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Cyprus: Six Steps toward a Settlement

I. OVERVIEW

With the Cyprus reunification negotiations under way since 2008 at an impasse, dramatic steps are needed. As the stalemate continues, the costs for Greek and Turkish Cypriots, Turkey and the European Union (EU) are growing. Neither Greek Cypriots nor Turkish Cypriots can fulfil their potential on an island whose future is divided, uncertain, militarised and facing new economic difficulties. Turkey's EU candidacy and EU-NATO cooperation, are at risk. Specifically, in order to unblock the situations on the island and in Brussels, the sides should take confidence-building steps in 2011 – unilaterally if necessary – to build trust and satisfy their counterparts' main demands without prejudicing the outcome of a comprehensive settlement.

Interim measures are necessary now, because the UN-facilitated talks look set for another non-productive year. No one wants to incur the stigma of breaking off the talks, so they are likely to stumble on, but a 26 January meeting between Secretary-General Ban Ki-moon and the leaders of the two communities failed to signal any new convergence. Ban was asked by the Security Council to submit an update on the process by the end of February, following an already critical November 2010 appraisal. Progress on a comprehensive deal is likely to be held up by Greek Cypriot parliamentary elections in May and Turkish general elections in June. Cyprus talks, ongoing for decades, typically recess during the summer.

Time is making it ever harder to reunify the island, divided politically since Greek Cypriots seized control of the Republic of Cyprus in 1963 and militarily since a Turkish invasion in 1974 created a Turkish Cypriot zone on its northern third. After nearly four decades, the sides remain far apart even on the meaning of the talks' agreed goal, a bi-zonal, bi-communal federation. While there has long been peace, and relative freedom to interact since 2003, trade and visits between the two communities across the Green Line are decreasing.

Lack of a settlement damages everyone's interests and keeps frustrations high. More than 200,000 Cypriots are still internally displaced persons (IDPs), and Turkish troops remain in overwhelming force. Few outside the military command in Ankara know if there are 21,000 soldiers, as Turkey says, or 43,000, as Greek Cypriots claim – a dispute that is one indication among many of the distrust and lack of information. The Turkish Cypriots are cut off from the EU, without the means to trade or travel there directly, though they are EU citizens. The Greek Cypriots have used their membership since 2004 to help bring the EU-Turkey relationship to a standstill, blocking half of the chapters in Turkey's accession negotiations.

Crisis Group has detailed in four reports since 2006 how the interests of the 1.1 million Cypriots and outside parties would be best met with a comprehensive political settlement. This remains the ideal, but as it is unrealistic in the coming months, the sides should move ahead with unilateral steps such as the following, each of which could build confidence and help establish an environment more conducive to an overall agreement:

- Turkey should open its ports and airports to Greek Cypriot sea and air traffic, meeting its signed 2005 obligation to implement the Additional Protocol to its EU Customs Union, and also permit Greek Cypriot aircraft to transit its airspace.
- Greek Cypriots should allow the port of Famagusta to handle Cypriot (including Turkish Cypriot) trade with the EU, under Turkish Cypriot management and EU supervision; end their practice of blocking Turkey's EU negotiating chapters; and, in the event of trade beginning with Turkey after it implements the Additional Protocol, open up the Green Line to the passage of Turkish goods so that Turkish Cypriots can also benefit.
- Turkey and the Turkish Cypriots should hand back property in the Turkish-military controlled ghost resort of Varosha to its Greek Cypriot owners, subject to a UN interim regime that oversees reconstruction.
- Greek Cypriots should allow charter flights to Ercan Airport in the Turkish Cypriot zone, monitored by the EU.
- Turkey, Greece, the UK and the two Cypriot communities should put in place a mechanism to verify troop numbers on the island. Similarly, the Turkish Cypriot leadership should organise with Greek Cypriots a census to determine the exact population of the island and the legal status of its inhabitants.

- Greek Cypriots should cooperate with Turkish Cypriot administrative entities, pending a political settlement. Turkish officials should meet with Greek Cypriot officials, and Turkish Cypriots should be supportive.
- The European Commission, supported by the EU Presidency, should continue to serve as an honest broker to secure agreement on interim steps. Leaders of EU member states should avoid partisan statements at a time when UN talks continue and no one party is being clearly obstructive.

These steps are in the interest of all and should be taken unilaterally by the party with the power to do so, not reserved for or made dependent upon negotiated agreements and reciprocity. Some are familiar but have failed because they were bundled into top-heavy negotiated packages, with each side conditioning its one step on two by its counterpart. Package deals in the Cyprus context have little chance. As recently as the last quarter of 2010, the European Commission and the Belgian EU Presidency tried to facilitate agreement between the Republic of Cyprus and Turkey on a phased opening of sea and airports. This effort should continue under the Hungarian Presidency. It is unilateral gestures that have worked in the past, like the Turkish and Turkish Cypriot decision in 2003 to open part of the front lines so Cypriots could cross freely, and the Greek Cypriot decisions since 2004 to offer individual Turkish Cypriots living in the north some citizenship rights, including free health care in 2003 and EU passports since 2004.

The steps proposed would address known needs of the two communities and, far from undermining any party's goals, clear the way for successful negotiations. They would not prejudice the ultimate outcome of talks, or the vexed issue of status, but would help build trust whose absence is a principal reason for three and a half decades of stalemate. In some cases they would fulfil pledges, like Turkey's obligation to open sea and airports to Greek Cypriot traffic, the EU's promise of direct trade for Turkish Cypriots and Turkey's past agreement to return Varosha properties before a settlement.

If the status quo continues, Greek Cypriots will find that their rejection of the EU-backed UN peace plan in 2004 has led to deepening partition; Turkish Cypriots that their choice of a hardline nationalist as president in April 2010 makes their territory little more than a backwater of Turkey; Ankara that its failure to come to terms with the Greek Cypriots will freeze its EU accession, hurting its reform agenda, prosperity and regional attractiveness; and Greece that it is condemned to high defence budgets and indefinite tensions with Turkey over Aegean Sea demarcation. Finally, the EU will find its soft power diminished by lack of a healthy relationship with its most significant Muslim partner and that Cyprus will remain an awkward symbol of inability to solve the political and military division even of a member state.

II. NEGOTIATIONS STUMBLE

A comprehensive Cyprus settlement remains strongly in the economic and security interests of all 1.1 million inhabitants of the island.[1] Since the High-Level Agreements of 1977 and 1979, the goal has been a federation, variously described as bi-communal, bi-zonal or both.[2] Yet, the sides have never agreed on the definition of these core terms, seem little closer to doing so and do not trust each other to implement any deal they might reach.[3]

The prospects for a comprehensive solution have never seemed bleaker since 2004. Little progress has been made in the past year on the island, and the UN has begun to talk about scaling back its presence. Relations between EU member states and Turkey have soured, and membership negotiations are stalling, both further limiting the EU's ability to support a Cyprus deal. The one Cyprus conflict-related proposal that provoked debate in Brussels in 2010, a European Commission Direct Trade Regulation (DTR) still technically being considered by the European Parliament, was snuffed out just as it came to policymakers' attention. With neither domestic nor international environment conducive to a comprehensive peace agreement, unilateral interim steps offer the best way ahead.

[1] For previous Crisis Group reporting, see Europe Reports N°171, *The Cyprus Stalemate: What Next*, 8 March 2006; N°190, *Cyprus: Reversing the Drift to Partition*, 10 January 2008; N°194, *Reunifying Cyprus: The Best Chance Yet*, 23 June 2008; N°201 *Cyprus: Reunification or Partition?*, 30 September 2010; and N°210, *Cyprus: Bridging the Property Divide*, 9 December 2010.

[2] The goal of federation, undefined, is supported by 79 per cent of Greek Cypriots and 76 per cent of Turkish Cypriots. However, 92 per cent of Greek Cypriots still prefer a unitary state, and 90 per cent of Turkish Cypriots still support a two-state solution. Both view the other's interpretation of federation as worse than the status quo, although 53 per cent of Turkish Cypriots could support the Greek Cypriot interpretation. "Cyprus 2015: Research and Dialogue for a Sustainable Future", Interpeace, December 2010.

[3] "The way they define bizonality … means separation. The talks are not really moving". Crisis Group interview, senior Greek Cypriot official, Nicosia, November 2010. "A lot of people love the verbal minefield, for many of them it's an excuse never to reach an agreement". Alexander Downer, UN Secretary-General's Special Representative, interview, *Cyprus Observer*, 11 June 2010.

A. ON THE ISLAND

Talks between Greek Cypriot leader Demetris Christofias and his Turkish Cypriot counterpart of the time, Mehmet Ali Talat, began on 21 March 2008 and scored some early successes. On 3 April, they opened a new crossing point between the front lines on Ledra Street, through the heart of Nicosia's touristic old town. On 23 May, they agreed that the federation would have two "constituent states" and a "single international personality". On 1 July, they agreed "in principle" on "single sovereignty and citizenship". In one of the few positive developments during 2010, the Limnitis crossing point was opened on 14 October, after more than two years of negotiations, road building and financial support, including from the EU, the U.S., the Republic of Cyprus and Turkey.

With six official areas to negotiate (governance and power-sharing, EU matters, the economy, property, territory, security and guarantees) – Greek Cypriots see citizenship and settlers as a seventh area – Christofias and Talat held 70 meetings. EU matters and the economy were substantially agreed,[4] as were 22 classifications of disputed property. Little was achieved on citizenship, however, aside from Christofias's early pledge that he would allow 50,000 "settlers" or immigrants from Turkey to become Cypriot citizens. Territory and security and guarantees were not formally discussed due to Turkish Cypriot and Turkish reluctance to address these issues until the end of the negotiations.

Christofias and Talat spent most of their time and energy on governance and power-sharing and came relatively close to agreement. Early on, Christofias offered that the federation presidency could rotate between members of the two communities. Later, Talat accepted a Christofias call for cross-voting so the communities would have a proportional say in the election.

But the understandings are fragile, subject to the provision that "nothing is agreed until everything is agreed" and to a high degree of uncertainty whether they could survive a referendum in either community.[5] The leaders have done little to convince their constituents of the compromises, to which only a small elite are privy.[6] The talks also no longer reflect the actual demographic breakdown of the island.[7] Christofias, while more flexible than his predecessors, was constrained by nationalist Greek Cypriot media and took decisions that slowed the process.[8]

An indication that all was not going well came during the 31 January 2010 visit of UN Secretary-General Ban Ki-moon, when Christofias and Talat were unable to announce any breakthroughs.[9] Talat's ousting by hardliner Derviş Eroğlu in the 18 April election signalled new Turkish Cypriot disillusionment. Eroğlu vows that he is committed to a settlement, and Turkey is backing that position. But his lifelong scepticism of federal reunification is well known, and he asserts that Turkish Cypriot and Greek Cypriot sovereignty must be equal.[10]

[4] The two sides agreed on a single Central Bank, for instance. "There are no deal-breakers here". Crisis Group interview, international official, Nicosia, November 2010.

