

REUNIFYING CYPRUS: THE BEST CHANCE YET

Europe Report N°194 – 23 June 2008

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REUNIFYING CYPRUS: THE BEST CHANCE YET

EXECUTIVE SUMMARY AND RECOMMENDATIONS

A new peace process in Cyprus offers the best opportunity in decades to solve the intractable division of the island. The turnabout is largely due to the surprise election of Demetris Christofias to the Greek Cypriot presidency. He, together with his Turkish Cypriot counterpart, Mehmet Ali Talat, are demonstrating political will to make the current UN-mediated talks succeed. Key players like Turkey are being constructive. The outside world, particularly the UN and European Union (EU), needs to fully engage in support of a comprehensive settlement that will improve Cypriot security and prosperity, free Turkey to continue its movement into Europe and overcome a problem that is increasingly damaging to EU policy in the region and beyond.

Since their first meeting on 21 March 2008, Christofias and Talat have opened a new crossing at Ledra Street in the capital, Nicosia, and made solid progress in preparatory talks. In a joint statement on 23 May, they committed to establishing a bicomunal, bizonal federation as a partnership with a single international identity and two equal Constituent States. The presidents are expected to meet again on 1 July and announce agreement on measures to improve bicomunal coordination in health, road safety and the environment. Either then or at the latest in mid-July, they should press forward and announce a 1 September 2008 start for full-fledged negotiations.

Both sides know this is only a beginning, but that it could be the last chance for reunification for the foreseeable future. Several dynamics encouraging partition have emerged since the Annan Plan was accepted by the Turkish Cypriots but rejected by the Greek Cypriots in 2004 referendums. Failure in these negotiations would trigger a cycle of vengeful politics and mistrust on the island; further complicate EU-Turkey and EU-NATO relations; make the Cyprus problem a permanent irritant in the heart of the EU; and, if the 2007 rhetoric over Cypriot oil prospecting was an indication, bring new military tensions to the island.

In the run-up to and during the full-fledged talks, working groups and technical committees should continue

to meet to develop options for the leaders to discuss. Momentum must be maintained. Sceptics and nationalists on both sides are waiting for opportunities to derail the talks. Indeed, criticism of the process from the former hardline leaders, Tassos Papadopoulos, the Greek Cypriot president who lost his re-election bid in February 2008, and Rauf Denktaş, for decades the Turkish Cypriot strongman, underlines how committed Christofias and Talat are to reaching a solution.

The position of Turkey is crucial, given its geographic proximity, large garrison on the island and extensive support for the Turkish Cypriot administration. The ruling AK Party government is supporting the settlement process as it did in 2004, and the foreign ministry says it is determined to reach a solution. The Turkish military is sticking to its 2004 acceptance of troop withdrawals in return for the right deal and has been constructive so far. The Turkish Cypriots say they have Ankara's full backing to reach agreement along the well-established UN parameters. Chances of success would be higher if there was less internal political turmoil in Turkey due to the court case against the AK Party, but domestic disputes do not rule out progress on Cyprus.

Distrust between Greek Cypriots and Turkey is a key obstacle. Ankara remains suspicious of the Greek Cypriots' intentions, despite a turnabout in their position under Christofias, and Greek Cypriots remain convinced that Turkey is insincere and unreliable. These two parties barely know each other, having not talked for 40 years, and are all too ready to believe extremist rhetoric in nationalist media. Ankara should communicate with Greek Cypriots, even as it refuses to recognise their government as representing all interests on the island, just as Greek Cypriots should work more willingly with the longstanding Turkish Cypriot administrative structures. EU states and other external parties can facilitate better communication.

The UN Secretary-General should appoint a new high-level special adviser to facilitate the full-fledged talks and ensure that all regional and other international players are fully informed and supportive. The EU, which risks real damage to many areas of policy

if the Greek Cypriot-Turkish relationship breaks down, must engage more with the process, including making preparations now for financial instruments to support any settlement.

The economy and security of both communities on Cyprus, as well as Turkey, would significantly benefit from the right comprehensive settlement under the EU roof. As they work for difficult compromises, all should move beyond painful memories and past distrust to focus on this goal.

RECOMMENDATIONS

To the Greek Cypriot Administration:

1. Treat Turkish Cypriot counterparts as legitimate partners, especially by reversing the previous government's ban on EU visits to Talat in his office in the north and relaxing, if only temporarily, limitations on international activities by Turkish Cypriot sporting, educational and folkloric clubs.
2. Implement unilaterally, to show commitment to a carefully negotiated, comprehensive final settlement based on the well-established UN body of work, the European Commission's Direct Trade Regulation to allow free, direct trade between Turkish Cypriots and the EU through their own ports.
3. Request that Turkish become an official EU language, as it is in Cyprus, and make preparations for Turkish Cypriot voters and candidates to participate in the 2009 EU parliamentary elections.
4. Supplement statements of support for Turkey's eventual EU membership with real help for the accession process, including by ending the hold on negotiation of chapters of the draft Turkey-EU membership agreement and avoiding gratuitous attacks on Turkey and attempts to drive wedges between it and Turkish Cypriots.

To the Turkish Cypriot Administration:

5. Show more flexibility in debating options for the leaders when discussing issues in working groups and technical committees.
6. Freeze, if only during negotiations, construction on Greek Cypriot property in the north.

To the Government of Turkey:

7. Talk to Greek Cypriot officials and signal more active commitment to conflict resolution by public statements in support of the negotiations process

and lowering the profile of its troop presence on Cyprus.

8. Implement unilaterally, to show commitment to a carefully negotiated, comprehensive final settlement based on the well-established UN body of work, the pledge in the 2005 Additional Protocol to the EU-Turkey Customs Union and open airports and seaports to Greek Cypriot traffic.

To the EU and Governments of EU Member States:

9. Reach out actively to pro-solution leaders on both sides while supporting the Cypriot-driven process; insist on fair implementation of EU aid and trade policies to allow the Turkish Cypriots direct access to EU markets and programs; and re-engage with Turkey through high-level visits to make the case for a Cyprus settlement and encourage Turkey's EU convergence.
10. Prepare a financial package in support of a settlement, as was done for Northern Ireland, including financial instruments to guarantee a property compensation scheme, as well as financial aid to reduce the economic gap between the future Constituent States; assist the future Turkish Cypriot Constituent State to meet EU requirements; and help build tens of thousands of new homes needed for Turkish and Greek Cypriots.
11. Particularly the governments of the UK, Greece and Cyprus should discuss new security architecture for Cyprus and the eastern Mediterranean that can both satisfy EU foreign policy and defence aims and complement the interests and needs of a Turkey on the path to EU membership.

To the UN Secretary-General and Secretariat:

12. Appoint a special adviser in the coming weeks and provide him/her with a team, including a strong media component, that has regional reach and fully authorised Turkish Cypriot and Greek Cypriot spokespersons.
13. Facilitate, together with the UN Peacekeeping Force in Cyprus (UNFICYP), the active participation of civil society in defining a settlement and highlighting its benefits, particularly through the use of opinion polls integrated with the negotiations and the organisation of bicomunal meetings of civil society representatives, business leaders and professional groups.

Nicosia/Istanbul/Brussels, 23 June 2008

REUNIFYING CYPRUS: THE BEST CHANCE YET

I. NEW POLITICAL WILL

For several months Greek Cypriots have adopted a positive new approach in support of a comprehensive settlement to reunify their divided island. This readiness to compromise is motivated by a realisation that stonewalling is ineffective,¹ and a negotiated agreement is essential to remove Turkish troops,² as well as a new understanding of the benefits of a settlement, in terms of compensation for lost property, increased security and economic growth.³ Greek Cypriots also want to remove the stigma of being the party that overwhelmingly refused the last internationally backed peace plan in 2004. The Turkish Cypriots and key leaders of Turkey, who had a similar change of heart in 2004, remain committed to reach a settlement along the lines of that plan.

With both sides expressing new political will to reach a settlement, they are mostly avoiding the “blame game” – the trading of barbs about painful episodes in history and the other’s supposed intransigence.⁴ After a trip to meet Cyprus decision-makers in March 2008,

UN Under-Secretary-General for Political Affairs Lynn Pascoe judged that “the manifest commitment of the Greek Cypriot and Turkish Cypriot leaders to seek a solution is extremely encouraging”.⁵

A. A NEW GREEK CYPRIOT PRESIDENCY

The 2008 Greek Cypriot presidential election produced a major upset in the 17 February first round. Incumbent Tassos Papadopoulos, who based his re-election campaign on having blocked the 2004 UN-mediated comprehensive settlement (the Annan Plan) and his promise to say “no” to any attempt to resurrect it, was defeated despite the advantages of incumbency, including wide coverage on state-owned television and its targeting of any who opposed his nationalist line.⁶

The first-round victors were Ioannis Kasoulides, a former foreign minister backed by the centre-right party DISY,⁷ with 33.5 per cent of the vote, and Demetris Christofias, leader of the nominally communist party AKEL,⁸ with 33.3 per cent. Both promised a

¹ See Crisis Group Europe Report N°171, *The Cyprus Stalemate: What Next*, 8 March 2006.

