cyprus problem before Cyprus' accession to the EU on 1 May 2004. The absence of a settlement could become a serious obstacle to Turkey's EU aspirations (European Commission, 2003c: 16)

A central reason why it could be such a 'serious obstacle' is that without a settlement it is probable that Greece, Cyprus itself, and perhaps some other member states, will veto accession negotiations with Turkey.

Should the second scenario come about – Turkey using its influence to pressurise the 'TRNC' into accepting a solution – as is quite possible, it will mark the culmination of an instructive sequence of small state (the Republic and the 'TRNC')-big state (Turkey) interrelationships: the Republic, powerless by itself to pressurise Turkey to return Cyprus to its pre-1974 situation; the 'TRNC' surviving only with Turkish support; pressure on Turkey to bring about a solution to the Cyprus Problem becoming irresistible, not so much because the Republic has found large state friends but rather because these friends, and the Republic itself, have the power to give Turkey something it strongly desires (EU membership); and Turkey withdrawing its support from the 'TRNC', resulting in the latter having no option but to agree to a settlement.

Challenges for the EU in Incorporating the Small State of Cyprus

Cypriot membership has potential benefits for the EU. Like the membership of Malta it will, as both Melakopides (2000) and Pace (2000a and b) have noted: demonstrate ‘the authentic motives of the Barcelona Declaration, regarding peace, stability and prosperity in the Basin’ (Melakopides, 2000: 307); provide links to the Mediterranean’s southern shores and the Middle East (especially the former in Malta’s case and the latter in Cyprus’s case); provide links to Commonwealth and non aligned countries; and provide symbolic demonstration of the EU’s resolve to include the whole continent.

Attention in EU circles on Cyprus’s hopes for EU membership has, however, focused not so much on the potential benefits for the EU as on the difficulties. The principal difficulty has consistently been seen to be the Cyprus Problem, with concerns that the admission of a divided Cyprus risks: entrenching positions on both sides of the Green Line (which separates the two parts of the island), thus making a resolution of the Cyprus Problem more difficult; placing further strains on Greek-Turkey relations; and damaging the EU’s relations with Turkey – in the short term because Turkey’s insistence that the Government of the Republic should not take decisions on behalf of the whole island will be seen to have been ignored, and in the longer term because upon Cypriot accession the Government of the Republic will help to frame EU policy towards Turkey and will have a veto over Turkey’s EU membership ambitions.

But the shadow of the Cyprus Problem should not disguise the fact that Cyprus’s accession also brings with it other challenges for the EU. Prominent amongst these challenges is Cyprus’s position as a small state, for from the EU’s viewpoint small applicant states can potentially create at least four challenges arising from their smallness.

1) *They must be incorporated into the EU’s institutions in a manner that respects the principle of equality of states on the one hand and proportionality of representation on the other.* This challenge does, of course, apply when dealing with all applicant states. However, it does so particularly with small member states because large states can be somewhat resentful of the equality principle, whilst strict

application of proportionality would result in small states – especially very small states such as Cyprus – being swamped in Council voting allocations and in the EP.

Much of the debate at the 2000 Nice summit on preparing the EU institutions for enlargement was focused precisely around these competing principles and the balance that should be struck between them. After exhaustive negotiations an agreement was eventually concluded that was broadly acceptable to both EU-15 and prospective member states, large and small alike. Cyprus emerged reasonably well in the final deal: until such time as the EU numbers twenty seven member states all states are to have one Commissioner; for the foreseeable future the membership of the Courts is to consist of one national per member state; in the Council of Ministers Cyprus will, with four votes, have 1.2 per cent of the total QMV vote for its 0.2 per cent of a twenty seven member EU population – one more vote than Malta (for its 0.4 million inhabitants) and the same as Latvia (2.4 million), Slovenia (2.0 million) and Estonia (1.4 million); and in the EP Cyprus will have six MEPs – 0.8 per cent of the total of 732 MEPs - one more than Malta and the same as Luxembourg (0.4 million inhabitants) and Estonia (Treaty of Nice, Declaration 20).