[5] The Turkish Cypriot electorate in April 2010 replaced Talat with Derviş Eroğlu, a known reunification sceptic. DISY, the pro-compromise Greek Cypriot main opposition party, says cross-voting and a rotating presidency are non-starters for the Greek Cypriot public. Crisis Group interview, Harris Georgiades, DISY spokesperson, 2 November 2010.

[6] "No more than 20 people on the island know what is going on". Crisis Group interview, person close to the negotiations, Nicosia, June 2010.

[7] "The [Turkish Cypriot] sense that they are falling into the minority in their own land is shared also by Greek Cypriots, due to growing immigration from the EU, Russia and the Arab countries. According to a recent estimate, the claim that the island's population being 80 per cent Greek and 20 per cent Turkish no longer holds, the real distribution being 56 per cent Greek [Cypriot], 9 per cent Turkish [Cypriot] and 35 per cent settlers from abroad [including Turkey]". Sahin Alpay, *Today's Zaman*, 13 December 2010. Interestingly, a progressive settlement based on one person, one vote, individual rights and an end to "communal" terms of reference is viewed as satisfactory by 77 per cent and tolerable by 8 per cent of Greek Cypriots, and satisfactory by 35 per cent and tolerable by 21 per cent of Turkish Cypriots. "Cyprus 2015", op. cit.

[8] "The largest circulation newspaper and big TV stations are against the basic proposals that Christofias put forward in the course of the current process, especially in governance and property". Crisis Group email communication, Lefteris Adilinis, foreign editor, *Politis* newspaper, 20 February 2011. Moves by Christofias that slowed the talks include: forming a coalition government with rejectionist parties, and not reaching out to the pro-compromise main opposition party; rejecting the Annan Plan as a textual basis for discussion; travelling frequently when Turkish Cypriots were ready to push ahead with talks; frequently blaming Turkey for all the problems on the island even though Turkey was supporting the talks; failing to give significant support to Talat in the north Cypriot elections; and appearing reluctant to stimulate Greek Cypriot enthusiasm for the talks.

[9] "They worked on a draft statement of six pages. They had agreed a deadlock-breaking mechanism, power-sharing, a senate constitution. But it wasn't announced. [Just before Ban's arrival, the Greek Cypriots] pulled a fast one really". Crisis Group interview, person close to the negotiations, Nicosia, June 2010.

[10] "There are two peoples, two states, two areas in Cyprus". Derviş Eroğlu, speech, 15 January 2011.

The UN tried to keep Christofias and Eroğlu focused on a property compromise,[11] but when Ban met them in November 2010, the talks were in trouble. As the Secretary-General's report put it, "talks for the sake of talks are ultimately not productive … there is a serious risk that the negotiations could founder fatally".[12] He set another meeting for late January, at which "the leaders should be fully prepared with a practical plan for overcoming the major remaining points of disagreement". The meeting produced no progress, and Ban could only announce on 26 January that they would reconvene "soon".

The UN is frustrated, and recent statements suggest it is considering changes to "mandate, force levels and concept of operations" depending on "developments on the ground".[13] If the talks are going nowhere, this could include shutting down the good offices mission, as has happened after previous failed negotiating rounds. There is also scope to draw down the 850 soldiers and 60 police of the UN Peacekeeping Force (UNFICYP). However, the UN should not withdraw yet. It remains the sole authorised facilitator of the talks. Special Representative Downer has the parties' confidence to shuttle between Ankara, Athens and Nicosia. He and his team should encourage the exploration of interim steps, including preparations for the reconstruction of Varosha and verification of troop numbers.

Everybody shares blame for the lost momentum. Decades of peace mean there is little sense of urgency. People feel alienated from the process, and polls show deep mutual distrust.[14] A flurry of mutual rediscovery after front lines opened in 2003 has settled into separate co-existence. The chief index of interaction, the number of crossings by Cypriots to the other zone, fell by 8 per cent from April 2009 to April 2010, while mutual trade dropped by 16.8 per cent over the same period, even as shopping and sightseeing trips across the line by foreign tourists rose 66 per cent.[15] But people still want to resolve the consequences and uncertainties arising from the now frozen 1963-1974 conflict. Greek Cypriots live with the insecurity of Turkish troops on their doorstep; most Turkish Cypriots want that army to stay because they fear the Greek Cypriot majority. Greek Cypriots live with displacement, while the Turkish state faces enormous international liabilities for seizing their properties. The ghost resort of Varosha lies abandoned instead of being a source of wealth to both sides. Turkey's EU accession process is hobbled, and formal EU-NATO cooperation with it. Many native-born Turkish Cypriots want more economic independence from Turkey[16] but feel unable to develop this while their lives, commerce and transport links are restricted by Nicosia. Many Greek Cypriots know little of modern Turkey and fear it; businessmen and intellectuals, however, realise their island will never prosper fully if it remains isolated from the region's biggest and most dynamic economy.

B. THE EU DIMENSION

The EU should have been the chief player in resolving the Cyprus dispute, and senior EU figures can push some deals through.[17] A "European solution" is the goal of both Cypriot communities and of Turkey, even if they define it differently. But Brussels has been stymied since 2004, when it accepted the Greek Cypriot-run Republic of Cyprus as a member, even though Greek Cypriots rejected the UN-sponsored Annan Plan that envisaged a unified island.[18] Based on EU solidarity, member states do not

[11] See Crisis Group Report, *Cyprus: Bridging the Property Divide*, op. cit.

[12] "Report of the Secretary-General on his Mission of Good Offices in Cyprus", 24 November 2010.

[13] "Report of the Secretary-General on UN Operations in Cyprus", S/2010/605, 26 November 2010.

[14] 65 per cent of Greek Cypriots and 69 per cent of Turkish Cypriots have no hope for a settlement; 84 per cent and 70 per cent believe the other side will not make the necessary compromises; and 82 per cent of Greek Cypriots and 68 per cent of Turkish Cypriots do not trust the other side to implement any agreement. "Cyprus 2015", op. cit.

[15] Greek Cypriots travelling north in the year to 30 April 2010 fell to 670,910 from 730,310; Turkish Cypriots crossing south fell to 1,185,073 from 1,287,126. The total value of mutual trade was about €5.2 million, down from €6.1 million. No major incidents were reported. See http://ec.europa.eu/cyprus/turkish_community/greenline_regulation/index_en.htm.

[16] Friction as Turkey and Turkish Cypriots are forced closer together burst into the open on 28 January 2011, when 10,000 Turkish Cypriot state employees and unionists protested austerity measures imposed by Ankara. Unprecedented language on placards in the crowd included: "We don't want your state officials, your money or your soldiers", "You saved us? F… off", and "Ankara, take your hands off us". A Republic of Cyprus flag was waved amid chants for "One Cyprus". Turkish Prime Minister Erdoğan angrily condemned the event as "collaboration" with Greek Cypriots, recalled Turkey's ambassador to the island, replaced him with the bureaucrat in charge of reining in the Turkish Cypriot budget deficit and chided Turkish Cypriot dissidents: "Who do you think you are? I have martyrs and war veterans there. I am interested in that place strategically". *Cyprus Mail*, 28 January and 8 February 2011; *Milliyet*, 5 February 2011.

[17] European Commission President José Manuel Barroso's June 2010 visit helped clinch the deal on the Limnitis/Yeşilırmak crossing point; Enlargement Commissioner Štefan Füle's visit was critical to its opening. Crisis Group interview, European Commission official, Istanbul, January 2011.

[18] Greece conditioned enlargement to Central Europe on Nicosia's membership. After 1995, the UK acquiesced to pre-settlement Cyprus membership in an effort to gain leverage on Turkey's policies. In 2004, the EU backed the UN's Annan Plan for reunification and Turkish troop withdrawals, as did the

override another member state on issues it deems of vital interest.[19]

Days before the Republic of Cyprus joined, the Council agreed on three measures acknowledging the unfairness of Turkish Cypriots' exclusion and to help bring their zone, which it considers part of the EU, up to EU standards. These included a €259 million Financial Aid Regulation; a Green Line Regulation for handling the passage of people, goods and services on the front line between Turkish Cypriots and Greek Cypriots; and a Direct Trade Regulation (DTR) to ease the "isolation" of Turkish Cypriots due to Greek Cypriot trading restrictions.[20] The Green Line Regulation is operational, although commercial exchanges are low due to Turkish Cypriot communal reluctance and many informal Greek Cypriot obstacles.[21] The Financial Aid Regulation was delayed, mainly by the Greek Cypriots, but implemented after eighteen months.[22] Greek Cypriot objections have entirely blocked the DTR.

Fulfilling a commitment made upon becoming an accession candidate, Turkey on 29 July 2005 signed the Additional Protocol, thus legally committing itself to extend the 1995 Customs Union to all EU member states, including Cyprus.[23] It accompanied its promise of "signature, ratification and implementation of this Protocol" with a side letter saying it did not "amount to any form of recognition of the Republic of Cyprus".[24] The EU and its member states made a counter-declaration on 21 September 2005, rejecting this statement as unilateral and asserting that opening negotiating chapters would be dependent on Additional Protocol implementation. Accession negotiations began as planned on 3 October 2005. With Ankara still refusing implementation in December 2006.[25] Greek Cypriots persuaded the European Council to block eight of the 35 chapters in the accession negotiations.[26]

Since 2005, EU Presidencies have attempted to facilitate a phased opening of Turkey's sea and airports to Greek Cypriot traffic under the Additional Protocol and lifting of the Greek Cypriot blocks on the DTR and Turkey's EU negotiation. These efforts have failed, as the parties to the dispute added conditions to this relatively equal swap: Turkey demands legitimisation of Turkish Cypriot Ercan airport; Greek Cypriots insist that Turkey hand back Varosha.

The European Commission and the Belgian EU Presidency tried again in September-December 2010, acutely

Turkish Cypriots and Ankara, but the Greek Cypriots unexpectedly rejected it. Crisis Group interviews, diplomats, Brussels and Nicosia, 2007-2010.

[19] "This [pre-settlement membership] was a huge, huge mistake. But Cyprus is a member now. There is nothing we can do". Crisis Group interview, European official, Brussels, January 2011.

[20] The *acquis communitaire* of EU laws is suspended in the Turkish Cypriot zone pending a settlement. The Council on 26 April 2004 expressed "strong regret" that Cyprus had not been unified before accession; noted that it was "determined to put an end to the isolation of the Turkish Cypriot community", which had "expressed their clear desire for a future within the EU"; and sent a "signal of encouragement" to Turkish Cypriots. On the Council's instructions, the Commission then outlined a framework for DTR "having in mind that the Turkish Cypriot community … has expressed its clear desire for a future within the European Union". It took explicit note of UN Secretary-General Kofi Annan's 28 May 2004 recommendation that Security Council members "give a strong lead to all States to cooperate both bilaterally and in international bodies to eliminate unnecessary restrictions and barriers that have the effect of isolating the Turkish Cypriots and impeding their development". "Proposal for a Council Regulation on special conditions for trade with those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control", European Commission, 7 July 2004.