² See Crisis Group Europe Report N°190, *Cyprus: Reversing the Drift to Partition*, 10 January 2008.

³ See Fiona Mullen, Özlem Oğuz and Praxoula Antoniadou Kyriacou, “The Day After: Commercial opportunities following a resolution of the Cyprus problem”, International Peace Research Institute, Oslo (PRIO), March 2008. The study argued that within seven years, the dynamics of a settlement could add ten percentage points to the united Cypriot economy. However, a Greek Cypriot academic pointed out there are significant risks if the deal collapses. Andreas Theophanous, “The Political Economy of a Cyprus Settlement: The Examination of Four Scenarios”, International Peace Research Institute, Oslo (PRIO), June 2008.

⁴ “There’s more rhetoric from Christofias and his camp [than the Turkish Cypriot side]. He’s nervous that the Turks don’t want a settlement”. Crisis Group interview, Western official, London, May 2008. A Greek Cypriot opposition party executive said he believed Christofias’s occasional hardline statements were an effort to keep nationalists within his camp from going into outright opposition. Crisis Group interview, Nicosia, June 2008.

⁵ Pascoe briefing to the UN Security Council on Cyprus, 15 April 2008.

⁶ “No Greek Cypriot president has exited so summarily. And no sitting Greek Cypriot president has lost in the first round. It was dramatic”. Crisis Group interview, European ambassador, Nicosia, June 2008. A few brave voices in Greek Cypriot civil society who campaigned for the settlement in 2004 had faced harassment, court cases and vilification in the media as hirelings of the U.S. “There was real persecution of NGOs”. Crisis Group interview, Western ambassador, Nicosia, March 2008. A Greek Cypriot activist who campaigned for a “yes” vote said, “the propaganda against the Annan Plan had started in November 2002 and continued more aggressively after the election of Papadopoulos in 2003 up to the referendums. The ‘yes’ campaign had just one month to make its case. We also underestimated the rejectionist camp’s resources and propaganda machine. The ‘no’ campaign won because fear was their weapon, fear of the unknown after any solution... We had the feeling that our car was followed, and our telephone was tapped. There was a campaign to scare those lobbying for a ‘yes’”. Crisis Group interview, Istanbul, May 2008.

⁷ Democratic Rally.

⁸ Progressive Party of the Working People.

more compromising line with the Turkish Cypriots. Papadopoulos polled 31.8 per cent. Christofias won in the second round on 24 February with 53.36 per cent. Kasoulides, who had campaigned for the 2004 draft settlement and in 2008 advocated a forward-leaning policy of compromise,⁹ received 46.64 per cent. Since then DISY, as the main opposition party, has repeatedly supported Christofias's efforts to reach a settlement¹⁰ and has rejoined the National Council, an influential advisory body of former presidents and party leaders.

President Christofias quickly started to reverse the previous government's hardline approach in both style and substance. The electoral alliance he had concluded with what is sometimes called the Greek Cypriots' "rejection front" in the run-off second round was never a formal coalition. Once in office he gave DIKO's¹¹ (Papadopoulos's party) portion of cabinet posts only to those with weak ties to the old regime.¹²

The new administration admitted Greek Cypriot errors in the 1960s; talked publicly of a future Turkish Cypriot administration; and acknowledged in at least one case that delays in the repair of a chapel in the north were due to problems on its own side. It also recognised that some internally displaced Greek Cypriots would not be going home; warned that some immigrants from Turkey would stay on the island; told Greek Cypriots to prepare for a solution; sent a senior official and a presidential wreath to the funeral of a recently exhumed Turkish Cypriot killed in the 1960s; and invited Turkish journalists to visit the south, even though they had entered the island from the Turkish Cypriot side. All these were previously taboo subjects or actions. The Christofias government also accepted a negotiated settlement to eight court cases

over European Commission aid programs in the north.¹³ Sources close to Christofias maintained that this was part of a deliberate strategy, which may take months, to lay the domestic groundwork for a compromise settlement.¹⁴

Christofias, 61, has a long-established dialogue with Turkish Cypriot leader Mehmet Ali Talat based on their left-wing parties' common anti-nationalist cause. EU leaders welcomed Christofias warmly on his first visit to Brussels, principally because they believe he is ready to solve the Cyprus dispute.¹⁵ The mission by the UN's Pascoe elicited a declaration from the president that "I want to die with the assurance that new generations will not torture themselves with the Cyprus problem".¹⁶ Turkish Cypriots also remember AKEL for supporting the peacemaking efforts of former Greek Cypriot President George Vasiliou and for some actions to protect them during the 1955-1974 years of communal violence.¹⁷

⁹Kasoulides had maintained that his first act would be to call Turkish Cypriot leader Talat and invite himself to his house deep in the north, which no Greek Cypriot leader has visited due to the presence of the Turkish army. Reuters, 17 February 2008.

¹⁰Turkish Cypriot leaders, however, believe the new president feels he cannot rely on this support after decades of political collaboration with the more hardline parties. "Whenever we come together, he thinks what kind of decision can we have so that he doesn't have criticism". Crisis Group interview, senior Turkish Cypriot leader, May 2008.

¹¹Democratic Party.

¹²"Christofias has not stuck to the traditional Cypriot method. Papadopoulos has been marginalised. His party [DIKO] has been snubbed. Aside from the foreign minister, only low-level DIKO people not strongly connected to Papadopoulos have been given posts in the Cabinet". Crisis Group official, Western diplomat, Brussels, March 2008.

¹³Six cases were filed under the Papadopoulos government and two under Christofias. The Greek Cypriots withdrew them after winning a change in the labelling of Turkish Cypriot participation in a way that avoided any hint of recognition of the Turkish Cypriot state. *Cyprus Mail*, 3 June 2008. The cases had severely hampered the European Commission's work, according to an EC official: "We had to use a lot of resources on this...many man hours ... it was a diversion of focus, very counter-productive and took away time from where we could have been more productive and pro-active". Crisis Group interview, Brussels, June 2008.

¹⁴"Christofias told the Turkish Cypriots that ... he needs three-four months to prepare the people for a process, to see things positively...I am positive they mean business, they really want to do it". Crisis Group interview, Greek Cypriot journalist, Nicosia, March 2008. "We, the members of AKEL Party, decided to put up an AKEL candidate for president because we were determined to reach a settlement". Crisis Group interview, senior AKEL politician Yiannakis Skordis, Istanbul, May 2008.

¹⁵Christofias was well received even though he is the only communist leader in the EU. The son of a builder, fluent in Russian and educated in the Soviet Union, he keeps a bust of Marx by his desk in party headquarters and an oil painting of Lenin on the wall. But three quarters of the eleven members of his cabinet were educated at least in part in the West, and his actions have been pragmatic. "As Europe's only communist leader he knows he has to present a less truculent image, and progress on the Cyprus problem is the best way of doing this". Crisis Group interview, Western ambassador, Nicosia, March 2008. "The Europeans are welcoming Christofias because they think he'll be better than Papadopoulos in solving the Cyprus problem". Crisis Group interview, Greek Cypriot opposition politician, Nicosia, March 2008.

¹⁶Pascoe briefing, op. cit.

¹⁷For instance, a senior Turkish Cypriot official said AKEL militants protected his family when they were vulnerable in

Christofias and AKEL have given contradictory signals in the past. The party helped defeat peace plans in 1978 and most recently in 2002-2004. In 2004, Christofias presided over a messy political deal that left him a partner in Papadopoulos's ruling coalition¹⁸ and campaigning against the Annan Plan. He has shown a tendency to blame Turkey too quickly,¹⁹ and key members of his staff alienate Turkish Cypriots and Turkey by exaggerating differences between them.²⁰ As recently as June 2008, Greek Cypriot officials blocked the opening of a new phase of negotiations on Turkey's application to join the EU, contradicting the new government's claim to support Ankara's membership.²¹ If Christofias truly wants to build up Talat as a future partner, he should reverse the previous government's policies and allow visiting ministers from Europe to meet the Turkish Cypriot leader in his office in the north.²²

B. TURNABOUT IN THE GREEK CYPRIOT APPROACH

The 750,000 Greek Cypriots long believed their position was too weak and isolated to commit fully to negotiations on a comprehensive settlement. This is still often expressed in the fear that "even if we reach a

the Turkish quarter of southern Limassol after Ankara's 1974 invasion. Crisis Group interview, Nicosia, March 2008.

¹⁸Christofias was president of the House of Representatives and exercised power in the Papadopoulos coalition mainly through government ministers from his party.

¹⁹"The inadmissible cry of the Turkish Cypriots at the situation should be heard by the big country with troops here....I don't think they are happy with this assimilation". Demetris Christofias, presidential statement, 19 March 2008.

²⁰"Turkey is a dominant power, a big power with enormous firepower. Why are they here in Cyprus, to intimidate the Greek Cypriots or the Turkish Cypriots?...The Turkish Cypriots must cut the umbilical cord with Ankara". Crisis Group interview, senior Greek Cypriot official, Nicosia, March 2008.