2) *They may give rise to concerns in large member states about the possibility of being outvoted and/or thwarted by small states.* The 10 + 2 enlargement round, with its large number of small member state applicants, has greatly increased the anxieties of large member states about the potential power of small member states in EU decision-making processes. Largely because of these anxieties, the Nice Treaty made two significant changes to Council QMV procedures to improve the position of large member states: a) on the prevailing voting system, the voting share of the six largest member states would have reduced from 55 per cent to 42 per cent in an EU of 27, but at Nice this was amended to give them just under 50 per cent; b) a demographic safety-net was introduced enabling a QMV majority to be challenged and not to stand if the size of the majority does not represent at least 62 per cent of the EU's population.

In all probability, large states need have few concerns about the political power of small states in an enlarged EU. Apart from in the special case of institutional representation, EU-15 small member states have not struck alliances with each other any more than have any other group of states. The fact is that small states have

significantly different political, economic and security interests and so have no reason to be part of a small member state bloc.

Insofar as Cyprus may be part of a bloc of any sort it will be as part of a Mediterranean bloc, though even that – as the often differing voting behaviour of Spain and Portugal has shown – will be a very loose bloc. There will, of course, be a close working relationship with Greece on certain issues – ‘the two Greece’s problem’ as some EU practitioners put it – but that is because of the ethnic and historical ties between the two countries rather than because of any shared position as small states (Greece’s population is 10.5 million).

3) *They may not have the political and administrative resources to be able to manage a Council presidency.* As the EU has grown in size and assumed increasing policy responsibilities so has the Council presidency become increasingly burdensome. Small states, and especially very small states, just do not have the political and administrative capacity to be able to undertake by themselves everything a presidency involves – hence Luxembourg’s reliance on assistance from its neighbour Belgium when it holds the presidency. This problem resulted, after the 1995 EFTA enlargement round (when three small states - Austria, Finland and Sweden - joined the EU) in a change from the arrangement by which the presidency rotated in the alphabetical order of member states in their own languages. Under the revised arrangement there is a negotiated presidential order designed to ensure that each troika - that is, the preceding, the current, and the succeeding presidencies - contains at least one large member state (with the Netherlands being counted a large state for this purpose). Whilst this has not removed all the difficulties small states have when occupying the presidency, it has meant they are able to make use of their troika partners to ensure they have access to the resources running a presidency requires.

It is likely that a more radical system for the assignment of presidencies will exist by the time Cyprus is called to exercise a presidential role. With states assuming the presidency only once every 13½ years under the six month rotation system in an EU-27, with a perceived need for presidencies to be underpinned by more continuity and experience, and with the problem small states often have in handling presidencies, the 2002-03 Convention on the Future of Europe spent much time focusing on the presidency issue. Just as the debate on institutional representation had pitted large

states against small states in the 2000 Intergovernmental Conference (IGC), so a similar division emerged in the Convention, though not in quite so stark a form. In broad terms, the large states supported the creation of a more permanent presidency throughout the Council system, while the smaller states opposed this. The reasons for the small states' opposition were a fear that the large states would occupy most key positions and also that an inevitable consequence of such a system would be a reduction in the power of the Commission – which traditionally has been seen as a key ally of smaller states. In the event, the preferences of the large states prevailed, subject to some compromise. The Convention recommended that the rotation system in its present form should be abandoned and be replaced by a system, or more accurately set of systems, in which: 1) the European Council elects its own President, by QMV for a 2½ year term that may be renewed once; 2) the Foreign Affairs Council is chaired by an EU Foreign Minister who is a Vice President of the European Commission but who is appointed by the European Council acting by QMV and with the agreement of the President of the Commission; 3) other Council formations - of which there should be a reduced number - are chaired by member state representatives (probably from different states) on a rotational basis to be determined by the European Council and for a period of at least one year (European Convention, 2003). Assuming these proposals of the Convention, or something close to them, are adopted by the IGC that opened in October 2003, then clearly the problem of small states being able to run an effective Council presidency should largely disappear.