[21] Only about 10 per cent of Turkish Cypriot exports go through the Green Line regime, even though the richer south of the island should be the north's main market. For a list of problems, see Mete Hatay, Fiona Mullen and Julia Kalimeri, "Intra-island trade in Cyprus: Obstacles, oppositions and psychological barriers", Peace Research Institute Oslo (PRIO), 2008. For other details, see http://ec.europa.eu/cyprus/turkish_community/greenline_regulation/index_en.htm.

[22] Crisis Group telephone interview, European official, January 2011.

[23] Officially, "The Additional Protocol to the Agreement establishing an Association between the European Economic Community and Turkey following the Enlargement of the European Union". Because the Association Agreement was signed in Ankara in 1963, some call it the "Ankara Protocol" or "Ankara Agreement Protocol".

[24] Press statement, foreign ministry, 29 July 2005.

[25] Ankara claims that Customs Union does not mean opening ports and airports, and that its restrictions on Greek Cypriot traffic retaliate against Greek Cypriot transport restrictions on Turkish Cypriots. Crisis Group email communication, Turkish official, February 2011.

[26] "I don't know why [Turkey] chose to fight its battle on this ground. It was deliberately chosen by [the late hardline Greek Cypriot president Tassos] Papadopoulos. He wanted to avoid making it an issue of Turkish troops occupying part of an EU state" (because Greek Cypriots had lost moral ground by rejecting the Annan Plan, under which they would have withdrawn). Crisis Group interview, senior Greek Cypriot official, November 2010. Greek Cypriots cited additional disagreements in December 2009 to block a further six negotiating chapters, "Due to [Turkey's] non-compliance with the obligations it has undertaken …. The Republic of Cyprus has decided to proceed to the introduction of specific terms and preconditions on the negotiation Chapters, which are related to each one of Turkey's obligations, as contained in the September 2005 Declaration, the Negotiation Framework and the December 2006 European Council Conclusions". Foreign Minister Kyprianou, press statement, 9 December 2009.

aware that Turkey's EU process was being suffocated for lack of accession chapters to open and negotiate. They proposed to the sides a narrow package of measures, starting with Turkey opening a port to Greek Cypriot traffic in exchange for one EU negotiation chapter.[27] The substance of discussions evolved over time, with the EU trying to steer between the big-ticket demands of Turkey and Cyprus. Davutoğlu was especially eager for a deal,[28] and a European diplomat said he proposed implementing the Additional Protocol in return for de facto direct trade to the EU for Turkish Cypriots and the legitimisation of Ercan airport for some flights.[29]

Greek Cypriots said they were ready for a small interim step that would swap Turkish opening of ports for Greek Cypriot lifting of some blocks in Turkey's EU negotiations;[30] they also revived the idea of allowing EU-supervised trade from Famagusta in return for Turkey handing over Varosha.[31] However, Greek Cypriots have continued to oppose legitimising Ercan or any talk of direct trade for Turkish Cypriots, even with EU monitoring, as suggested by this briefing.[32] The EU effort should continue with the support of the Hungarian Presidency and would benefit from broader support for Turkey's EU accession process from big member states.

As long as – the present situation – no one party is clearly to blame for the impasse, EU states should stay neutral.[33] In January, however, the UN-sponsored talks were undermined by an impromptu, off-target statement of German Chancellor Angela Merkel blaming Turkey for lack of progress, ignoring the Turkish Cypriots and praising Greek Cypriots for having "really proved their willingness to compromise".[34] If major member states wish to slow Turkey's EU candidacy, they should at least do so directly with Ankara, not hide behind the Cyprus dispute.[35]

1. Ankara's EU problem

Resolution of the Cyprus problem has become more difficult as negotiations on Turkey's EU membership have "run out of steam".[36] Only three negotiating chapters can still be opened because of blocks by member states, mainly Nicosia.[37] The Belgian Presidency in the second half of 2010 was only the second during which no chapters were opened since negotiations began in 2005. The outlook is no more promising in 2011, and even formerly sympathetic European officials have begun to view Turkey's membership as unfeasible.[38] Populist attacks, exploiting fears of Turkey's large population, Muslim identity and average national income half the EU average, have dampened Turks' belief in their EU candidacy.[39]

Non-resolution of the Cyprus conflict is causing Turkey to face increasing isolation also from formerly supportive European members of NATO, even though the way the

[27] Crisis Group interview, European diplomat, Brussels, February 2011.
[28] "There's more enthusiasm on the Turkish side. [Turkish Foreign Minister] Davutoğlu is really ambitious about getting this sorted, wants to bring a momentum change". Crisis Group telephone interview, European official, February 2011.
[29] Crisis Group interview, European diplomat, Brussels, February 2011. "We saw merit in the Turkish proposals [on Ercan], in a way we took responsibility for them, we sent them on to the Greek Cypriots in the sense not that we thought they were the answer but 'we feel that you might want to be part of this debate, we could see this as a basis for a settlement'. We are keen not to let flame die". Ibid.
[30] Crisis Group interview, senior Greek Cypriot official, Nicosia, November 2010.
[31] Greek Cypriot Leader Demetris Christofias, speech, 11 October 2010.
[32] "The Greek Cypriots haven't responded. They are less ambitious in engaging right now [and have] much less need to move. The Greek Cypriot side says, 'Turkey has to move first'. I wouldn't say it's intransigence. It's more: 'we have other ideas'. They want confidence that something is coming in return, and they want very big chips [like Varosha]". Crisis Group telephone interview, EU official, February 2011.
[33] "There is no single culprit for the absence of a Cyprus settlement". Nathalie Tocci, "The Baffling Short-Sightedness in the EU-Turkey-Cyprus Triangle", Istituto Affari Internazionali, October 2010.
[34] After meeting Christofias, Merkel further said, "we see that you are taking many steps, and we also see that the Turkish side is not responding accordingly to these steps". Nicosia, Associated Press, 12 January 2011. Paradoxically, Merkel in 2007 had suggested to the German parliament that admitting the Greek Cypriots had had been a mistake since "no country that hasn't resolved its internal problems should be taken to the EU". *Today's Zaman*, 13 January 2011.
[35] "Everyone knows that Cyprus won't be solved until Europe has decided to take Turkey on as a member. When Europe does [and puts pressure on Nicosia], Cyprus will be solved in a flash". Crisis Group interview, Hélène Flautre, co-chair of the Turkey-EU Joint Parliamentary Committee, Istanbul, 26 May 2010.
[36] Crisis Group interview, European Commission official, Brussels, February 2011.
[37] Of 33 applicable official negotiating chapters, fourteen are frozen because of aspects of the Cyprus dispute. France has explicitly blocked five, including one also frozen due to Nicosia. A few other states have informally impeded the progress of some of these and other chapters, but theirs are not explicit blocks.
[38] "The game of them pretending to join and us pretending to accept them is broken". Crisis Group interview, senior European official, Brussels, January 2011. "The way they negotiate, I simply cannot imagine them sitting in the same room with us as members". Crisis Group interview, European official, Brussels, January 2011.
[39] "Turkey is a Muslim country, and if it gets into the EU, we'll leave … Islam is a great threat, and the Koran a barbarous book that incites violence". Geert Wilders, leader of the Dutch Party for Freedom, *Sabah*, 6 March 2010.

Cyprus-Turkey dispute blocks EU-NATO cooperation is both countries' fault.[40] In theory, it prevents planning and information exchange when EU and NATO missions overlap in the Balkans or Afghanistan, though in practice ad hoc solutions have been found. Nevertheless, frequent Turkish statements blaming the EU do not help the situation.[41] A Turkish official serving in Europe said, "the strategy of victimhood, of ordering Europe to love us, is simply not working".[42]

But Ankara is still committed to EU membership,[43] and if it wants to re-energise its chances, it must take a significant step. The most straightforward would be to implement the Additional Protocol. The resulting increased trust, trade and dialogue would boost the flagging Greek Cypriot pro-settlement camp.[44] It would also put anti-Turkey Greek Cypriot and European hardliners on the defensive, give Turkish companies direct access to Cypriot markets, validate Turkey's "zero-problem" foreign policy[45] and clear its EU negotiation path for years. Convergence with the EU in 2000-2004 was the critical ingredient that transformed Turkey into today's economically successful and attractive regional actor.[46] As Ankara reasonably demands that the more powerful EU take the lead in improving bilateral ties, the more powerful Turkey should reach out to the 100-times smaller Greek Cypriot community.

2. The Direct Trade Regulation (DTR)

Much of the 2010 Cyprus debate in Brussels focused on the European Commission's 2004 proposal for the DTR. This would allow Turkish Cypriots to export to the EU directly at preferential customs rates, instead of being forced to go through Greek Cypriot ports or pay external EU duties. Greek Cypriots put a lock on the DTR as soon as they joined the EU, arguing it involved a fundamental matter under Protocol 10 of the accession treaty and thus required unanimity in the Council of the European Union.[47] The Council's legal service agreed that Nicosia in effect has a veto.

The European Commission maintains that Turkish Cypriots should be allowed to trade directly with the EU, and that trade with areas outside the EU fiscal and customs territory (eg, the northern zone) should be governed by the rules for third countries.[48] Under the Lisbon Treaty, which entered into force in 2009, the European Parliament shares relevant trade decisions with the Council, so the DTR became one of many issues the Commission referred to it.[49] A positive vote by the Parliament would still require the Council's approval to have effect, but would have triggered a debate that might have put Cyprus more firmly on the EU agenda.[50] But the trade committee referred DTR to the legal affairs committee, the Parliament's legal service agreed with its Council counterpart, and the legal committee voted in October 2010 by 18-5 that DTR was not a matter of international trade with a third country.

While this was a result of effective Greek Cypriot lobbying and a reflection of growing Turkey-sceptic sentiment in Brussels, some insiders were astonished that Parliament had rejected an early opportunity to exercise its Lis-

[40] Harsh words were used in internal NATO meetings leading up to the Lisbon summit in November. "I've never heard such language being used. It boiled down to the idea that this [Afghanistan operation] is NATO in conflict and, Muslim or not, you can't be pansies and not fight with us". Crisis Group interview, European diplomat, Ankara, December 2010.

[41] "Turkey faces unfair treatment by the EU regarding its accession path …. all 27 member states tried to fool Turkey in this 50-year process …. Turkey has shown 50 years of patience. If the EU does not want to accept Turkey as a full member, it is obliged to announce it, because our patience has its limits". Recep Tayyip Erdoğan, speech, Erzurum, 7 January 2011.

[42] Crisis Group interview, November 2010. He compared the challenge of reversing the Turkey-sceptic trend in EU and NATO sentiment to the difficulty of changing the course of a supertanker.

