

CYPRUS: THE COSTS OF FAILURE

By David Hannay

★ The latest round of negotiations for a comprehensive settlement on the divided island of Cyprus are likely to reach a decisive phase in late 2009 or early 2010. After 45 years of on-off talks, it is sensible to contemplate failure. Circumstances have changed, however. Most importantly, (Greek) Cyprus is now an EU member and Turkey's role in the Cyprus settlement is closely linked with its own EU accession negotiations.

★ The costs of failure of the Cyprus negotiations could range from a breakdown in EU-Turkey relations to bad blood between Ankara and Athens, with collateral damage to EU-NATO co-operation. The benefits of success would not only comprise an economically thriving Cyprus but also wider regional stability and improved prospects for a successful conclusion of Turkey's EU accession process.

★ A bi-zonal, bi-communal federation – as envisaged in the Annan plan that the Greek Cypriots rejected in 2004 – remains the only viable solution. It is the Turkish and Greek Cypriots themselves who need to shape and own the necessary compromises. The EU, although in many ways central to the prospects of a Cyprus settlement, does not have a strong role to play in the negotiations. Its most positive contribution would be to keep the Turkish accession talks alive and ensure steady progress.

No-one has yet lost money betting against the successful conclusion of negotiations for a comprehensive settlement of the Cyprus problem. And that despite 45 years of on-off negotiations and at least three major, concerted efforts by the international community to reach a solution. So it seems sensible at least to contemplate the possible failure of the current round of negotiations. These began following the election of Dimitris Christofias as Greek Cypriot president in February 2008, and they are expected to reach their decisive phase later in 2009 or in the early months of 2010. To contemplate failure reflects neither a prediction nor a desire to see that occur.

One reason for caution at this stage are the circumstances under which the last round of negotiations failed in 2004. These circumstances have implications for the latest attempt at reaching a settlement. In 2004, both sides of the island voted on a negotiated settlement in a referendum. A hefty majority of Greek Cypriots rejected the so-called Annan plan while the Turkish Cypriots endorsed it.

The Turkish Cypriots voted yes although they felt the plan contained a number of painful concessions from their side which they accepted with a heavy heart and many misgivings: the return of substantial amounts of territory from Turkish Cypriot to Greek Cypriot administration; the displacement for a second time of many Turkish Cypriots; and the return of Greek Cypriot property owners to the north and the gradual removal of the vast bulk of the Turkish military from the island. For the Turkish Cypriots, the idea of making further concessions in order to meet points of particular sensitivity to the Greek Cypriots is not appealing. Nor does it appeal to the Turkish government in Ankara with which the Turkish Cypriots have traditionally maintained close ties.

Meanwhile, in the successful 'no' campaign of 2004 the Greek Cypriots challenged not just the detail of the Annan plan. They also questioned many of the fundamental features of the bi-zonal, bi-communal federation which they had accepted as long ago as 1977. This outline, however, remains the only possible basis for a settlement.

Since 2004 tempers have cooled. In the Greek Cypriot presidential election of 2008, a large majority voted either for the left-wing Christofias or for Ioannis Kasoulides, an independent candidate; both favoured a re-opening of negotiations. They rejected the incumbent, Tassos Papadopoulos, whom they knew would have frustrated that objective. The gap between the northern and southern parts of the island thus remains wide, but not so unpromisingly wide as it was after the 2004 debacle.

To many outsiders the resumption of negotiations for a Cyprus settlement provokes little more than a weary shrug and surprise that anyone should be able to summon up the energy and the optimism to set off round that well-trodden course yet again. That corrosive cynicism, which has in recent years infected the two peoples on the island as well, is itself one of the greatest obstacles to reaching an agreement.

And yet much has changed in recent years. In 2004, for the first time, all the provisions needed for a comprehensive settlement were on the table. Although that settlement was rejected by the Greek Cypriots, it is no longer too difficult to see how all the necessary pieces of the jigsaw puzzle can be fitted together. More significantly, the whole focus of the negotiations and the framework in which they are being conducted has shifted. In the earlier years of the Cyprus dispute that framework was a Cold War-dominated one; the challenge was to prevent two NATO allies in the Eastern Mediterranean coming to blows and to prevent the Soviet Union from profiting from that tension. Now the Cold War is over and the Soviet Union is no more. A new player, the European Union, has emerged, and efforts to resolve the Cyprus problem have come to revolve around the respective aspirations of the two parts of Cyprus and of Turkey to join the EU.