4) *They may not have the political, administrative and legal capacity to be able to conduct an effective accession process and to be able to implement EU policies.* Becoming and then being an EU member state is a major undertaking for, and imposes great burdens on, the political, administrative and legal systems of applicants. This may be evidenced by citing four of the sets of measures applicant states must address during the accession process: 20,000 or so EU laws covering some 80,000 pages of the *Official Journal* must be incorporated into the national legal framework; economic structures and working practices must be changed so that the national economy functions in accordance with Single European Market rules; national officials must familiarise themselves with the (often highly technical and complex) aspects of the EU *acquis* as it impinges on their work; and administrative and judicial

structures must be modernised and strengthened so that on accession the *acquis* can be fully and properly applied.

Satisfying the EU's membership conditions is thus highly demanding on national political, administrative and legal systems. Being able to make the necessary changes and produce the necessary resources can cause particular difficulties for small states, with their sometimes rather entrenched public sectors and their comparatively small number of appropriately qualified and trained public officials.

Cyprus has indeed experienced some such difficulties, not least in responding to Commission demands for more resources, including staffing resources, in many areas. Nonetheless, the difficulties have not been insurmountable. This may be illustrated by taking Cyprus's administrative capacity to implement the *acquis*, which was identified in 1998 in the Commission's first annual Regular Report on Cyprus's progress towards accession as being a potential problem: 'As concerns Cyprus' administrative and judicial capacity to apply the *acquis*, it seems that major problems will not be encountered. However, administrative capacities remain to be strengthened in a number of areas, including the internal market, maritime transport, telecommunications, environment and justice and home affairs' (European Commission, 1998: section 3.20). Subsequent Regular Reports made similar observations, with the 2000 report, for example, praising Cyprus for further strengthening its administrative capacity in many areas, whilst emphasising that more needed to be done by way of creating new regulatory authorities and recruiting additional staff in areas such as company law, transport, taxation, and (as in 1998) environment and justice and home affairs (European Commission, 2000: section 3.2). The 2002 report - the last before the decision was officially taken at the Copenhagen summit to admit ten of the applicants, including Cyprus - stated: 'Overall Cyprus.....is advanced towards reaching adequate administrative capacity to implement the *acquis* in a considerable number of fields, although further efforts remain to be made' (European Commission, 2002: 116-17). (For an overview of Cyprus's institutional adaptation to EU independence, see Featherstone, 2000.)

Such criticisms that have been made of the ability of Cyprus's political, administrative and legal systems to cope with the demands of EU membership, have, it should be emphasised, been relatively mild when compared with many of the comparable criticisms made of other applicants. There appear to be three main reasons why Cyprus has been able to make the necessary adjustments with relative ease. First,

as an established functioning democratic and market-based country, Cyprus had relatively modern and efficient political, administrative and legal systems in place before the accession process began. Second, the 'normal' workload of adjusting to the EU has been lightened by virtue of much of the *acquis* already having been incorporated as part of the movement towards the EU-Cyprus customs union. Third, it seems that Cypriot public servants are well versed in the strategies that officials of small states customarily use to cope with the demands made on them (see Thorhallsson 2000 for a review of these strategies). It is, for example, certainly the case that much of the preparatory work on Cyprus's accession arrangements was undertaken within corporatist and networking frameworks in which representatives of the major political parties and of the public and private sectors worked closely together, and it is also the case that politicians and officials worked on more informal and flexible bases than is customary in large states.

Concluding Remarks

Ten countries are scheduled to join the EU on 1 May 2004. Of these ten, all but one – Poland - have relatively small populations. The Czech Republic, with 10.3 million inhabitants, is the largest of these small states, whilst Malta, with almost 400,000, is the smallest.

This paper has examined key issues concerning Cyprus, the second smallest acceding state. It has been emphasised that Cyprus's past, current, and future relations with the EU, and the EU's relations with it, should not be viewed, as they often are, too much through the lense of the Cyprus Problem. Cyprus's smallness is another important dimension in the relations. Cyprus has been motivated to seek EU membership partly because of its smallness. That smallness is likely to condition Cyprus's interests and behaviour in the EU. And the EU has had - and will continue to have – to prepare for Cyprus's accession, and more broadly for the 10 + 2 round as a whole, with the small state dimension very much in mind.

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