[43] "The process of joining the EU is our strategic goal". Foreign Minister Ahmet Davutoğlu, Bosporus Conference, 24 October 2010.

[44] "My only hope is that the Turkish government will take some decisive steps". Crisis Group interview, Harris Georgiades, spokesman for the pro-compromise Greek Cypriot opposition DISY party, Nicosia, 2 November 2010.

[45] "With our neighbours, all of them, without exception, we want maximum economic integration and maximum social integration". Foreign Minister Ahmet Davutoğlu, interview, NTV, 12 February 2011.

[46] See Crisis Group Europe Report N°184, *Turkey and Europe: The Way Ahead*, 17 August 2007.

[47] "DTR is the worst thing to happen to us since 1974". Crisis Group interview, Greek Cypriot official, Nicosia, May 2010. Foreign Minister Markos Kyprianou said in an interview that if the measure passed, Cyprus was ready to freeze all Turkey's EU annual funding, usually worth several hundred million euros. *Kathimerini*, 12 September 2010.

[48] This was under Article 133 of the old treaty (Article 207 of the Lisbon Treaty), regulating EU trade with third countries and territories. "Proposal for a Council Regulation", op. cit.

[49] While the Commission said the procedure was automatic, a European official said it "will trigger a proper discussion (hopefully) on the substance in the EP". Crisis Group email communication, April 2010.

[50] Turkish Cypriots, theoretically now full EU citizens, lost their right to preferential trade not because of the Turkish invasion but because their authorities started using stamps from the self-declared Turkish Republic of Northern Cyprus, exposing Turkish Cypriots to Greek Cypriot court action in the EU that took devastating effect in 1994. See Didem Akyel and Hugh Pope, "The Lisbon Treaty Shines a Ray of Hope on Cyprus", 15 April 2010, at www.crisisgroup.org.

bon powers and ducked a major issue.[51] Christofias then urged the Commission to withdraw DTR. It did not, but it likely will languish in a queue of measures before Parliament's council of party presidents.

3. A Greek Cypriot dilemma

Greek Cypriots are the first to concede that – isolated on the EU's eastern edge and next to Turkey's coast – they need the security that would be guaranteed by an Ankara willing and able to integrate with the EU. However, they have stymied the accession process, producing a vicious circle in which Turkish leaders and opinion routinely ask if it is worth continuing, and Turkey-sceptics use such statements to undermine convergence. Christofias explained:

> We don't want to block Turkey's road to the EU. We don't aim to keep Turkey's EU chapters closed. But we see that the Turkish leaders are acting as if they are emperors, trampling on us as an occupying force with great arrogance and vanity …. we want to help Turkey, but first Turkey has to help itself.[52]

Only Turkey's implementation of the Additional Protocol, opening its sea and airports to Greek Cypriot traffic, can release the eight negotiating chapters frozen on Greek Cypriot insistence by the European Council in 2006. But Nicosia's unilateral block of six more chapters in 2009 overplayed its hand,[53] raising the risk the whole process will break down and diminishing Ankara's incentive to make gestures to the Greek Cypriots.[54] It also allows EU Turkey-sceptics to hide behind Cyprus, sometimes even forcing the Greek Cypriots (and Greece) to act just to keep the EU-Turkey process alive.[55] Greek Cypriots should also beware of losing friends. A supportive Athens started to decouple itself from the Cyprus problem after Nicosia joined the EU.[56] And some EU actors who seek a constructive relationship with Turkey have become increasingly hostile to perceived Greek Cypriot abuse of EU solidarity.[57] For all these reasons, lifting blocks on Turkey's EU negotiating chapters would serve Greek Cypriot interests as much as those of any other party to the dispute.

C. THE WAY FORWARD

The slowdown over the past year suggests the prospect of an imminent breakthrough in the UN talks is minimal. Time is making the Cyprus dispute increasingly insoluble. The sides may want to hang on to the status quo, a mixture of preferring the devil they know and the logic of "if we can't have what we want, neither can you". But in the meantime, Cyprus's development and Turkey's EU accession remain stunted. The following sections list the most obvious steps that could remove these handicaps and why they are worth taking quickly and unilaterally, without reference to sequencing or reciprocity. Zero-sum calculations about who should go first have hobbled negotiations too long. The measures would not implicitly confer status recognition but would help prevent the long stalemate from poisoning other issues like EU-Turkey, EU-NATO and Greece-Turkey ties. If any actor wants to press for progress, now is the time.

There are possible pairings, like Turkey returning Varosha in exchange for Greek Cypriots allowing international flights to Ercan, or dialogues between Greek Cypriot and Turkish officials and Greek Cypriot and Turkish Cypriot entities. A Greek expert suggests a reasonable swap would be direct trade under UN or EU supervision and freeing of the negotiating chapters in exchange for opening of Turkey's sea and airports to Greek Cypriot traffic and return of Varosha properties.[58]

[51] "The Greek Cypriots are throwing huge resources at blocking DTR, but not at a solution". Crisis Group interview, diplomat, Nicosia, June 2010. "The vote was taken just three days after the rapporteur filed his report. The handling of the issue was completely unorthodox, from beginning to end". Crisis Group interview, European Parliament official, November 2010.

[52] Demetris Christofias, Greek Cypriot leader, interview with *Milliyet*, 7 January 2011.

[53] "The change of mood in the EU is of concern to us. We want there to be one problem, the Cyprus problem. We'd like Turkey to have a clear choice that if they solve Cyprus, they can join the EU". Crisis Group interview, senior Greek Cypriot official, Nicosia, November 2010.

[54] "It would … be a miscalculation to think that blocking the accession process with Turkey will increase the chances for a settlement". Štefan Füle, European Commissioner for Enlargement, speech, Cyprus, 14 October 2010. Turkish policy is constrained by a drop in domestic support for the EU from 78 per cent to 38 per cent, 2004 to 2010. www.transatlantictrends.org.

[55] "Twice Greece and Cyprus had to convince the Germans to open one [chapter], even though benchmarks were not met". Crisis Group interview, Greek official, Athens, November 2010.

[56] For instance, in December 2009 Greece supported opening the environment chapter, while Greek Cypriots did not. "It's not decoupling. But we have to let the EU-Turkey accession process and the resolution of the Cyprus issue follow their own path; we should see the two processes as distinct areas of action, related and parallel but having their own autonomous complexity and dynamic". Crisis Group interview, Greek official, Athens, November 2010.

[57] "In Brussels, everyone [is unhappy with] the Greek Cypriots. There's very little patience for them now". Crisis Group interview, European diplomat, Ankara, December 2010.

[58] "Such a package would open the way for a settlement … before giving up on the preferred solution, all parties involved should make a serious effort". Crisis Group interview, Thanos Dokos, head of the Hellenic Foundation for European & Foreign Policy (ELIAMEP), Athens, November 2010.

Given the frequent failure to negotiate substantial confidence-building measures, many doubt such structured packages are possible.[59] Greek Cypriots believe the slightest international engagement with Turkish Cypriots qualifies as recognition of their separate communal identity or de facto sovereignty and would make them lose interest in a federal settlement. Similarly, Turkish Cypriots who want a closely integrated federation oppose interim steps lest Greek Cypriots become more satisfied with the status quo and their community be left stranded.[60] But doing nothing has produced exactly this result anyway: loss of interest in the talks, deepening partition and fatalistic acceptance of the status quo. By contrast, any one confidence-building step would help build dialogue and trust,[61] and without removing mutual suspicion, there seems little hope of a political settlement. As a senior Greek Cypriot official put it:

> The comprehensive approach had its logic. But we need … intermediate measures. EU-Turkey talks are not moving. The DTR is dying. People are losing hope. The person on the street says, "they can't agree on a crossing; how can they make a [comprehensive] deal? They can't agree on [restoring] a church, how can they rebuild a city?"[62]

III. THE ADDITIONAL PROTOCOL

Ankara first barred Cyprus-flagged ships from its ports in April 1987 and extended this in May 1997 to all ships that sailed from Greek Cypriot ports or were managed or previously owned by Republic-linked entities.[63] This embargo – partly in reaction to Greek Cypriot restrictions on Turkish Cypriot commerce – has depressed demand for Greek Cypriot-connected ships and crushed Nicosia's attempt to become the trans-shipment centre of the eastern Mediterranean.[64] This state of affairs continues, due to Ankara's non-implementation of the Additional Protocol (see Section II.B above), a position supported by no EU state[65] and a complication not planned by Turkey.[66] The EU says Turkey is deficient on a treaty obligation.[67]

Turkey argues that it now needs something in exchange for Additional Protocol implementation, variously the mutual opening of seaports or airports; EU implementation of the DTR; direct flights to Ercan airport; or an EU re-commitment to its membership.[68] Public opinion, Turkey says, expects this. However, that public opinion has paid much less attention to Cyprus in recent years, and the leaders of the ruling AKP party are powerful persuaders; indeed it is they who have helped build the Additional Protocol into the psychological block it is today. Their insistence on non-implementation make some wonder if Islamist or nationalist factions are using the Cyprus problem to freeze convergence with Europe, much as anti-Turkey European politicians do.[69]

Opening sea and airports to Greek Cypriot traffic would not, of course, solve the Cyprus problem or achieve EU membership on its own. Those Europeans opposed to Turkish membership would turn to other issues that Ankara must eventually resolve, like the presence of Turkish troops on the island or recognition of the Republic of Cyprus.[70] It would not even necessarily cause the Greek Cypriots to lift their 2009 hold on negotiating six chapters of the accession agreement.[71] But implementing the Addi-

[59] "Rational suggestions won't work, since the Cyprus problem is irrational". Crisis Group interview, Turkish official, Ankara, December 2010.
[60] Crisis Group interview, Mehmet Ali Talat, former Turkish Cypriot leader, 29 November 2010.
[61] "Whenever there is the slightest good news, the atmosphere changes immediately". Crisis Group interview, Takis Hadjidemetriou, former Greek Cypriot EU negotiator, Nicosia, 2 November 2010.
[62] Crisis Group interview, November 2010.
[63] Turkish-flag ships, however, can call at Greek Cypriot ports, which registered a rise in such activity in 2009. "The Turkish Restrictive Measures on Cyprus and EU Maritime Transport and the Free Trade", Republic of Cyprus briefing paper, 2 December 2010.
[64] Greek Cypriots say container transhipments are 10 per cent of their pre-1997 level, depriving them of €100 million annual earnings. They say the measures depressed demand for Greek Cypriot ship-management services, which account for 25 per cent of third-party ship management worldwide, including 11 per cent of the EU shipping fleet. Ibid.
[65] Greek Cypriots cite five additional legal acts between Turkey and the EU violated by Turkey's embargo, from the Ankara Agreement of 1963 to the Customs Union of 1995. Ibid.
[66] "We've boxed ourselves in. We should have implemented this long ago". Crisis Group interview, senior Turkish diplomat abroad, November 2010. "When we negotiated the Additional Protocol [after the DTR had been blocked], there was no expectation whatsoever that we were not going to go through with it. It was a completely routine negotiation". Crisis Group interview, Turkish official, Ankara, December 2010.
[67] For instance, see the "Turkey 2010 Progress Report", European Commission, 9 November 2010, p. 36.
[68] "We shouldn't give any freebies until they say we are on the road to membership". Crisis Group interview, Suat Kınıklıoğlu, Turkish member of parliament, Ankara, 15 December 2010.
[69] Crisis Group interview, European diplomat, Ankara, December 2010.
[70] The EU made clear "recognition of all Member States is a necessary component of the accession process. Accordingly, the EU underlines the importance it attaches to the normalisation of relations between Turkey and all EU Member States, as soon as possible", declaration, 21 September 2005.
[71] Crisis Group interview, senior Greek Cypriot official, Nicosia, November 2010.