²¹Greek Cypriots blocked plans to open talks on the energy chapter of the draft agreement. *European Voice*, 5 June 2008. European officials say that a month earlier Greek Cypriot officials in Brussels also began to block the opening of the chapter on fundamental freedoms and the judiciary, despite opposition from many other EU states. The Greek Cypriots argued that Turkey should be made responsible for human rights violations in any areas under its effective control, meaning the Turkish Cypriot state. "This can also block two other chapters linked to fundamental freedoms. They are bringing bilateral issues and directly linking them to the EU-Turkey negotiations". Crisis Group telephone interview, European Commission official, June 2008.

²²Talat's office is in the official residence of the former Turkish Cypriot Vice President according to the system set up for Cypriot independence in 1960.

deal, Turkey will never implement it".²³ Despite a joint defence doctrine with Greece and Greek military support, Greek Cypriots felt at a great disadvantage against a far stronger Turkish army and 75 million Turks to the north in Turkey.²⁴ However, full EU membership since 2004 has done much to alleviate their insecurity.²⁵

The new confidence to engage is exemplified not just by the elections and progress in the peace process since the island's two presidents met on 21 March 2008. After two months in power, one poll showed three quarters of Greek Cypriots backing Christofias' pro-solution approach.²⁶ This included 77 per cent support from the main opposition party, DISY, and 68 per cent support from Papadopoulos's DIKO party.²⁷ When the Ledra Street crossing opened on 3 April, it was ordinary Greek Cypriots who flocked to the Turkish Cypriot side.²⁸ The optimistic and carefree

²³"I would dispute how strong Cyprus is. Yes, it is part of the EU. But ... you see how weak it is. You only have to look at the map". Greek Cypriot Presidential Commissioner George Iacovou, comment to EU-Turkey Working Group, Nicosia, May 2008.

²⁴The same explanation can be made for former Turkish Cypriot leader Rauf Denktaş's resolute and decades-long refusal to commit to negotiations on a comprehensive solution with the Greek Cypriots, which stemmed from his perception of the weakness of the Turkish Cypriot side, absent Turkish military protection. He repeatedly and publicly expressed his belief that the Greeks would never honour any agreement and would try to absorb and crush the Turkish Cypriot minority.

²⁵This is reflected even in military procurement. "With its accession to the EU, the RoC [Republic of Cyprus] has cut back its procurement and, it appears, stopped engaging its forces in training exercises. Unofficially, the RoC believes that its EU membership takes care of its defence concerns....The RoC views EU membership as a cost-effective defence umbrella. This enables it to report alleged Turkish military build-up in the north, expecting EU mechanisms to exert pressure on Ankara". "Jane's Sentinel Country Risk Assessments", 10 April 2008.

²⁶Veteran Greek Cypriot pollster Alexandros Lordos reckons 25 per cent of Greek Cypriots would accept a loose federal or even confederal solution, with major compromises offered to the Turkish side in the hope of an early settlement; 45 per cent would support a federal solution but have specific concerns they insist should be addressed, mostly regarding property, security and basic freedoms; and 30 per cent think no deal is better than a deal involving a significant departure from the current unitary structure of the Republic of Cyprus. Crisis Group email interview, June 2008.

²⁷Poll in *Politis*, 4-5 May 2008. A poll published on 31 May showed 78 per cent of the public "positive" or "very positive" towards Christofias, and 41 per cent positive about his handling of the Cyprus problem. *Cyprus Mail*, 1 June 2008.

²⁸UN figures showed the number of Greek Cypriots crossing to the north jumped from 30,038 in the week to 6 April 2008

atmosphere was qualitatively different from the opening of the frontline crossings in 2003, when Greek Cypriots focused on visiting lost homes, family villages and religious shrines.

On both sides, polls now show readiness to accept a UN-mediated compromise solution.²⁹ In private, Greek Cypriot intellectuals and business people are increasingly worried that time is working against them. Without a comprehensive settlement, they realise, there will be no Turkish troop withdrawal, no recovery of land,³⁰ no restoration or compensation of properties and no normalisation with Turkey. Greek Cypriots' fears that the Turkish Cypriots might abandon the talks and successfully go it alone were increased by significant international recognition for Kosovo's declaration of independence on 17 February 2008 and then-Russian President Vladimir Putin's statement linking the Kosovo case to the possibility of Turkish Cypriot independence.³¹

For Greek Cypriot society, tightly knit and long educated in a somewhat mythical narrative of oppression by the Turks, change in public attitudes comes slowly and is dependent on leadership.³² A hiccup on the day the Ledra Street crossing point was opened showed the traps that lie in store.³³ Some European officials

also worry that many of the Greek Cypriot technical experts on the Cyprus question are still hardliners.³⁴ So far, however, energetic engagement by Christofias and Talat have rapidly overcome the small upsets.

C. TURKISH CYPRIOTS STILL OFFER COMPROMISE

On the Turkish Cypriot side, the same government is in power that led its community to a 65 per cent "yes" vote on the Annan Plan in 2004.³⁵ It remains committed to that basic compromise³⁶ and warmly welcomed Christofias's election, in public and private.³⁷ Officials expressed understanding for Greek Cypriot requests for a three-month transitional period to prepare public opinion before the start of full-fledged talks.³⁸

Turkish Cypriot support for a comprehensive settlement lacks the excitement of 2004 but is solid. Four years ago politicians and civil society engaged wholeheartedly, even passionately, to try to make that deal work, only to see the Greek Cypriots, including Christofias, vote overwhelmingly against and then vilify the process.³⁹ Civil society leaders believe Talat can win backing for the right deal,⁴⁰ but Turkish Cyp-

to 54,798 in next week. They returned to more normal levels a week later. See www.unficyp.org.

²⁹ A federation is considered tolerable by 66 per cent of Greek Cypriots and 72 per cent of Turkish Cypriots. Survey by the UN peacekeeping mission in Cyprus, UNFICYP, 24 April 2007.

³⁰ One of the less controversial compromises in the Annan Plan was that the Turkish side would pull back from its control of 37 per cent of the island to 28.5 per cent and hand over control of the valuable ghost beach resort of Varosha.

³¹ "I don't want to say anything that would offend anyone, but for 40 years northern Cyprus has practically had independence. Why aren't you recognising that? Aren't you ashamed, Europeans, for having these double standards?" quoted in *The Guardian*, 15 February 2008.

³² "Turkey has been the great enemy for so long that it's a keystone of the Greek Cypriot national idea. Take it out, and much else would have to be rebuilt". Crisis Group interview, Western peace activist, Nicosia, June 2008.

³³ A Greek Cypriot media analysis of the three-hour suspension blamed it on old-style nationalist suspicion. "The [state RIK television] corporation, which is a nest of ... Tassos disciples, had tried to ruin the ... opening of Ledra Street from the start, reporting violations by the Turks on its radio shows before the morning's scheduled opening. The disappointment in the voice of the RIK announcer when the crossing was opened was obvious, but at least the corporation's hacks had something to be happy about by the evening when they could report the Turkish violations and subsequent closure. What [he] failed to tell us naïve idiots in all his reports from the frontline, was why it was such a big deal that a

couple of Turkish cops, with nothing to do, had ventured into the buffer zone. They didn't bother anyone or claim sovereignty over the road, so why the fuss?" *Cyprus Mail*, 6 April 2008.

³⁴ "Papadopoulos is out, but the expertise is in the hands of people from his party". Crisis Group interview, senior European Commission official, Brussels, March 2008. "Christofias is still not in full control of the foreign ministry". Crisis Group interview, European diplomat, Nicosia, June 2008.

³⁵ Turkish Cypriot voters ousted the long-serving hardliner Rauf Denktash and his right-leaning party in the 2003 elections, which brought Talat and his left-wing Republican Society Party (CTP) to power with a mandate to negotiate a comprehensive solution. The CTP, with 45 per cent of the vote, also won early parliamentary elections in 2005.

³⁶ Crisis Group interview, Turkish Cypriot negotiators, Nicosia, March 2008.

³⁷ "We will engage with Christofias in a totally different mood, and with some trust in his goodwill also". Crisis Group interview, senior Turkish Cypriot official, Nicosia, March 2008.

³⁸ "We understand that maybe he needs a face-saving formula to jump to full talks". Crisis Group interview, senior Turkish Cypriot official, Nicosia, March 2008.

³⁹ "There is still bitterness in Talat for what happened in the [Annan Plan] referendum; the wounds have not healed altogether". Crisis Group interview, Turkish Cypriot official, Nicosia, March 2008.

⁴⁰ "I'm not as excited as in 2004, but in fact there's more to be happy [about the possibility of success in the negotiations] this time". Speech by Metin Yalçın, president of the

riot defensiveness was reflected in a letter he sent between the two rounds of the Greek Cypriot election to the UN Security Council, threatening partition if there was no solution.⁴¹ A tough tone still characterised Turkish Cypriot statements in May.⁴²

Turkish Cypriots have achieved significant and sustainable progress since 2004. They are at least nominal EU citizens, and the Greek Cypriot Republic has so far had to supply 50,794 of the quarter million inhabitants with EU passports.⁴³ Despite Greek Cypriot attempts to isolate the north, an EU representative office has opened there. It is now legal for EU citizens and North Americans to use the north's Ercan Airport. Turkish Cypriots, only one third as rich as Greek Cypriots in 2004, are now half as rich. But the main EU promise in 2004 of direct trade remains unfulfilled, no flights land in Ercan other than ones originating in Turkey, and access to each tranche of EU financial aid is a challenge.