The centrality of the EU

The EU nexus did not help to bring about a solution during the last attempt in 1998-2004. The Turks and the Turkish Cypriots failed to take advantage of the long period of Greek Cypriot accession talks to negotiate seriously when a still-divided island was moving towards EU accession. And then the EU admitted the island still divided. Now the latest negotiating phase is, and will continue to be, dominated by the prospects for Turkey's own accession talks. This EU dimension is critical both to the chances of success or failure, and to any assessment of the likely consequences of failure (or, in diplomat-speak, non-settlement).

The best illustration of the centrality of the EU dimension to the chances of success or failure in this negotiating phase is to pose two questions. Is it even remotely conceivable that Turkey could be accepted into an EU of which Cyprus is already a member, if the status quo on the island remained and no settlement of the Cyprus problem had been reached? And secondly, is it even remotely conceivable that a Turkey, definitively rebuffed by the EU, would strike a deal on Cyprus which the Greek Cypriots could accept? I believe the answer to both questions is no. So, although the negotiations between the two Cypriot parties under UN aegis will have their own logic and their own dynamic, they are likely to be overshadowed by the existential issue of Turkey's EU accession negotiations.

Are the political pundits right then to assert, as many of them do, that this is the last chance to re-unite the island? I suggest a little caution is needed here. This is not only because 'last chance' rhetoric is part of the stock in trade of all negotiators when trying to promote their favoured outcome. It is not inconceivable that this particular phase of negotiations may hit the buffers, or, perhaps more likely, get bogged down in irreconcilable differences, without that representing the end of all hopes for re-uniting the island. So long as there is breath in the body of Turkey's EU accession aspirations, there will be some hope for a Cyprus settlement. And even on the most optimistic assessment, those accession negotiations have quite a few years to run. So I would link the 'last chance' scenario to the fate of Turkey's EU bid, not to this particular phase of the Cyprus negotiations saga. However, the two things could come to be elided in some circumstances, such as a firming up of the opposition to Turkish membership in France, Germany or Austria, so as to prevent the continuation of the country's accession negotiations; or a Turkish decision to pull out of these negotiations.

The Goldilocks syndrome of Cyprus

It is always tempting to ask whether there is a third outcome available and negotiable other than deadlock on the basis of the status quo or a comprehensive settlement based on a bi-zonal, bi-communal federation. I really do not believe so. This is not only because it is rather hard to see how, through 45 years of negotiation, a third way could have come to be missed. It is also because of the failure of the many attempts over the years to negotiate less ambitious outcomes – confidence building measures such as the re-opening of Nicosia airport (which lies abandoned in the buffer zone between north and south) or the port of Famagusta (now in Northern Cyprus), or the return of Varosha (Famagusta's once lively tourist quarter) to the Greek Cypriots. Whenever this more modest approach has been tried, one or both of the parties have

concluded that they would be conceding crucial, substantive points from the main negotiations or surrendering useful leverage in that negotiation.

The hard fact about the Cyprus problem is that it suffers from what could be called ‘the Goldilocks syndrome’: it is neither hot enough to instil in both sides, either from fear or exhaustion, a desperate desire to settle; nor is it cold enough to make low-key, partial compromises politically viable.

Does the lack of a third option matter? I doubt it. It is after all 30 years since the EU first, and then the US and the Arab states and Israel, came to the conclusion that a two-state solution was the only viable way to settle the Palestine problem. In Cyprus the High Level Agreements of 1977 and 1979 set out the objective of a bi-zonal, bi-communal federation and nothing that has happened since then has invalidated the view that that is the only negotiable basis for a settlement. The attempts of the former Turkish Cypriot President Rauf Denktash and the Turkish government to promote a confederal model never even got off the ground. And the idea that Turkey and the Turkish Cypriots might ever accept a return to something like the 1960 constitution under which the Turkish Cypriots simply had minority rights is equally far-fetched.

What then is the main challenge facing the current negotiators – Greek Cypriot President Christofias, his Turkish Cypriot counterpart, Mehmet Ali Talat, and Alexander Downer, the UN Secretary-General’s Special Representative? The challenge is threefold: to keep firmly within the overall framework of the 1977 and 1979 High Level Agreements for a bi-zonal, bi-communal federation; and at the same time to make the maximum use of ideas discussed and often tentatively agreed in subsequent rounds of negotiations; and to find ways of addressing the most sensitive issues which surfaced in the last negotiations and which dominated the referendum campaigns without upsetting the overall balance without which a deal will not be struck. So far the talks have laboriously traversed the foothills of each main chapter of the negotiations (territory, governance, property, security) without making much progress towards identifying solutions. That was a necessary, but time-consuming, process. Now a shift of gear will be needed; and the UN role in exploring the narrowing of gaps will become more prominent.