tional Protocol would almost certainly persuade the EU to lift blocks on the eight chapters frozen in 2006,[72] and Greek Cypriots would have few arguments to justify new obstacles.[73] Several years of subsequent positive news would help broaden support in Europe for a changing Turkey, rebuild morale for EU-standard reforms in Turkey, advance the Cyprus talks and open doors for Turkey-Greek Cypriot contacts and trade. Lastly they would help the Turkish Cypriots, who say they want EU integration,[74] not other options Turkish politicians sometimes float, like 'Taiwanisation' or annexation by Ankara.[75]

If Turkey does implement the Additional Protocol, the Greek Cypriots should liberalise the Green Line regulation to allow products of Turkish origin to cross between the two communities. This would allow Turkish Cypriots to participate in the resulting growth of trade, instead of forcing them to stand aside while Turkish and Greek Cypriot merchants enjoy unfair advantage. In a related matter, Turkey should also lift the ban it maintains on Greek Cypriot aircraft transiting its airspace, even though Greek Cypriots allow Turkish civilian airliners to fly through the Nicosia Flight Information Region. This is a sovereign issue unconnected to the Additional Protocol, but the gesture would be an excellent additional way of demonstrating to Nicosia that it is serious about settling the Cyprus dispute.

IV. FAMAGUSTA PORT

There is international consensus that the isolation of Turkish Cypriots is unfair, and Greek Cypriots should lift their trade bans.[76] Ideally, they should accept the DTR, but this may now be impractical, as they have persuaded two key EU institutions to commit to their view of it. Alternatively, they could declare Famagusta port open, under Turkish Cypriot management, for preferential trade with the EU, with EU pre-export phytosanitary checks, pre-shipment checks and final customs authorisation. This would likely meet Turkish Cypriot needs. It would also be simple for the EU, requiring a new regulation for such trade to serve in place of the DTR, and three to four EU officers to stamp Turkish Cypriot Chamber of Commerce documentation and carry out visits to citrus orchards.

Turkish Cypriots argue that as EU citizens living on EU territory they deserve to trade directly under a normal preferential trade regime;[77] that the EU promised this in 2004;[78] and that though they can trade with the EU through the Greek Cypriot south of the island, this involves additional costs, psychological barriers and sometimes discrimination.[79] Greek Cypriots respond that the DTR would legitimise a Turkish Cypriot "pseudo-state".[80] A Greek Cypriot briefing paper suggests it would strengthen pro-partition Turkish Cypriots, undermine EU efforts to reunite Cyprus and is unnecessary, as Turkish Cypriot economic development is possible through trade over the Green Line. It also asserts that direct trade would violate Greek Cypriot laws that closed all external Turkish Cypriot ports of entry and that the DTR erroneously treats north Cyprus as a territory external to the EU.[81]

But in August 2004, the late Republic of Cyprus President, Tassos Papadopoulos, suggested allowing Turkish Cypriots to trade with the EU from Famagusta in the north – if they accepted EU supervision, a joint Greek Cypriot role in managing the port and a Turkish military withdrawal from Varosha. Greek Cypriots repeated this in 2005, adding a demand for a moratorium on sale or construction of their abandoned properties in the north. There was no

[72] One of those chapters is also blocked by France in line with President Sarkozy's position that nothing implying a real membership possibility should be negotiated.

[73] "If Turkey implements the Ankara protocol, Cyprus won't block Turkey's chapters …. I don't think there is such a climate (in Brussels) to immediately go to demanding a (Turkish troop) withdrawal". Crisis Group interview, Greek official, Athens, November 2010.

[74] 79 per cent of Turkish Cypriots favour consensual separation of the two states within the EU. 54 per cent find Taiwanisation "entirely unacceptable", and 52 per cent find becoming a province of Turkey "entirely unacceptable". "Cyprus 2015", op. cit.

[75] Asked what policy would be appropriate if reunification settlement talks fail, a Turkish government minister said, "we'll just annex it". Crisis Group interview, Ankara, 22 December 2009.

[76] The UN has spoken firmly against these restrictions. "The Turkish Cypriot leadership and Turkey have made clear their respect for the wish of the Turkish Cypriots to reunify in a bi-communal, bi-zonal federation. The Turkish Cypriot vote has undone any rationale for pressuring and isolating them. I would hope that the members of the Council can give a strong lead to all States to cooperate both bilaterally and in international bodies, to eliminate unnecessary restrictions and barriers that have the effect of isolating the Turkish Cypriots and impeding their development – not for the purposes of affording recognition or assisting secession, but as a positive contribution to the goal of reunification". Report of the Secretary-General on his Mission of Good Offices in Cyprus, 28 May 2004.

[77] The EU views the whole of Cyprus as EU territory, although the *acquis* is "suspended" in the north.

[78] "Proposal for a Council Regulation", op. cit.

[79] See Hatay, Mullen and Kalimeri, "Intra-Island Trade in Cyprus", op. cit.

[80] Interview with Foreign Minister Kyprianou, *Kathimerini*, 12 September 2010.

[81] Ambassador Erato Kozakou-Marcoullis, "The Alleged 'Isolation' of Turkish Cypriots: Myth and Reality", Republic of Cyprus Press and Information Office, December 2006.

deal, in large part because in return for Varosha, Turkish Cypriots demanded legitimisation of Ercan airport.

In 2006, as part of the many failed attempts to persuade Turkey to begin implementation of the Additional Protocol by opening some ports to Greek Cypriot traffic and for Greek Cypriots to lift holds on Turkey's EU negotiations, the Finnish EU presidency suggested Famagusta port could be opened to international trade for both communities under EU supervision. Greek Cypriot demands on Varosha and Turkish ones on Ercan extinguished this too.

In July 2010, Christofias revived the proposal to open Famagusta port for both communities, adding an offer to jointly restore the historic old city adjacent to the Turkish Cypriot zone. Although he accepted that the EU supervise, not administer, the port, the Turkish Cypriots rejected it because the Greek Cypriots continued to also demand Varosha in exchange.[82] The condition that Varosha be handed over in return for direct trade stands almost no chance of being accepted by even the most moderate Turkish Cypriots and weakens Greek Cypriot legal arguments.[83] The assertion that direct trade promotes partition is wrong: blocking it does. Famagusta does relatively good business already, but in a way that binds Turkish Cypriots to Turkey. Before Greek Cypriots succeeded in banning direct preferential Turkish Cypriot trade to the EU in 1994 – a measure whose high tariffs wiped out the Turkish Cypriot apparel business – 78 per cent of Turkish Cypriot exports went to EU states. By 2009 the figure was 19 per cent.[84]

Black-and-white arguments about principles do not fit the complicated legal, political and economic situation on the ground. Demanding bi-communal management of the port before a comprehensive settlement is unrealistic. There is no need to prejudge the outcome of the comprehensive talks that will determine whether port management becomes a federal or constituent state competency. Turkish Cypriots have said they might accept EU monitoring of exports through Famagusta, pending a settlement.[85] That would help both Cypriot producers and EU consumers.

Greek Cypriot authorities refer to Famagusta as a "closed port" – and every few years they jail a captain unwise enough to sail into a Greek Cypriot port after having called at the Turkish Cypriot port – but they do not have the means to enforce this ban, and some 1,300 ships dock there each year.[86] The European Commission has said there is no prohibition on doing so.[87] It also argues that the Turkish Cypriot zone is legally EU territory and part of the Republic of Cyprus, but as it is outside the fiscal and customs territory due to the suspension of the EU acquis, it should be treated as a "third territory" for trade purposes. Legally, the EU can and does apply external trade rules to certain other EU territories,[88] so it logically could do the same for areas under Turkish Cypriot control. Protocol 10 of the Accession Treaty states that "nothing in this Protocol shall preclude measures with a view to promoting the economic development of the area".

Trade from Famagusta in these circumstances would not recognise a de facto Turkish Cypriot state but rather rely on the Turkish Cypriot Chamber of Commerce – one of the few Turkish Cypriot entities recognised by Greek Cypriots, since it was founded before 1960 – to arrange export documentation. Opening Famagusta would give all Cypriots more access to EU markets and encourage investment. Bringing both sides nearer the same level of prosperity would help reunify politically equal communities and constituent states and improve governance on the island.[89]

[82] In a 6 November speech, Turkish Cypriot leader Eroğlu said Varosha can only be discussed as part of the negotiations on territory. "Maraş 'toprak'la görüşülür" [Varosha to be discussed under 'territory'], *Kıbrıs Gazetesi*, 7 November 2010.

[83] This would be "humiliation for the Turkish Cypriots". Crisis Group interview, ex-Turkish Cypriot leader Talat, Brussels, 29 November 2010. "If direct trade is a status problem, then let's work on the status. Let's delink it from Varosha. This would test whether the problem is really direct trade or something else. The Greek Cypriots should be clear. Varosha is a non-starter". Crisis Group telephone interview, European official, January 2011. Asked how Varosha's return could change legalistic rejection of DTR on the non-recognition of the Turkish Cypriot administration principle, a Greek Cypriot official said, "we're the weaker side, so we're more ready to bend our principles – I don't know!" Crisis Group interview, Nicosia, May 2010.

[84] Akyel and Pope, "The Lisbon Treaty", op. cit.

[85] Former Turkish Cypriot leader Talat said he accepted that an EU entity could monitor exports but rejected any EU management of the port. Crisis Group interview, Brussels, 29 November 2010.

[86] Crisis Group interview, Turkish official, Ankara, December 2010.

[87] European Commission answer to a question from the European Parliament, 18 January 2008.

[88] It cites Ceuta, Melilla, Gibraltar, Buesingen, Campione d'Italia and Helgoland. "Proposal for a Council Regulation", op. cit.

[89] "I have the feeling that they are not interested in economic development of Turkish Cypriots, they want to dry them out to make them weaker". Crisis Group telephone interview, European official, January 2011. "Forcing us into isolation has had consequences. We have a bigger black market, there are the casinos, there is the trafficking of drugs and people". Crisis Group telephone interview, Erol Kaymak, Cypriot academic and polling expert, 31 January 2011.