The north remains highly dependent on Turkey and is aware that the only real strength in its negotiating position is supplied by Ankara's military.⁴⁴ Nevertheless, a significant minority chafes at Turkey's dominant

role and believes Cyprus's EU membership provides enough security.⁴⁵ Turkey also needs to be convinced that a settlement is in its best interest.⁴⁶ Turkish Cypriots claim, however, that as long as their security concerns are met, the Turkish government and foreign ministry will support the compromise policy.⁴⁷ "We have full backing from Turkey. They have told Talat, go ahead and negotiate. The only thing we and they do not want to change is the Treaty of Guarantee", said a senior Turkish Cypriot official.⁴⁸

Turkish Cypriot and Turkish commitment to compromise seems proven by criticism from hardline factions.⁴⁹ At a meeting of retired Turkish military officers in Istanbul, Rauf Denktash, the former president in the north, waved a copy of the Christofias-Talat statement of 23 May and denounced it as a formula "which will make Cyprus Greek".⁵⁰ Applause greeted speeches by retired Turkish generals who denounced even the Annan Plan as a "treacherous trap" and thanked "the Good Lord who protects the Turks" for the way "the spoiled Greeks turned their noses up at it". Other retired officers, however, privately defended Talat.⁵¹

Turkish Cypriot Businessmen's Association, Istanbul, 24 May 2008.

⁴¹ Based on Cypriot press reports, February 2008. An official text has not been released. Turkish Cypriots say they were trying to establish a baseline position. "We didn't want to face any fait accompli. We wanted to underline that we were ready for full-fledged negotiations, that we see 2008 as the year of a solution, that we must start based on the work already done, that we are still where we were in 2004 and would like to see moves to end our isolation even as the talks go on, and that people want to know what will happen if after this round, our side says 'yes' once again and the Greek Cypriot side says 'no'". Crisis Group interview, senior Turkish Cypriot official, Nicosia, March 2008.

⁴² One statement lectured the EU and France against joint military exercises with the Greek Cypriots. "The Turkish Cypriot side is not for taking this process under the umbrella of the EU since the Greek Cypriot side spends efforts to exploit their unjust EU membership against the Turkish Cypriot side". Statement by presidential spokesman Hasan Erçakıca, 27 May 2008.

⁴³ Some 81,805 have applied for and received ID cards. Figures as of 18 April 2008 from Republic of Cyprus Press and Information Office, Nicosia.

⁴⁴ "If you go into the street and ask, 'do you want Turkish soldiers', 95 per cent of them would say 'yes'. Why? Because of insecurity. The presence of Turkish troops is critical for Turkish Cypriots, even if their number is symbolic". Interview with Turkish Cypriot leader Mehmet Ali Talat, *Euronews*, 29 May 2008. There is also loyalty. "No other country gives unconditional support to the Turkish Cypriots". Crisis Group interview, senior Turkish Cypriot official, Nicosia, May 2008.

⁴⁵ A Turkish Cypriot politician said, "the Turkish intervention was right, but it shouldn't have lasted so long". Another long-time critic of Turkey's dominant role said, "a solution needs the consent of Turkey. It is unavoidable. But that doesn't mean that everything should be under their control". Comments to EU-Turkey Working Group meeting, Nicosia, 30-31 May 2008.

⁴⁶ "I cannot be successful without full support from Turkey. If I am at the negotiating table, that means that Turkey is supporting me", Talat interview, *Euronews*, 29 May 2008.

⁴⁷ Crisis Group interviews, Ankara and Nicosia, April-May 2008.

⁴⁸ Crisis Group interview, Nicosia, March 2008.

⁴⁹ Similarly, an indicator Christofias is committed to a solution has been sharp criticism from former President Papadopoulos.

⁵⁰ Speech to Turkish Retired Officers Association, Istanbul, 24 May 2008.

⁵¹ Crisis Group interviews, retired Turkish staff officers, Istanbul, 24 May 2008.

II. THE NEGOTIATIONS IN 2008

The Greek Cypriots are right to believe themselves handicapped by Turkey's influence on the island and its refusal to talk to them directly,⁵² but the answer to this is to use Talat as their interlocutor with Ankara.⁵³ The current talks are probably the last chance for the UN-mediated settlement based on a comprehensive, bizonal, bicomunal agreement first outlined 30 years ago.⁵⁴ Pursuant to the 21 March agreement, working groups and technical committees are going through the issues to set the agenda for negotiations. While the Turkish Cypriots would like them to start as soon as possible, the Greek Cypriots insist progress in the preparatory phase is a prerequisite. These bodies also need to work beyond the start of negotiations, which should be 1 September.⁵⁵ The UN should appoint without delay the special adviser to the Secretary-General it has promised to facilitate the full talks.⁵⁶

A. THE 21 MARCH PROCESS

Christofias and Talat met on 21 March 2008 at Nicosia's former Ledra Palace Hotel, in the buffer zone between the lines. Talat said, "comrade, we're either going to solve this Cyprus question or set the seal on partition". Christofias replied, "I'm aware of that. That's why I became a candidate".⁵⁷ Through a statement read by then-UN Special Representative Michael Møller, the two men, who have a longstanding

personal friendship and political understanding, articulated a notably balanced road map to which they have mainly adhered.⁵⁸

On 3 April, the Ledra Street crossing opened in the heart of Nicosia.⁵⁹ On 12 April, Talat himself walked over to the Greek Cypriot side to enjoy an ice cream and buy Greek music CDs. On 18 April the committees started work at the UN compound in the buffer zone area around the old Nicosia Airport, the site of the Annan Plan negotiations. "What could not be achieved in twenty months [between Papadopoulos and Talat] has been achieved in twenty days", said Talat's chief negotiator, Özdil Nami.⁶⁰

Each committee has some four members to a side and a UN facilitator. Six working groups study governance and power sharing, EU matters, security and guarantees, territory, property and the economy. Seven technical committees examine crime, commerce, cultural heritage, crisis management, humanitarian issues, health and the environment. More than 100 from both sides are involved, usually meeting twice weekly for two hours.

Some progress was achieved during an initial phase of enthusiastic interaction.⁶¹ Few major differences emerged in the working groups dealing with EU matters and the economy. Technical committees are also close to settling long-divisive issues about how ambulances should cross the Green Line without checks, trilingual (Greek, Turkish, English) road signs all over the island and cooperation on public health issues like potential outbreaks of bird flu.⁶² Repair work on two churches is being agreed.⁶³ Discussions have

⁵²Turkey argues that the government based on the 1960 treaties collapsed during the 1963 inter-communal warfare and does not join the rest of the world in recognising the Greek Cypriot-run Republic of Cyprus as the true successor state.

⁵³"It's very nice to hear about a Cypriot solution, but Christofias seems to be saying to the Europeans, you look after the Turks, and I'll look after the Turkish Cypriots....if he is saying such nice things, why doesn't he show the same softness towards the Turks?" Crisis Group interview, Eurasia Strategic Research Centre (ASAM) researcher Sema Sezer, Ankara, April 2008.

⁵⁴"This really is the last chance, and it can't be a very long process". Crisis Group interview, senior European Commission official, Brussels, March 2008.

⁵⁵Talat believes the groups could become more important, as the leaders begin to work on compromises. Comments to EU-Turkey Working Group meeting, Nicosia, 30 May 2008.

⁵⁶"I am firmly committed to helping them [the two Cypriot parties] move forward to the formal talks as expeditiously and smoothly as possible, and intend to appoint a Special Adviser at the appropriate time", Report of the Secretary-General on the United Nations Operation in Cyprus, 5 June 2008.

⁵⁷Account by Talat to Turkish journalists; see for instance *Zaman*, 13 May 2008.

⁵⁸"It's hard to overstate the way they get on really well. Sometimes it seems they have the whole thing stitched up already". Crisis Group interview, diplomat, Nicosia, June 2008.

⁵⁹It had been barricaded or restricted since a bad bout of inter-communal violence in 1958. The crossing is the first to connect the two halves of the city without a long walk through the war-damaged buffer zone.

⁶⁰Simon Bahceli, "Momentous Occasion as Committees Launch Negotiations", *Cyprus Mail*, 19 April 2008.

⁶¹"I'm back to the same level of excitement about the possibility of solution that I had in 2004". Crisis Group interview, Turkish Cypriot participant, Istanbul, May 2008. "Gaps in perception remain. But so far, so good. We're cautiously optimistic". Crisis Group interview, Turkish official, Ankara, May 2008.

⁶²Crisis Group interview, Turkish Cypriot participant, Istanbul, May 2008.

⁶³Iacovou comment, op. cit.

been lively and enlightening,⁶⁴ and the UN says they have come farther than expected.⁶⁵

Some groups and committees, notably the working group on the economy, meet informally for lunch or dinner. However all agree that there has been little progress on the big issues of security and guarantees, governance and power sharing and property. A lack of movement on territory was no surprise, since the exact extent of the Turkish withdrawals is widely understood to be part of the last compromises. The extent of convergence in governance and power sharing is disputed, not just between the two sides but between participants from the same side.