What if the talks fail?

If this latest attempt to reach a negotiated settlement failed, what would be the implications for the two sides in Cyprus, and for others involved such as Turkey, Greece, the EU and the US? A lot will, of course, depend on the circumstances of the failure and whether the blame for it comes to be attributed equally to both sides or to one or the other of them. Even more will depend on whether it is generally perceived that the failure has put an end to any chance of re-uniting the island and with it any chance of Turkey joining the EU. Or whether this is seen to be just another station of the cross on the Via Dolorosa of the search for a solution of the Cyprus problem.

If one speculates first about the second, less malign of these two scenarios, we are probably looking at more of the negative but manageable consequences that we already have. The north of Cyprus would remain to some extent isolated, under-performing economically and dependent on the largesse of Turkey. It would be embittered at what it would see as the EU’s betrayal of the promises of much-enhanced trade and transport links that the EU gave when the Turkish Cypriots voted ‘yes’ in the 2004 referendum. It is not easy to see how, in these circumstances, the European Union could overcome the objections of one of its members (Cyprus) to redeeming those promises. Hitherto its objections have always prevailed. This could well lead to the election of a president in northern Cyprus who is less supportive of a settlement than the present incumbent, which could complicate (but probably not completely frustrate, if Turkey wanted it) any subsequent move back into active negotiation.

The Greek Cypriots would continue to prosper within the EU and to use its machinery to frustrate the Turks and Turkish Cypriots while doing their best to avoid the doomsday scenario (for them as well) of pulling the plug definitely on Turkey’s accession prospects. There would continue to be collateral damage to the EU/NATO relationship: the Turks would continue to exert their stranglehold within NATO over any increased co-operation with an EU which contains a still-divided Cyprus. The Turks and Turkish Cypriots would sustain more damage from the property cases coming before the European Court of Human Rights of which they have expensively lost several and seem set to lose many more (now complicated further by the ruling of the European Court of Justice that domestic courts in EU member-states must enforce rulings on Greek Cypriot property rights in the north).

The prospects for the Cyprus talks also interact with ongoing problems in Turkey’s accession negotiations. The Turkish government has unwisely refused to extend the benefits of its customs union agreement with

the EU to a divided Cyprus. The EU, arguing that Turkey is obliged to do so under the 2005 ‘Ankara protocol’, has retaliated by freezing a number of chapters of the *acquis communautaire* in the accession negotiations. The EU was due to review the situation in the autumn of 2009, and diplomats warn that some of those EU governments that do not wish to see Turkey as a full member may take this as an opportunity to call for a suspension of the talks.

In the short run, it may be possible to limit further damage from a breakdown in the Cyprus talks on this already tense situation between Turkey and the EU. In the longer term, that damage is likely to increase. Both Turkey and all those who want to see Turkey join the EU would need to find a way to re-start the Cyprus negotiations. However, the circumstances in the future are likely to be even less propitious than they are at present. That is because the closer the conclusion of the Cyprus negotiations moves to the final phase of Turkey’s EU accession negotiations, the greater the risk that trade-offs between the two will emerge that Turkey finds impossible to accept.

The bleak scenario

There is an even less favourable scenario, under which both Turkey’s EU aspirations and the prospect of a Cyprus settlement sink beneath the waves for the foreseeable future. Many of the negative consequences would be the same but only more so, and they would be a great deal more difficult to manage: if even the faintest hopes of EU accession and a Cyprus settlement vanished, there would be no more constraints on the principal parties.

It is tempting to speculate that this scenario could clear the air, rid all concerned of unrealisable aspirations, and enable them, after a pause for rage and denunciation, to pursue policies of pragmatic co-operation. It is tempting, but unrealistic – even if there is evidence that the younger generation on both sides of the island are tiring of those aspirations and warming towards the status quo. I suspect, however, that the generation of Greek Cypriot politicians who might be prepared to accept that they will never regain the larger share of territory that a settlement would bring, that they will never re-possess their properties in the north and that Turkish troops will remain on the island in force for the foreseeable future, has yet to be born.

Far more likely is that the Greek Cypriots would intensify the guerrilla warfare in Brussels and perhaps also resume the dangerous road they took in 1997-8 of seeking to acquire more sophisticated weaponry in a vain attempt to achieve security against their perception of a threat from Turkey. And while the Turkish Cypriots would probably be reasonably comfortable with the status quo, a Turkey definitively re-buffed by the EU could become a very awkward neighbour and ally. Its relationship with the EU would be somewhere between poor and bad; and even the rapprochement with Greece could come under strain. The temptation for Turkey’s foreign policy to take a clearly anti-western slant would be there. Overall the probability is that the Eastern Mediterranean would once again become a prey to instability and insecurity.