V. VAROSHA

Turkish troops have occupied the empty, fenced-off former holiday resort of Varosha (Maraş) in the southern suburbs of Famagusta since the 1974 invasion, originally keeping it as a bargaining chip in a future settlement.[90] Spread over 6 sq km are the abandoned structures of more than 100 hotels, 5,000 houses, hundreds of commercial businesses, public buildings, restaurants, museums and schools, a cemetery and several churches. Home to 30,000 (mostly Greek Cypriot) residents some 36 years ago, the town is empty except for two beach hotels used by the Turkish military. Its 3km sand beach, once a prime vacation spot, is closed.[91] Greek Cypriots call for return to its original owners under UN auspices and eventual transfer to Greek Cypriot political control. It has featured in numerous suggested confidence-building packages. The Turkish Cypriots and Turkey generally, though not always, maintain that all territorial adjustments, including Varosha, can only be part of a comprehensive solution[92] and individual compensation ruled on by the Immovable Property Commission.

As early as May 1979, both sides had agreed that Greek Cypriots could resettle in Varosha ahead of a full political settlement.[93] Security Council Resolutions 550 (1984) and 789 (1992) called for its transfer to UN administration. Negotiations following former Secretary-General Boutros-Ghali's "Set of Ideas" in 1992 considered giving it back to Greek Cypriots but soon stalled. In 2004, Turkish Cypriots, supported by Turkey, accepted the handover of Varosha to Greek Cypriot administration within a year as part of the Annan Plan.

More Varosha ideas are in a Turkish Cypriot set of proposals on property, prepared with Ankara's support and presented at the UN-facilitated talks in September 2010. Leaving aside ultimate political control, they would include Varosha in an island-wide "urban transformation" model to be carried out by a bi-communal "Property Development Corporation".[94] The Turkish Cypriots hope a redeveloped Varosha might absorb many Greek Cypriots entitled to return to their properties in the north but who would choose to settle in Varosha instead.[95] In December 2010, Greek Cypriots snubbed an initiative by Turkish Cypriot businessmen to open Varosha for reconstruction and gradual resettlement by Greek Cypriots, under Turkish Cypriot control and in coordination with the UN.[96] Turkey, which would be willing to see Varosha become a "special zone" under Turkish Cypriot control, as long as Turkish Cypriots had the right to work there and supply goods and services, appears to support the idea.[97]

None of these complicated arrangements have been implemented. Assuming Turkey and the Turkish Cypriots are still willing to allow Greek Cypriot property owners to return before a settlement, as agreed in 1979, they should make a new start by opening talks on returning Varosha to its owners, under indefinite UN control, pending settlement of final status. Once there is a comprehensive deal, Turkish Cypriots would likely not try to keep control of a Varosha whose significant, compact Greek Cypriot population would skew their concept of a bi-zonal bi-communal federation in which only a few Greek Cypriots would live in the Turkish Cypriot constituent state.

There would be advantages for all if Turkey and the Turkish Cypriots were to unilaterally pursue this transition. Most Varosha buildings, especially hotels and commercial properties, must be rebuilt, and Turkish Cypriot

[90] "Soldiers took the land in two days … but [Turkish] politicians got no result in more than ten years". Kenan Evren, former president and commander of Turkish land forces during the 1974 military operation in Cyprus, cited in Hugh Pope and Nicole Pope, *Turkey Unveiled: A History of Modern Turkey* (New York, 2004), p. 121. Senior Turkish army officers have, however, been sceptical about reunification and reluctant to leave Varosha; one reportedly sent a letter warning Foreign Minister Gül not to accept a Finnish proposal that included its evacuation in 2006. The army denied the report. *Vatan*, 3 December 2006.

[91] Almost all Varosha property is owned by Greek Cypriots; international courts have rejected Turkish arguments that most of the land was seized in British colonial times from Turkish Muslim charities (*evkaf*). Crisis Group Report, *Cyprus: Bridging the Property Divide*, op. cit.

[92] In a letter to Ban Ki-moon before a tripartite meeting in November including the UN, Eroğlu wrote that the status of Varosha needs to be part of a comprehensive solution. *Zaman*, 4 November 2010.

[93] Signed between Rauf Denktash and Sypros Kyprianou, the ten-point initiative prioritised "reaching agreement on the resettlement of Varosha under UN auspices simultaneously with the beginning of consideration by the interlocutors of the constitutional and territorial aspects of a comprehensive settlement", so that an agreement on Varosha would be "implemented without awaiting the outcome of the discussion on other aspects of the Cyprus problem".

[94] See Crisis Group Report, *Cyprus: Bridging the Property Divide*, op. cit.

[95] Crisis Group interviews, Turkish Cypriots close to the talks, Nicosia, October 2010.

[96] The Turkish Cypriot north would provide goods, services and capital, and full return of the town would not be considered outside a comprehensive settlement. "İşadamlarının Maraş önerisi" [Varosha proposal by businessmen], *Yeni Düzen*, 3 December 2010. The Greek Cypriot mayor of Morphou denounced the offer as designed to "create division" and end efforts to return Varosha to Greek Cypriots. "Proposal to open Varosha throwing us a time bomb", *Cyprus Mail*, 8 December 2010.

[97] Crisis Group interview, Turkish official, Ankara, December 2010.

companies could win their share in the development boom.[98] There should be a UN-tendered development plan, drawn up in consultation with property owners, and UN supervision, so all tenders are open to private companies based in both communities. If Turkey has implemented the Additional Protocol, its sophisticated construction industry would also be able to bid. EU financing could signal progress towards a Cyprus settlement.[99]

Turkey would also shed much of its multi-billion euro liability for denying Greek Cypriot owners' access to their properties.[100] Greek Cypriot trust would be generated, making political settlement talks easier. Greek Cypriots say they are comfortable with ten to fifteen years of UN control, until refurbishment is complete, but they expect the resort to be handed ultimately to them.[101] That final step depends on a political settlement, but transferring Varosha to temporary UN administration and linking final status to overall settlement would increase Greek Cypriot incentive for a comprehensive deal, possibly closer to mainstream Turkish preference for a looser federal solution.[102]

VI. ERCAN AIRPORT

There is an air of unreality about Ercan Airport in the Turkish Cypriot zone.[103] While Turkish Cypriots complain of isolation because no international airline can fly there, and Greek Cypriots officially act as if the airport can be wished out of existence, a number of state and private Turkish airlines run 60 flights out of it weekly. A dozen flights reach European and other cities after touching down in Turkey;[104] arrivals and departures from the modern facilities can be followed on the internet. Greek Cypriots occasionally use the airport to visit Istanbul, just as European and American tourists sometimes use it on their way to a holiday in the Greek Cypriot zone.

Yet, Ercan remains a point of heated dispute. Nicosia has successfully invoked its right as the internationally recognised government of Cyprus to block direct flights from beyond Turkey.[105] They believe any such access would bestow unacceptable legitimacy on the Turkish Cypriot administration.[106] One of the only recorded direct flights to Ercan from anywhere except Turkey, a single Azerbaijani flight from Baku in July 2005, resulted in Greek Cypriots blocking the start of the EU Neighbourhood Policy for the South Caucasus for six months.

Turkish Cypriot and Turkish leaders frequently call for direct international flights, with some believing that opening Ercan is needed to give Turkish politicians the political cover to implement the Additional Protocol.[107] London supported flights from the UK,[108] but in October 2010, Turkey-based companies failed to win British court approval for the route, with the judges citing Security Council resolutions prohibiting recognition of the self-declared

[98] Ironically, Greek Cypriot business is ambivalent, because a premium new resort might undermine property prices elsewhere in their zone. Crisis Group interview, senior Greek Cypriot official, Nicosia, November 2010.

[99] "We could do Famagusta, with the UN. It might be a post-Lisbon unifier of member states. A letter signed by both Christofias and Eroğlu couldn't be refused". Crisis Group interview, EU official, Brussels, November 2010. "We'll pay". Crisis Group interview, European official, Brussels, January 2011. But another EU official said EU states were unwilling in 2004 to support an €8 billion Greek Cypriot Varosha reconstruction package that they saw as a private beach resort redevelopment project.

[100] Displaced owners have brought several lawsuits to the European Court of Human Rights and the Turkish Cypriot Immovable Property Commission (IPC), potentially amounting to hundreds of millions of euros. See Crisis Group Report, *Cyprus: Bridging the Property Divide*, op. cit. The largest case (at the IPC), for around €115 million, involves Varosha.

[101] Crisis Group interview, senior Greek Cypriot official, Nicosia, November 2010.

[102] Once Varosha is returned, "the Greek Cypriots will lose interest" in negotiating a tight federation. Crisis Group interview, Greek political analyst, Athens, November 2010.

[103] Built in World War II by the British as Nicosia's first airport and known by Greek Cypriots as Tymbou after a nearby village, its present name comes from a Turkish air force forward air controller who died on the first day of the 1974 invasion.

[104] Because Ercan is not recognised by any country except Turkey, no international flight plan can theoretically originate or end there. In practice, the airport and some travel agents treat the flights as "direct" to international destinations on departure boards, in advertising and ticket sales. For instance, see www.kibrisbileti.com.

[105] Since the Turkish Cypriot administration is not internationally recognised, it cannot authorise the use of Ercan under the 1944 Chicago Convention. Only Nicosia can apply to the International Civil Aviation Organisation (ICAO). See "Restrictions imposed by the Republic of Cyprus on vessels calling illegally at ports in the occupied areas of Cyprus", www.mfa.gov.cy.

[106] "Direct flights are seen by Greek Cypriot authorities as a real non-starter. They would mean recognising a separate airspace, which cannot happen". Crisis Group interview, Alexandros Lordos, pro-settlement Greek Cypriot pollster, Nicosia, 27 May 2010.

[107] "They have to get something in return, and it should be Ercan". Crisis Group telephone interview, Turkish official, February 2011.

[108] Were it not for legal obstacles, the government "is committed to ending the isolation of the Turkish Cypriot community, and supports the initiatives of the European Union and of the United Nations in this respect. In that context, the Government has expressed the belief that direct flights between the United Kingdom and northern Cyprus would contribute materially to ending the isolation of the Turkish Cypriots". Royal Courts of Justice, judgment [2010] EWCA Civ 1093, 12 October 2010.

Turkish Republic of Northern Cyprus.[109] In late 2010, the European Commission-Belgian Presidency effort to broker a settlement forwarded to the Greek Cypriots Turkish suggestions of ways to legitimise air traffic from Ercan,[110] possibly charter flights with UN codes and some degree of UN supervision.[111]

To overcome Greek Cypriot concerns about status recognition, the airport could be handed over to EU supervision, including air traffic management, passport and customs control. Nicosia should then request an international locator code for it and freely allow normal traffic to proceed. Any exports from Ercan could be supervised by EU officials in the same manner as goods from Famagusta port. It would change little in practice if Christofias allowed its use for a dozen charter flights weekly, pending a political settlement.