Some frustrations have emerged over differences in approach. The Greek Cypriot side publicly criticises Turkish Cypriots for not discussing options the leaders could use to try to resolve disagreements; for a tendency to introduce pages of the defunct Annan Plan; for giving an impression it has no room to negotiate (suggestions are sometimes written down, to await an answer after outside consultations).⁶⁶ The Turkish Cypriot side complains that the Greek Cypriots have introduced documents identical to those of the Papadopoulos administration.⁶⁷ The UN, responding to Greek Cypriot impatience for faster progress, has pointed out that the groups and committees were never meant to be the place for negotiation.⁶⁸

Greek Cypriots further complain that the Turkish Cypriot participants in the working groups are less experienced and have little authority, while the Turkish side objects to the lack of Greek Cypriot officials in the technical committees, where government experience would be useful. Both criticisms seem unfair, since the teams that have been fielded are competent. While often younger than the Greek Cypriot members, and lacking the advantages of coming from the bigger and internationally recognised state, many Turkish Cypriot members are qualified by years of work on the Cyprus problem in NGOs and universities. Their approach is necessarily different, too. The Greek Cypriots include confident, well-established leaders who run their own show; the Turkish Cypriots have little international experience and compensate by being highly organised and centralised.

At their 21 March meeting, the two presidents set the start date for full-fledged talks at 90 days, 21 June;⁶⁹ at their 23 May meeting, however, they decided they would “come together again in the second half of June to make a new assessment”, presumably about the timing of full talks. This is because Greek Cypriots seek a delay until September,⁷⁰ to give Christofias time to prepare the ground for compromise.⁷¹ The Turkish Cypriots are impatient but recognise this need. The Greek Cypriot opposition also shows understanding.⁷² Diplomats are not worried by the delay, as long as the two sides commit to full talks, and the leadership and working groups continue to make progress.⁷³ The

⁶⁴ Turkish officials, for instance, learned for the first time from their Turkish Cypriot colleagues of deep differences in approach on the Greek Cypriot side, when discussions in one group became the scene of heated arguments between a pro-settlement Greek Cypriot group member and a more sceptical colleague. Crisis Group interview, Turkish official, Ankara, May 2008.

⁶⁵ “Despite the doubters, the working groups and the technical committees are doing very well”. News conference, Under-Secretary-General Lynn Pascoe, Nicosia, 18 June 2008.

⁶⁶ “They should set out menus of potential options. They are camping on red lines, and that is contributing towards a possible downfall. Christofias has to be able to show that Ankara and the Turkish Cypriots are looking at options”. Crisis Group interview, Western official, London, May 2008.

⁶⁷ “In the economy committee, one of the papers discussed Cypriot entry into the eurozone, which happened four months before”. Crisis Group telephone interview, Turkish Cypriot official, May 2008.

⁶⁸ “These working groups and technical committees were not designed to negotiate and resolve problems.... Their job is to look at the past body of work, to look at new ideas, to put everything out there together on the table.... This is looking at the whole thing to see what the leaders really need to talk about and what they don't. And in that respect I think it has gone very well. It is not at all surprising that the less controversial the topic, the more progress they have made”. News

conference, Under-Secretary-General Lynn Pascoe, Nicosia, 18 June 2008.

⁶⁹ “The leaders have also agreed to meet three months from now to review the work of the working groups and technical committees, and using their results, to start full-fledged negotiations”. Statement of the two leaders read by Michael Møller, Special Representative of the Secretary-General and Chief of Mission of UNFICYP following the meeting on 21 March 2008

⁷⁰ “I think in September we will start negotiations at the highest level”. Iacovou comment, op. cit.

⁷¹ “We'd like to go [and think] outside the box, but if the lion is there outside and will eat us up, we won't.... Right now we are not aiming for the same solution.... We cannot stand another failure. The chances of success have to be more than of failure”. Comment to EU-Turkey Working Group meeting, AKEL spokesman Andros Kyprianou, Nicosia, 30 May 2008.

⁷² “If it was up to us, we'd start in June. You can't solve things in working groups and committees. All things need to come to the same negotiating table. But it changes nothing to do it in September; maybe it's even good”. Crisis Group interview, DISY party executive, Nicosia, June 2008.

⁷³ “The leaders are meeting once a month. This is engagement. Full-fledged talks are not much different”. Crisis Group interview, diplomat, Nicosia, June 2008. “A month here and a month there should not be an issue”. UNFICYP transcript

start of full-fledged talks should be announced in one of their planned meetings in July., preferably with details of their modalities. The window of opportunity is small and could start to close in late 2009 as preparations begin for Turkish Cypriot parliamentary and presidential elections in February and April 2010 respectively.

B. IMPROVING NEGOTIATION PRACTICE

The full negotiations are likely to differ from previous comprehensive settlement talks, because both leaders clearly have the political will to strike a deal. The problems are now more with domestic constituencies. As a Greek Cypriot commentator put it, “90 per cent of this kind of negotiations takes place at home, not with the other side. This is because the moderates of each side have to win over their own hardliners”.⁷⁴

1. Informing the media

It is important that misinformation not feed media battles as in the Annan-Plan period. The UN should equip its special adviser with aides to regularly brief EU governments, Greece and Turkey, as well as selected Cypriot and regional correspondents. Public support will need to be developed if an agreement is to pass a referendum. There must be full awareness of the serious regional consequences of a failure. Christofias and Talat should also develop more arguments about a solution’s benefits⁷⁵ and prepare the public for concessions. UN and EU officials should likewise highlight the benefits in public statements and organise bicomunal meetings to foster understanding of them. News blackouts have never worked on the island. Both sides have leaked and spun their version of events,⁷⁶ usually damaging both the process and public support for it,⁷⁷ so the leaders will need to

of comments to Cypriot media, UN Special Representative Tayé-Brook Zerihoun, 29 May 2008.

⁷⁴ Phedon Nicolaides, “Negotiating Guidelines for Messrs Christofias and Talat”, *Cyprus Mail*, 20 April 2008.

⁷⁵ The Christofias camp’s policy of constructive ambiguity on the most sensitive issues is a start, but the best communications policy is a clear idea of the goal of a more secure, more prosperous island for all Cypriots.

⁷⁶ “The mass media have all engaged in a cacophonous fanning of the fires of hatred, pessimism and ‘othering’ the other to such an extent that the whole peace/solution process becomes a fruitless exercise.... Provide full clarity on what is happening with continuous and much-needed unbiased information to the people island wide”. Haji Mike, “From the Sublime to the Ridiculous”, *Cyprus Mail*, 3 May 2008.

⁷⁷ “The UN seems to believe that imposing media blackouts is effective. But it doesn’t work on Cyprus. The news always

to ensure that misinformation and negative spin do not fill an information vacuum.

The joint statements issued through the UN have been a good tool for establishing common ground and reassuring the pro-settlement camp. The two leaders should answer questions jointly and avoid giving separate news conferences after a meeting, since the smallest differences, if unchecked, can grow disproportionately. The UN could create a media unit with a Greek Cypriot and a Turkish Cypriot to give agreed, authorised information on the talks’ progress, so any differences of interpretation can be defined jointly or nipped in the bud. The EU could help break communication barriers between Greek Cypriots and Turkey, who, due to total lack of communication and media vilification, have hostile, outdated and misleading images of each other.

2. Involving civil society

Broad participation in the talks will be critical to their success. Under Papadopoulos, Greek Cypriot civil society was harassed for attempting to become involved. Activists on the Turkish Cypriot side, meanwhile, have been alienated by the Greek Cypriot demonisation of the Annan Plan, which many were committed to make work. The UN has spelled out a need for “a much greater role than in previous efforts for civil society in the north and south to help create political space and build public support in favour of a settlement, even if this demands compromise on both sides. The media also has a significant responsibility in this regard”.⁷⁸ It should encourage politicians and civil society to articulate a vision of the benefits of a settlement. Bicomunal conferences could be organised for each economic and professional sector in turn to help build consensus behind a settlement.

The UN should set up a truth and reconciliation commission, building on the ground-breaking work since 2006 of the Committee on Missing Persons.⁷⁹ Many wounds from the 1963-1974 ethnic conflict and the 1974 Turkish invasion remain unhealed. Ideally, this committee would revisit the stories of witnesses and have unhindered access to archives. Though without

gets out in a day or two. They should be briefing the media, saying things from a positive angle, give a message about where things are heading”. Crisis Group interview, Lefteris Adilinis, *Politis*, March 2008.

⁷⁸ Pascoe briefing, op. cit.

⁷⁹ So far they have recovered 400 bodies and returned 91 to families. About 2,000 people went missing in inter-communal violence after 1963, mostly during the Turkish invasion in 1974.

prosecution authority, it would have the power to make recommendations about anniversaries and monuments. Another group of respected Cypriots could also work on a common history textbook, particularly to reach an agreed narrative on the post-1955 conflict.