A win-win outlook

A look at the political and economic consequences of the failure to achieve a settlement should be complemented by a glance at the possible positive consequences of a settlement. Both are of course equally speculative. But simply comparing the consequences of breakdown in the negotiations with the present situation fails to measure the gap between success and failure in the present Cyprus talks. This is no exact science. But the whole experience of the EU has been one of healing the wounds of the wars of the 20th century (or even earlier) to the benefit of hugely increased prosperity and security for all the populations concerned. There is no reason to believe that this would not be the case between Greeks and Turks and between Greek Cypriots and Turkish Cypriots if a Cyprus settlement could be achieved.

Cyprus’ geographical situation, its strengths as a principally services-based economy and its well-educated labour force on both sides of the demarcation line, mean that it should be ideally placed to capitalise on free access to the massive Turkish market. The experience of both Greek and Turkish Cypriots in tapping into Middle Eastern markets, for example for higher education and for financial and other services, has shown the way. It is considerations like these that make the passionate attachment of so many Cypriots on both sides to zero-sum calculations in the negotiations look so singularly outmoded. They consider it axiomatic that any concession to one side must necessarily be to the precisely equivalent detriment of the other and thus requiring of compensation somewhere else on the negotiating chess-board. Breaking out of that zero-sum mentality is one of the biggest challenges to all those involved in these renewed negotiations.

With a comprehensive settlement achieved – or at least in view – Cyprus would renounce its blocking tactics in Brussels that have so far added one further obstacle to Turkey’s accession into the EU. Some diplomats speculate that removing the Cyprus hurdle would only serve to allow full view of the other obstacles to Turkish accession, such as the fears among many West European populations of large-scale migration or the concerns among EU politicians of admitting a large, proud and – it has to be said – predominantly Muslim – country to the Union. Surely, however, it is better to address these challenges openly than for both Turkey and European opponents of Turkish accession to continue to hide behind the problems posed by a divided Mediterranean island. Only if the EU and Turkey address openly the issues thrown up by Turkey’s accession negotiations can these be brought to a successful conclusion.

Cypriots are the main players

Many of those who have broken their teeth on the Cyprus conundrum walk away declaring that the problem is insoluble. I am not one of them. Like so many of the world’s worst problems the benefits from a settlement for all concerned would far outweigh the cost in time and effort required to negotiate one. We seem to be moving back into a period when in general more weight is put into active diplomacy and into making the fullest possible use of multilateral institutions and instruments to achieve these diplomatic objectives. Cyprus is surely a case for treatment, however uncertain the auguries for success and however necessary it is to contemplate the possibility of failure.

There is one health warning, however. Every Cypriot imbibes with their mother’s milk the belief that their fate is going to be determined somewhere else by someone other than them. Strictly speaking this is not entirely true; after all Denktash and Papadopoulos were both Cypriots and they both had a major influence on, and responsibility for, the negotiating failures of recent years. But that is what Cypriots believe and none of us is going to persuade them of the contrary. With the benefit of hindsight I believe that those of us from outside the island came to play too prominent a public role in the last major effort to reach a settlement. That enabled Cypriots, particularly Greek Cypriots, to blame outsiders for everything they did not like about the Annan plan even when the compromises were in fact ones fashioned by their own leaders. So it is essential that on this occasion the two sides in Cyprus should take full ownership of whatever is negotiated. Naturally there will have to be some outsiders involved in facilitating the negotiations and helping to nudge the parties towards compromise. But that external involvement needs, I believe, to be more discreet than in the past, and at every stage the UN and its representatives need to remain centre stage, supported from the wings by the members of the Security Council to whom they report.

What role is there for an EU that stands more to gain from a settlement, and more to lose from another failure to reach one, than almost any other of the main players? Unfortunately the answer remains as frustrating and discouraging as ever. While the European Union is at the heart of this whole nexus of Eastern Mediterranean problems, the simple fact that Cyprus and Greece are members while Turkey is not means that it cannot sensibly aspire to play a leading part in negotiating their solution. The greatest contribution the EU could make to such a desirable outcome is the one that several of its most important member-states are unwilling to allow it to perform, namely to play a positive and dynamic role in Turkey’s EU accession negotiations.



*David Hannay was UK Special Representative for Cyprus from 1996-2003. He is an Independent member of the upper house of the British Parliament. He has not, since 2003, been an employee of the British Government; and the views in this brief are his alone.
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