For now, ownership and commercial management should be left to the Turkish Cypriots, as airport competency must be decided in the main talks.[112] Entry of persons should be regulated under Republic of Cyprus criteria, whose visa regime should be modified to allow Turkish citizens to visit the whole island. The EU should also supervise management of civilian air traffic to Ercan, though, as is the case now, the adjacent Ankara Flight Information Region should remain able to designate Ercan Control as a contact point for aircraft about to enter its area. This would help resolve control of the airspace above the Turkish Cypriot zone, thus making travel safer.[113] An important step for all parties should be to supply each other full information, so Nicosia, Ankara and Ercan controllers see the same planes on their computer screens.

Controlled use of Ercan would win for Turkish Cypriots some EU inclusiveness and for Greek Cypriots goodwill and some influence over the situation they presently lack. Denial of the airport's operation, on the other hand, has not prevented its steady expansion or achieved much beyond ineffectively punishing Turkey and Turkish Cypriots.[114] A former Greek Cypriot foreign minister warned his countrymen not to be "21st century Don Quixotes":

> We, Greek Cypriots, live in a world of our own. We wait for Robin Hood to vindicate us, whilst the ground under our feet incessantly subsides. We are still chasing our dreams. In the past we used to reject what was "good", aiming at what might be "better". Today there is no "good" anymore, we have to opt between the "mediocre" and the "tolerable".[115]

VII. TRANSPARENCY IN TROOP NUMBERS

Turkish and Greek Cypriot leaderships' cancellations of military exercises over the past three years have contributed to confidence building. Ankara could go a step ahead, declaring readiness to count the troops in its Cyprus garrison. Mutually agreed troop withdrawals must be part of the final political settlement. Polls show Turkish Cypriots remain convinced they need a residual Turkish military presence and guarantees,[116] but Ankara must be clear about its intention to withdraw the bulk of its soldiers. Without ending perceptions it militarily occupies EU territory, Turkey will never be able to join the EU, and without convincing Greek Cypriots of its willingness to withdraw, it will not reach the political settlement that will enable its troops to leave.

By permitting a troop count, Turkey could lower Greek Cypriot threat perceptions without any soldiers actually departing. A UN or other mutually agreed mechanism could record all soldiers on the island, including the "retired" Greek officers with the 9,000-strong Cyprus national guard and the British sovereign bases. Such a verification mechanism will be needed as part of any political settlement. It would almost certainly expose significant

[109] Security Council Resolution 541 (1983) deplored the declaration of an independent "Turkish Republic of Northern Cyprus" and considered it legally invalid, and called upon all states to respect the sovereignty and territorial integrity of the Republic of Cyprus. Resolution 550 (1984) called upon all states not to recognise the purported state. None except Turkey does.

[110] "Feasibility studies with a view to opening Ercan airport to limited international traffic under international control have been part of the discussions". Crisis Group email communication, European diplomat, February 2011.

[111] Crisis Group interview, international official, Istanbul, January 2011.

[112] In the Annan Plan, international air and sea navigation issues were the responsibility of the federal government.

[113] 400-500 flights pass over Cyprus daily, including major EU carriers, dealing with two sets of air traffic controllers, who do not talk to each other and compete for control of aircraft in the same space above the Turkish zone. Crisis Group interview, European diplomat, Nicosia, November 2010. Complications include the way pilots can officially talk to Ercan control when it represents Ankara control, but are told to politely ignore it otherwise. See "Uncivil Aviation", *Aerosafety World*, August 2010.

[114] "I sometimes think my [Greek Cypriot] clients are only out for revenge". Crisis Group interview, lawyer representing the Greek Cypriot government abroad, April 2010.

[115] Nicos Rolandis, "A secretary-general who does not smile any more", *Cyprus Mail*, 19 December 2010.

[116] While 98 per cent of Greek Cypriots want a withdrawal of foreign troops and 96 per cent an end to foreign guarantees and rights of intervention, in the Turkish Cypriot community the figures fall to 31 per cent and 25 per cent. "Cyprus 2015", op. cit.

differences between the real number of Turkish troops and what Greek Cypriots believe. Nicosia officials publicly say there are 43,000; the UN unofficially estimates 32,000;[117] and Turkey privately says there are just 21,000.[118]

If the settlement talks gain new traction, Turkey could stage a confidence-building withdrawal. With Turkey just 40 miles away, there are more troops on the island than needed to make Turkish Cypriots feel safe. This is one reason Ankara could agree to the Annan Plan, which foresaw an ultimate drawdown to 650 Turkish and 950 Greek soldiers on the island, the same numbers as in the 1960 treaties. A real sense that Turkish troops were preparing to leave could also help Turkey convince others[119] that the UN peacekeepers should be scaled back or withdrawn.[120]

Similarly, to build transparency and trust, Greek Cypriots and Turkish Cypriots should together seek international help to conduct a simultaneous island-wide census. This could coincide with the next Republic of Cyprus census date (1 October 2011). It would settle many questions, particularly the number of Turkey-origin residents in the north,[121] which Turkish and Greek Cypriots alike want to know.[122] It would also determine the true population in the north, which even the Turkish authorities seem not to know.[123] Greek Cypriots should drop objections to EU aid to Turkish Cypriot administrators in carrying out their part of a census, thus removing the paradox that they criticise the lack of international oversight they have themselves prevented, then base some of their own arguments on the data.[124]

VIII. DIALOGUE, PENDING A SETTLEMENT

The angry tone in Turkish and Greek Cypriot officials' voices when talking about each other speaks volumes about the level of mutual frustration. The deep misunderstanding of each other's goals, particularly the disbelief that the other side sincerely wants a settlement, can be attributed to a near-total absence of dialogue. One reason is Ankara's refusal to recognise the authority of Greek Cypriot officials and Greek Cypriots' refusal to speak directly with Turkish Cypriot de facto authorities outside UN-facilitated talks. Also, Turkish Cypriots jealously guard their traditional role of intermediaries between Ankara and Nicosia as a rare source of leverage[125] and are supported by Turkish officials seeking to protect the status of Turkish Cypriots in the negotiations.

The Turkish side asserts the Greek Cypriot leadership illegally seized the title of the Republic of Cyprus in 1963/1964.[126] However, the Republic is now an EU and UN member, and Ankara is isolated in its refusal to talk nor-

[117] Crisis Group interview, international official, Nicosia, November 2010.
[118] Crisis Group interview, Turkish official, Ankara, June 2010.
[119] "We have to give the impression that there is normalisation, that Turkey is not a threat, for UNFICYP to withdraw". Crisis Group interview, Turkish Cypriot person close to the talks, Istanbul, November 2010.
[120] International officials increasingly speak of this option, but Russia, a prominent Greek Cypriot supporter on the Security Council, rules it out. Crisis Group interviews, diplomats, New York, June 2010. Secretary-General Ban Ki-moon, most recently during the Security Council's renewal of UNFICYP's mandate (Resolution 1953), alluded to this when he spoke of his plan "to conduct a broader assessment of the United Nations presence in Cyprus, with a view to recommending ways to further adjust to ongoing developments", 15 December 2010.
[121] A Turkish Cypriot census in 2006, the questions asked during which would provide a sound basis for those of a future exercise, found 265,100 "de facto" inhabitants, including 134,000 who were only citizens of the self-declared "Turkish Republic of Northern Cyprus", 42,795 dual nationals (including 33,870 with Turkish citizenship), and 77,731 with Turkish citizenship only.
[122] "We demand a population census prior to the solution so that it will be clear who are the settlers and who are not, so that we will be in a position to know who will acquire Cypriot citizenship, which will be given to them by the federal state". Demetris Christofias, speech, London, 16 May 2010. "A population census is urgently needed in the northern part of Cyprus to identify who is in the north for touristic purposes and who is here as illegal labour force". Serdar Denktash, Turkish Cypriot Democratic Party leader, quoted by *Kıbrıs*, 5 January 2011.
[123] "Is the population of this place 250,000? Is it 270,000? Is it 300,000? Or is it one million, like in the public auctions? … serious state reform is needed". Cemil Çiçek, Turkish state minister, speech cited in *Kıbrıs*, 6 October 2010.
[124] "When we contacted the Greek Cypriots about this before, they saw it as 'recognition' and made so many demarches we could not proceed. But we would be ready to help". Crisis Group telephone interview, EU official, January 2011. "The so-called 'census', which has not been observed by international organisations, because of the illegality of the regime that conducted it, is greatly unreliable". Turkish Cypriot census results "are indicative of the numbers estimated by the government of the Republic of Cyprus as to the number of settlers". "Illegal Demographic Changes", foreign ministry, www.mfa.gov.cy.
[125] "They want to bypass me and go to Tayyip [Erdoğan] … I'm the representative". Crisis Group interview, Derviş Eroğlu, Turkish Cypriot leader, Nicosia, 3 June 2010.
[126] When the UN wanted to send peacekeepers to Cyprus in 1964, it needed a government to deal with. Turkey, seeking to protect Turkish Cypriots from further killings, accepted it should be the Republic of Cyprus. Its Nicosia embassy continued to interact with the Republic between 1963 and 1974, and Greek Cypriots and Turks officially negotiated in 1967-1968. Crisis Group interviews, retired Turkish and Greek Cypriot diplomats, Istanbul, Nicosia, November/December 2010.

mally to its officials. The policy is inconsistently applied: Turkish officials sometimes deal with Greek Cypriots as official representatives of the Republic of Cyprus in, for instance, EU meetings.[127] They and Greek Cypriots share an interest in breaking the ice before Nicosia assumes the EU presidency in the second half of 2012. A breakthrough came in February 2010, when Turkey invited Greek Cypriots to meet Foreign Minister Ahmet Davutoğlu in his Ankara office and others to meet Prime Minister Erdoğan and chief EU negotiator Egemen Bağış.[128] The meeting with Erdoğan convinced most participants and their Greek Cypriot constituencies that Turkey was serious about a settlement, including ultimately a troop withdrawal.[129]

However, Nicosia dismissed this outreach,[130] and Turkey did not follow with a sustained effort to convince official or public opinion of its good faith.[131] While the foreign ministry has worked hard to support Turkish Cypriots in the talks and opening the Limnitis crossing point, the political leadership – upset at slow progress in EU accession and distracted by its active foreign policy elsewhere – has shown little sense of urgency.[132]

New dialogue possibilities seemed to open in January 2011. Erdoğan signalled willingness to accept a long-standing Greek Cypriot demand for the EU to join a multilateral meeting on Cyprus and stressed the importance of face-to-face talks, though a mutually acceptable formula has not yet been found.[133] Turkey needs these contacts to appreciate how threatened Greek Cypriots feel.[134] There is also much to discuss beyond a political settlement, such as possible Turkish Cypriot water sales to Greek Cypriots from a pipeline Turkey plans to build from its coast.