To improve the chances for success, both sides should suspend discussion of the political legitimacy of the other. Greek Cypriot embargoes on Turkish Cypriot involvement in international sporting activities, cultural exchanges and admission to European university programs like the Bologna process could be lifted. As the UN Secretary-General noted in December 2007, “the maintenance of economic, social, cultural, sporting or similar ties or contacts does not amount to recognition. On the contrary, it will benefit all Cypriots by building trust”.⁸⁰ However, even moderate Greek Cypriots are firmly against this.⁸¹

Greek Cypriot pollster Alexandros Lordos suggested that public opinion should become a positive force alongside the talks through the use of “peace polls”, an idea successfully deployed in Northern Ireland. Negotiators could thereby test the popularity of issues close to resolution and canvass options on issues about which they were still far apart. The polls would be conducted bicommunally under UN supervision, with international experts as required.⁸²

3. Facilitating, not arbitrating

The Annan Plan lost considerable legitimacy in Greek Cypriot eyes due to the use of a UN arbitration clause in the event of non-agreement. This time, the goal must be to build trust in an agreement that can be signed by the leaders of both communities and then sold by them. Nevertheless, external mediation will also be needed. As a senior Turkish Cypriot leader put it, “can the leaders agree on every point? One may choose to play for time, then another. We need a clear commitment from both leaders, but we also need a deadlock-breaking mechanism”.⁸³ The new UN special adviser must serve as a facilitator offering suggestions,

not an arbitrator. When the talks are deadlocked, the UN mission, assisted by the EU, should supply options. Personalities also make a difference, as shown by the working group experience. If interventions by leaders cannot make a particular group productive, it may be sensible to shuffle participants.

4. Keeping substance, not language

The term “Annan Plan” is psychological anathema in the Greek Cypriot community.⁸⁴ The chief Greek Cypriot negotiator, George Iacovou, said that plan could not be brought in as a document, though “there may be aspects which we will not object to”.⁸⁵ For the Turkish Cypriots, however, a nod to the 2004 compromises is a critical token of good faith. Talat has said the Annan Plan “will not be on the table, but it will certainly be on my chair”.⁸⁶ Similarly, while the Greek Cypriots voice attachment to the 8 July 2006 agreement on preparatory talks, Turkish Cypriots associate it with the blocking tactics of the previous Greek Cypriot government. Nevertheless, the substance of “8 July” is a main foundation of the 21 March process.

Use of both terms is best kept to a minimum or bypassed altogether, as in the statements after the 21 March and 23 May summits. Other terms like “Virgin Birth”, “guarantee” or even “progress in the talks” are becoming similarly meaningless, divisive labels. Principals on both sides have so far done well to focus on the substance of what they want to achieve. The media should follow their lead.

5. Keeping the focus on a comprehensive settlement

Modest confidence-building measures (CBMs) to support inter-communal trust and activity are emerging. Negotiation of major CBMs involving Turkey or significant points of negotiation has also seemed attractive in the past for both local and outside powers as a means to provide a sense of momentum. But since final status issues are so invariably invoked, such initiatives have failed and proved a distraction to the main peace process.

⁸⁰“Report of the Secretary-General on the United Nations Operations in Cyprus”, UNSC S/2007/699, 3 December 2007.

⁸¹“You can’t do goodwill agreements and get nothing in return. It’s a mistake. We cannot reach a solution by jumping ahead. We’ll do anything that supports an individual, but not state structures. We have every possibility to solve the Cyprus Problem in the next six-twelve months”. Comments to EU-Turkey Working Group meeting, former Greek Cypriot president George Vasiliou, Nicosia, 31 June 2008.

⁸²Alexandros Lordos, “A Proposal to utilize ‘Peace Polls’, in support of the Negotiating Process in Cyprus”, privately circulated paper, June 2008.

⁸³Crisis Group interview, Nicosia, March 2008.

⁸⁴Even if most in the Greek Cypriot elite privately accept that it contains the bulk of an agreement: “All our major demands are met [in the Annan Plan]. Let’s do the substance, and not care about the name”. Crisis Group interview, Greek Cypriot opposition politician, Nicosia, March 2008.

⁸⁵Quoted in *Cyprus Mail*, 24 April 2008.

⁸⁶Fatma Demirelli, “Talat warns domestic troubles in Turkey will hurt Cyprus case”, *Today’s Zaman*, 4 April 2008.

The most recent temptation has been to look for a way to make Turkey's implementation of the "Additional Protocol" (signed with the EU in 2005 to open its ports to Cypriot air and sea traffic) coincide with Greek Cypriot acceptance and implementation of Direct Trade for Turkish Cypriots (a 2004 EU promise). But the Greek Cypriots and the Turks have sunk the idea by adding new demands, such as Turkish hand-over of the ghost beach resort of Varosha and Greek Cypriot recognition of Ercan Airport. If a side has the courage to implement one of these moves unilaterally, even temporarily, it would be greatly to its advantage. Turkey in particular would reinforce its position with the EU, as well as benefit from exports to Cyprus, by implementing the Additional Protocol. That would also convince Greek Cypriots of its seriousness about a resolution of the Cyprus conflict. The opportunity to do this could come when full-fledged talks are announced, perhaps by temporarily opening one or more ports to Greek Cypriot traffic.

Smaller CBMs can work more easily. On the Greek Cypriot side, this should include allowing Turkish Cypriot students, municipalities, sports teams and folklore associations greater international access.⁸⁷ The Turkish Cypriot side could steep up efforts to meet Greek Cypriot wishes for restoration of and access to old churches and sacred sites. As it did during the Ledra Street opening, the Turkish military should find ways to signal to the Greek Cypriots that it backs the civilian search for a settlement. These could include redeployments, a lower profile and greater transparency about numbers. Similarly, since Turkish is still an official language of the Republic of Cyprus, and Greek Cypriots say they support Turkey's eventual EU membership, the Greek Cypriots could ask for Turkish to become an official EU language.⁸⁸ The Greek Cypriots could also clear the way for Turkish Cypriots to take part in elections for Cyprus's six seats in the European Parliament in 2009. All are currently held by Greek Cypriots.

⁸⁷ For instance, the Greek Cypriot side should have been more willing to accommodate a bicomunal delegation to a congress of capital cities in Slovenia in May 2008, particularly since the Turkish Cypriot municipality in Nicosia has pre-1974 legitimacy in Greek Cypriot eyes.

⁸⁸ This would also have great symbolic value for the some four million Turkish speakers living within the EU.

C. NEW APPROACHES TO THE ISSUES

For decades there was remarkable continuity in the basic proposal for a bizonal, bicomunal peace agreement first outlined in 1977. Under-Secretary-General Pascoe reported:

Virtually all the key themes have been thoroughly debated in the past, and it is clear that the parties are not starting from scratch. Indeed, it is expected ... that the sides will draw on the considerable body of existing work, including various resolutions, agreements, plans and principles, in the search for a comprehensive settlement.⁸⁹

Now that political will has emerged on both sides, there could be unexpected changes of approach. For the Greek Cypriots, this might mean a preference for a looser federal arrangement to preserve as much of their successful government as possible.⁹⁰ On the Turkish Cypriot side, differences of interest and timing with Turkey might emerge.⁹¹ While the indications are that Turkey's ruling AK Party and foreign policy elite will work for a settlement, hardliners in the armed forces or nationalist opponents in parliament and their allies among the Turkish Cypriots could try to trip up the process.

1. The new Cyprus republic

The original 1977 and 1979 High-Level Agreements on a Cyprus solution provided that Cyprus should become a bicomunal, bizonal federation with political equality. The UN and the wider international community adhere to this formula. The Annan Plan foresaw an arrangement that mixed Swiss and Belgian elements. Though so far in 2008 few details of power sharing and governance have been addressed, much argument stems from the problem of how to move from the existing two administrations to a new, united state. The Annan Plan foresaw creation of a "United Cyprus Republic", with a new flag, that would have inherited much of what the two separate areas had done since parting ways in the 1960s and especially since the 1974 Turkish invasion. It would have retained a single international identity, a critical requirement for both the UN and EU.⁹² The jointly run federal republic

⁸⁹ Pascoe briefing, op. cit.

⁹⁰ Crisis Group interview, European ambassador, Nicosia, June 2008.

⁹¹ "We are ready to go a bit further towards agreeing on a common state than Turkey". Crisis Group interview, senior Turkish Cypriot leader, Nicosia, October 2007.

⁹² "Confederation is not compatible with the EU. It has to speak with one voice in Brussels. We don't know what the

would have managed foreign relations, monetary policy, federal finances, citizenship and immigration.

In recent years the Turkish side has stressed the term “new partnership” instead of a federation between the two zones, apparently reflecting a wish for the lightest possible central government. Turkish officials say they mean a federation, and that public reference to new partnership only underlines their position that the federation would be a new state of affairs, not a continuation of the current Greek Cypriot-run Republic of Cyprus.⁹³ It also reflects the Turkish belief that the deal will only endure if the new state is formed by two equal partners.

Greek Cypriots oppose the term. They want the result of the negotiations to be “a continuation of the existing state in international law ... an evolution to a federal state”. According to an official, “it has to be a transformation of the republic into this new federal system”.⁹⁴ The Greek Cypriots have also sought more powers for the central government; continued talk of a “European” solution is built on a similar hope of reunification without losing the existing, internationally recognised Republic of Cyprus.