Christofias signalled he might drop the condition that he should be officially recognised as president of the Republic of Cyprus at bilateral meetings.[135] This could lead to a belated catching up with a decade of Greece-Turkey normalisation.[136] If Greek Cypriots are ready for an informal ice-breaking meeting, Turkey should at least temporarily drop its condition that Eroğlu be present on an equal basis with Christofias.[137] An alternative approach would be for Greek Cypriots to accept Turkey's private suggestions that an Ankara visit by any Greek Cypriot official could be matched with a similar Athens visit by a Turkish Cypriot official. This could start with individual briefing visits by the Greek and Turkish Cypriot chief negotiators.

Similarly, the two sides should find a way to revive discussions of Turkish Cypriot universities' and sport teams' participation in European networks and international com-

[127] "In the Association Council meeting, Turkey has to respond to questions by the Cypriot representative. It reminds me of an Ionesco play". Crisis Group interview, Greek official, Athens, November 2010.

[128] The first meeting (19 February) was with the Greek/Turkey Forum and its Cyprus Chapter. The second (27 February) included journalists, a politician, an ex-senior official, academics and Greek and Turkish Cypriot pro-settlement activists.

[129] "No one can and should doubt Turkey's sincerity", Erdoğan said. He repeatedly stressed that Turkey's goal was a lasting comprehensive settlement, it wanted to do its share and would respect a solution. He reiterated that Turkish troops would be withdrawn, but only after a settlement. Crisis Group was in attendance.

[130] "Turkey needs to move from words to deeds and actively demonstrate that they want a solution in Cyprus". Stefanos Stefanou, Cyprus Press and Information Office, 2 March 2010.

[131] Apart from Cyprus issues, a senior Greek Cypriot official said, "our mistrust has some justification", due to Turkey's failure to ratify the protocols it signed in 2009 to normalise relations with Armenia, non-implementation of agreements to readmit refugees from Greece and continued military overflights of Greece's Aegean islands. Crisis Group interview, Nicosia, November 2010.

[132] "Ankara, busy with its manifold foreign policy endeavours in more exciting lands, has put Cyprus on the backburner". Nathalie Tocci, "The Baffling Short-Sightedness in the EU-Turkey-Cyprus Triangle", Istituto Affari Internazionali, October 2010.

[133] Supporting the Turkish idea of a multilateral discussion with Greek and Turkish Cypriot officials sitting as equals, a proposal Greek Cypriots dismiss, Erdoğan said, "you've sat together [with the Turkish Cypriots] for talks 45 times now, what title did you have there? You'll have the same title [at multilateral talks]. Animals get to know each other by sniffing, people by talking. We will sit down and talk". News briefing, Erzurum, 7 January 2011.

[134] "Erdoğan's outreach is very promising but not enough. We need direct talks … Christofias needs a major move from Turkey to show them that Turkey won't be controlling their country. Symbolic gestures, apologies, and acknowledgement of human rights violations are the basic ingredients of reconciliation". Crisis Group interview, Hubert Faustmann, University of Cyprus professor, Nicosia, 26 May 2010.

[135] Explicitly dropping a condition to be received as the Republic of Cyprus's recognised president, Christofias said, "I want to meet Erdoğan and Gül, even if this is unofficial. I want to explain to them my vision for a settlement. Let's eat fish on the Bosporus, without sidelining the Turkish Cypriots. We can solve Cyprus with Erdoğan". Interview, *Milliyet*, 7 January 2011.

[136] "Neither Greece nor Turkey is prepared to wait for the two sides in Cyprus to reach a deal, in order to put bilateral relations on a sound basis. And they are quite right in moving ahead regardless of Cyprus, the politicians of which are incapable of accepting that times have changed". Editorial, *Cyprus Mail*, 15 May 2010.

[137] Crisis Group email communication, senior Turkish official, January 2011. After Christofias's offer, Erdoğan said he would happily join him in a meeting with Greek and Turkish Cypriots, Greece, Turkey and the UN; diluting the policy of keeping the EU at arm's length from Cyprus talks, he said it could join "if you want". News briefing, Erzurum, 7 January 2011.

petitions. Pending a settlement, one way to achieve this would be to create an interim Republic of Cyprus government department for Turkish Cypriot organisations, or a chapter of the relevant Republic of Cyprus institutions. This should be no more difficult for Turkish Cypriots to accept than the Republic passports that many more than 80,000 of them now carry.

IX. CONCLUSION

Five UN Secretaries-General have despatched good offices missions to help negotiate the reunification of Cyprus, over nearly five decades, but none has yet succeeded. The current major round of UN-facilitated negotiations is struggling. Such talks are the only way to achieve an overall political settlement, to solve the ultimate status and size of the Turkish Cypriot zone, to establish full diplomatic relations between Turkey and the Republic of Cyprus, to work out the amount of territory that Turkey and Turkish Cypriots will hand over to the Greek Cypriots and to agree on the property owned on both sides of the island. Therefore, they must continue.

But even if there is a breakthrough, it will be uphill work to persuade the people to accept the deal in a referendum. The parties will have to overcome deep distrust. The stepping stones are clear. Greek Cypriots want access to Turkish sea and airports and airspace, to regain property in Varosha, to be persuaded that Turkish troops will leave, and to talk directly with Turkey. The Turkish Cypriots want international flights to Ercan airport, direct trade with the EU and the right for their sports teams and universities to participate in international events. Turkey wants an end to Greek Cypriot blocks on half of its negotiating chapters with the EU. Taking these steps, as described above, would change little of the bi-zonal, bi-communal realities on the ground. But it would reduce tensions, normalise relations between all parties, build a sense of trust and pave the way to a full political settlement.

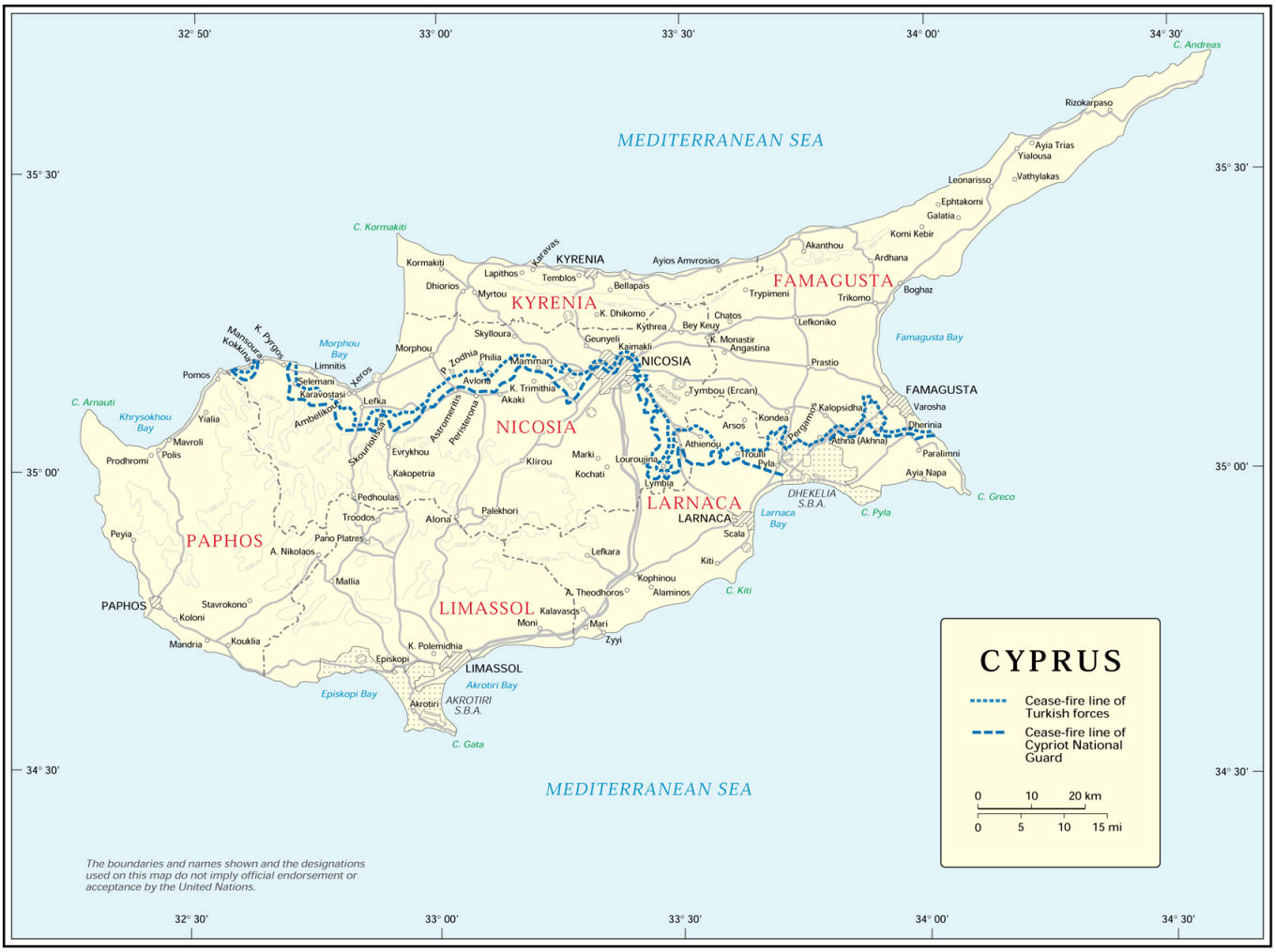
EU states and institutions should support these measures, because they have important interests in a settlement. Continuation of the division of Cyprus and alienation of Turkey are profoundly negative dynamics that should be healed to guarantee effective EU-NATO institutional cooperation, proper ties with a rising regional power and full access to Europe's fastest-growing economy. An all-Cypriot process has produced little progress. Outside powers should encourage the sides to implement some, and preferably all, the steps this briefing describes. The overall environment could also be strengthened by firm EU recommitment to membership for Turkey.

Failure to reinvigorate the process would doom the UN talks. Nobody should be surprised if the outside world than distances itself, concluding that the sides are not interested in going the extra mile for a settlement. It would then doubtless remain disengaged, until domestic debates take place that allow politicians to move forward – among Greek Cypriots as to what kind of federation they want and can realistically achieve, among Turkish Cypriots about whether they want to be part of Turkey or of a reunited Cyprus and in Turkey about whether it really wants to pursue its EU candidacy.

Nicosia/Istanbul/Brussels, 22 February 2011

APPENDIX A

MAP OF CYPRUS



Map No. 4038 UNITED NATIONS
October 1997 (Colour)

Department of Public Information
Cartographic Section

APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in fourteen additional locations (Baku, Bangkok, Beirut, Bujumbura, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Port-au-Prince, Pretoria, Sarajevo and Seoul). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia and Turkey; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

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WORKING TO PREVENT CONFLICT WORLDWIDE

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