In 2004, negotiators tried to cut the Gordian knot of the transition with an ambiguous, largely unwritten concept that became known as the “Virgin Birth”.⁹⁵ This would have created a new state with no reference to contested past legitimacies but accepted most treaties with outside parties and other state actions vital to avoid a legal vacuum. Foreign debts, for instance, would have devolved to the two Constituent States. Most treaties made by the Greek and Turkish Cypriot administrations would have been acknowledged.⁹⁶ The Papadopoulos government rejected the idea, which is still opposed by Christofias. Talat said he would be happiest with a concept similar to “Virgin Birth”, in which the new state would have “no mother

and no father, or both of us as mother and father”.⁹⁷ Christofias does show some flexibility by saying the new republic will have a new name.⁹⁸

Greek Cypriots fear Turkish Cypriots want to be recognised as an equal party to gain the right to secede.⁹⁹ They also are concerned the Turkish Cypriots would exchange irrevocably a successful republic for an entity that may fail. These fears are real, but an international guarantee for any comprehensive settlement could begin to address them. The widespread worry in the Greek Cypriot media that a new Cyprus state would have to reapply for EU membership, however, is baseless; the EU has committed to accept the Cyprus that emerges from a settlement.¹⁰⁰

No matter what the name of the settlement, both sides will need a sense of legal continuity for their administration’s previous acts and deeds, but neither presently recognises the other. The Greek Cypriots claim to be the inheritors of the 1960 republic. The Turkish side argues that that entity, in which the two communities voted separately for members of parliament, was a partnership that ceased to exist in 1963.¹⁰¹ It would like an acknowledgment of the Turkish Cypriot state, which has functioned *de facto* for 30 years.¹⁰² UN language has stated that “one community cannot claim sovereignty over the other community”,¹⁰³ but this is far from *de jure* recognition of a Turkish Cypriot state.

Turkish talk of ‘partnership’ means – if this is the Annan Plan, it’s OK, but if it’s confederal, it’s not compatible and we can’t live with it”. Crisis Group interview, European Commission official, Brussels, March 2008.

⁹³ “We’ll strike a balance...It’s going to be a federation”. Crisis Group interview, Turkish official, Ankara, May 2008.

⁹⁴ Crisis Group interview, Greek Cypriot official, Brussels, May 2008. Under the former government, the goal was more or less a continuation of the Greek Cypriots’ own unitary state.

⁹⁵ This was partly addressed by Article 12 of the 2004 draft agreement, in which “past acts” were legitimised if not contrary to the agreement or international law.

⁹⁶ “There were about 60-65 bilateral agreements”. Crisis Group interview, Turkish official, Ankara, April 2008.

⁹⁷ Comments to EU-Turkey Working Group, Nicosia, May 2008.

⁹⁸ In a news conference, he suggested it might be the “United Federal Republic of Cyprus”. *Cyprus Mail*, 24 May 2008.

⁹⁹ Crisis Group interviews, Greek Cypriot officials, Brussels, April-May 2008.

¹⁰⁰ As stated in Protocol 10 of Cyprus’s act of accession treaty, which specifies “considering that the EU is ready to accommodate the terms of such a settlement in line with the principles on which the EU is founded...in the event of a settlement, the Council, acting unanimously on the basis of a proposal from the Commission, shall decide on the adaptations to the terms concerning the accession of Cyprus to the European Union with regards to the Turkish Cypriot community”, Article 4, Official Journal of the European Union, 23 September 2003.

¹⁰¹ Turkish Cypriots say they were pushed off the ship of state in December 1963; Greek Cypriots say they jumped. The Turkish Cypriots came off worse. Between 1964 and 1974, Turkish Cypriots lived in ghettos that covered about 3 per cent of the island.

¹⁰² “We have a state, civil servants, retired people, laws, prisoners in the central prison. We have everything. It cannot just be thrown aside”. Turkish Cypriot leader Mehmet Ali Talat speech to EU-Turkey Working Group meeting, 30 May 2008.

¹⁰³ “Set of Ideas on an Overall Framework Agreement on Cyprus”, 15 July 1992.

One way to ease popular concerns would be to leave discussion about this transition until later in the process. Greek Cypriots fear the minimal acknowledgment required for cooperation on policing, public health, telephone interconnection, electricity utilities and water supplies would increase the likelihood of eventual Turkish Cypriot secession or de jure recognition. As talks progress, however, such areas of cooperation could gradually build confidence, and a period of co-habitation involving an incremental increase in joint responsibilities would allow the sides to work towards reunification, while lowering the intensity of the debate.

2. Governing the state

Greek Cypriots traditionally advocate a unitary state and island. They consider acceptance of a federation a significant concession to the Turkish Cypriots, who, under Denktash, advanced a two-state solution. They say that the working group on governance has not progressed in the preparatory talks since 21 March 2008.¹⁰⁴ Turkish Cypriots believe the talks have gone well, but acknowledge that fundamental problems remain.¹⁰⁵

Turkish Cypriots' optimism is based on the feeling that broad principles have been agreed on paper at least, as evidenced by the 23 May statement, which allayed Greek Cypriot fears they wanted a two-state solution by using the formulation a "bi-zonal, bi-communal federation ... a Federal Government with a single international personality". They won their key demands of "a Turkish Cypriot Constituent State and a Greek Cypriot Constituent State, which will be of equal status".¹⁰⁶ However, this language is only beginning to knit together old differences that UN-mediated plans have long failed to resolve.¹⁰⁷

Issues that will have to be settled include how the two communities will check and balance the powers of the

federal presidency, and whether that presidency will be elected by parliament or the people;¹⁰⁸ whether the federal government will be run by a cabinet or a presidential council; whether there should be two houses of parliament or one; how to balance local representation, national representation, primary residence and language; the make-up of the Supreme Court;¹⁰⁹ and how to settle power between the federal and the Constituent States.

Many Greek Cypriots want a structure whose institutions remain functional and will not be blocked by inter-community disputes, the reason the 1960 arrangements broke down. The Turkish Cypriots, about 20 per cent of the island's population, traditionally fear being overwhelmed by the Greek Cypriots, as happened in the 1960s. The Turkish Cypriots' numerical weakness was first treated by the British in the 1950s; then was reflected in generous provisions in the British-led 1960 agreements; and subsequently has been bolstered by Turkey since 1974, not least militarily, and supported by past UN plans.¹¹⁰ As part of an overall compromise, Greek Cypriots must accept that these assurances cannot be dismantled wholesale if Turkish Cypriot support for an agreement is to be maintained. However, continuing such preferential treatment as a communal right, a fundamental principle of the Turkish Cypriot negotiating position, does raise conflicts with approaches favouring individual rights and would also perpetuate a major reason Greek Cypriot opinion did not view the 1960 state as functional or legitimate.

3. Security and demilitarisation

Security architecture is one of the most contentious issues. When Cyprus became independent in 1960, its status was guaranteed but also limited by three interlocking treaties: of Establishment, of Alliance (governing the Greek and Turkish troop presence) and of Guarantee.¹¹¹ This last gave the UK, Turkey and

¹⁰⁴ Crisis Group interview, senior Greek Cypriot official, Brussels, May 2008.

¹⁰⁵ Crisis Group telephone interviews, Greek and senior Turkish Cypriot officials, May 2008.

¹⁰⁶ "It's excellent. We didn't expect to get such a clear definition of the end goal for many more months". Crisis Group interview, Turkish Cypriot official, Istanbul, May 2008.

¹⁰⁷ "We both want different things. The Turkish [Cypriot] side really wants an independent sovereign state but knows this wouldn't be recognised. The Greek Cypriots want the whole island back but cannot get it. We're talking about a second-best solution for both of us, and the Annan Plan is the middle point. So we push for a confederation; they push for strong municipalities. Neither side is talking about a real federation yet". Crisis Group interview, Turkish Cypriot member of the working group on governance and power sharing, Nicosia, 31 May 2008.

¹⁰⁸ An alternative would be a U.S.-style election of a president and vice-president, one from each community, by voters on the entire island. This team could form a cabinet for approval by the joint assembly. Such a bicomunal approach would encourage collaboration between the political parties on both sides. Crisis Group interview, Greek Cypriot academic Andreas Theophanous, Nicosia, March 2008.

¹⁰⁹ Greek Cypriots are strongly against the Annan Plan's suggestion for some foreign judges. Crisis Group interview, Greek Cypriot official, Brussels, December 2007.

¹¹⁰ Such provisions include a 30 per cent Turkish Cypriot quota in the civil service and, in the 1960 agreement, a 40 per cent quota in the armed forces. See Perry Anderson, "The Divisions of Cyprus", *London Review of Books*, 30 April 2008.

¹¹¹ *Ibid.*

Greece each “the right to take action with the sole aim of re-establishing the state of affairs created by the present Treaty”.¹¹² Greece says it has no interest in continuing this guarantee but will support whatever the two sides agree on.¹¹³ The UK says it “will not present itself as an obstacle to a settlement”.¹¹⁴ The UK and the Greek Cypriots reaffirmed commitments to the 1960 treaties in a memorandum of understanding on 5 June. Turkey considers its right to intervene is a military one and is adamant that it be preserved.¹¹⁵ It points out that EU acknowledgment of the Treaty of Establishment during the negotiations on Cyprus’s membership¹¹⁶ amounted to formal recognition of the Treaty of Guarantee, since the 1960 treaties were a package.¹¹⁷ However, there is no theoretical reason why the EU could not accept a future change or even annulment if all parties were to agree.¹¹⁸

The Turkish Cypriots also want Turkey’s right of intervention to continue.¹¹⁹ They seek reassurance that the Greek Cypriots cannot unite with Greece, or swallow them up in a way that removes their existing communal rights.¹²⁰ Nevertheless, Turkish Cypriot officials have told visitors they believe the parties to the treaty can “renegotiate the guarantee”.¹²¹ Turkish officials also suggest that Ankara can accept changes to

the Treaty of Guarantee, along the lines of the compromise in 2004 reflecting the “new state of affairs”.¹²² Clearer Turkish signals of flexibility, however, would help the process.¹²³

The Greek Cypriots argue that a Turkish right of military intervention is an unacceptable infringement of the sovereignty of an EU state. They say Turkey has compromised its rights by breaking key provisions of the Treaty of Guarantee when it militarily intervened in 1974, by continuing to occupy territory and by supporting the establishment of a Turkish Cypriot state.¹²⁴ Nevertheless, Christofias says Greek Cypriots remain bound by the 1960 treaties,¹²⁵ and other senior Greek Cypriots, while opposing the current form of guarantee, do not rule out a modernised treaty.¹²⁶ However, Greek Cypriots also seek assurances that there will be no new Turkish military threat and that the Turkish Cypriots will not be able to secede from a reunited Cyprus. This was one of the governing principles of the 1960 treaties¹²⁷ and the Annan Plan alike. In fact, in 2002, the Greek Cypriot negotiating team was even ready to accept a continuation of the old Treaty of Guarantee.¹²⁸

¹¹² Article IV, Treaty of Guarantee, 16 August 1960.

¹¹³ Crisis Group interviews, Greek and UK officials, London and by telephone, May 2008.

¹¹⁴ Crisis Group interview, British official, London, May 2008.

¹¹⁵ “The physical and constitutional rights of Turkish Cypriots are interlocking. We cannot leave them out in the cold. If they get in trouble again, Turkey cannot stand aside. We want something that won’t get us or them into trouble again”. Crisis Group interview, Turkish official, Ankara, May 2008.

¹¹⁶ “The accession of the Republic of Cyprus to the European Union should not affect the rights and obligations of the parties to the Treaty of Establishment”. See Protocol No. 3 on the Sovereign Base Areas of the United Kingdom of Great Britain and Northern Ireland in Cyprus, Official Journal of the European Union, 23 September 2003, p. 940.

¹¹⁷ Crisis Group interview, senior Turkish official, Ankara, May 2008.

¹¹⁸ “The Greek Cypriots want Turkey to lose the right to intervene. The treaty is not incompatible [with EU law] as it is. But if the two sides decide they want to cancel it, we’re not going to object”. Crisis Group interview, European Commission official, Brussels, March 2008.

¹¹⁹ “The three 1960 treaties must remain intact”. Crisis Group interview, senior Turkish Cypriot official, March 2008.

¹²⁰ The Turkish Cypriots’ fears lie deep in history. “They have had a painful experience in placing excessive faith in treaties, having seen many of their treaty rights forcibly suspended and the Guarantor Powers fail to act in the crisis as the Turkish-Cypriots expected them to”. Report by UN Mediator Galo Plaza, 26 March 1965.

¹²¹ Crisis Group interview, Western official, London, May 2008.

¹²² Crisis Group interview, senior Turkish official, Ankara, May 2008. The Annan Plan envisaged that the treaties would remain in force, “applying *mutatis mutandis* to the new state of affairs”, in other words, with only necessary changes.

¹²³ “The political will and courage to do it is there. But the devil is in the details. I’m not convinced that Ankara will give Talat all the flexibility he needs”. Crisis Group interview, Western diplomat, Nicosia, June 2008.

¹²⁴ A Greece-backed coup had ousted the Greek Cypriot government and threatened to join the island to Greece. Greek Cypriots, however, contest the legitimacy of the Turkish action since the 1960 treaty does not specify a right to intervene with armed force, and Turkey did not withdraw once the Greek Cypriots had reestablished an independent democratic order. Turkey responds that it does not recognise the all-Greek Cypriot Republic of Cyprus since 1963 as the same state that was subject to the 1960 treaties.

¹²⁵ “The 1960 treaties are very important for the Republic of Cyprus because the Republic of Cyprus was created according to these treaties. So we [Cyprus and the UK] both support the 1960 Treaties”. Christofias news conference, London, 5 June 2008.

¹²⁶ “A new guarantee treaty should be discussed”. Speech at University of Nicosia seminar, former Foreign Minister Erato Kozakou-Marcoullis, Nicosia, 19 March 2008.

¹²⁷ For example, in the Treaty of Guarantee, Article 2, Cyprus, Greece, the UK and Turkey agreed to “prohibit, as far as lies within their power, all activity having the object of promoting directly or indirectly either the union of the Republic of Cyprus with any other state, or the partition of the island”.

¹²⁸ Comments by former Greek Cypriot negotiator, EU-Turkey Working Group meeting, Nicosia, 30 May 2008.

Ways out include a binding UN Security Council resolution based on Chapter VII of the Charter and guaranteeing implementation of any new peace plan,¹²⁹ and, perhaps, modification of the current treaties to add another layer of international decisions before the right to intervene can be used.¹³⁰ If Turkey insists on an intervention right, it might be restricted to the territory of the future Turkish Cypriot Constituent State; Greek Cypriot officials, however, discount this idea as “embarrassing” for Cyprus and a recipe for Turkish Cypriot secession.¹³¹ Any comprehensive settlement should at least provide for an end to the Treaty of Guarantee system if and when Turkey joins the EU.

Believing all these ideas to be unlikely to meet the minimum goals of the parties, a Greek Cypriot intellectual has advanced a proposal that would bring Turkey fully into the security architecture of the EU’s common foreign and security policy and European defence security policy (CFSP/EDSP) before it attained full EU membership; make the British bases available for use under a new defence doctrine embracing the EU and Turkey; and convene a conference of the guarantor powers, as well as the EU and the Security Council’s permanent members to reach a final balance on Cypriot security.¹³²

All sides need to recognise that the guarantee issue is more psychological than real. A violent threat to the established order in Cyprus is a much lower probability than in the 1960s. There has been almost no ethnic bloodshed for 34 years; the whole island is in the EU; and Turkey is negotiating to join the EU as well. The confidence given by EU membership means that few Greek Cypriots want to unite with Greece and that Turkish Cypriots’ first preference is no longer to unite with Turkey.¹³³ Objectively, the best security guarantee would be a functioning new state of affairs in Cyprus.

Turkey says it needs some continuation of its intervention right to satisfy its interests and its public opinion, but it needs to recognise that the Greek Cypriots have to be able to sell any new guarantee to their voters.¹³⁴ Nevertheless, conceding some form of guarantee would seem worthwhile for the Greek Cypriots if they obtained in return an overall agreement that included withdrawal of most, and perhaps eventually all, Turkish troops from the island.

All peace plans foresee the near-complete removal of Greek and Turkish troops and local armed units. Some, including early versions of the Annan Plan, have envisaged complete demilitarisation, which is still the position supported by both the Greek Cypriots and Greece.¹³⁵ Greece keeps a contingent of 950 troops on the island as foreseen in the 1960 Treaty of Alliance. It traditionally provides the commander of the Cypriot National Guard, who is a retired senior Greek officer operating under the orders of the government of the Republic of Cyprus. Significant elements of the 7,000-strong Greek Cypriot force are also retired Greek servicemen.¹³⁶ History and ideology still link the two Greek-speaking countries,¹³⁷ which share a joint defence doctrine.¹³⁸ Greece, however, maintains that it has no interest in a base or other military presence once Turkish troops withdraw.¹³⁹

Turkey has had a much larger garrison on the island since the 1974 invasion, variously estimated at between 25,000 and 43,000. It insists on the right to a permanent garrison of 650, as foreseen in the 1960 Treaty of Alliance. The Turkish Cypriot Security Forces have a separate structure, with many of their own officers, and staff the frontline positions on the buffer zone.

¹²⁹ The Security Council resolution to guarantee the 2004 deal was vetoed by Russia, almost certainly at Greek Cypriots’ behest.

¹³⁰ Greek Cypriot negotiator George Iacovou suggested strengthening the UN guarantee with one from the EU, France, or Russia, comment, op. cit.

¹³¹ Crisis Group interview, Greek Cypriot official, Brussels, May 2008.

¹³² Alexandros Lordos, “The Security Aspect of the Cyprus Problem: Towards a creative resolution”, *Friends of Cyprus Report*, no. 51, spring 2008. The Security Council’s permanent members are China, France, Russia, the UK and U.S.

¹³³ A leading Turkish Cypriot commentator said: “Just as we want to keep the Greek Cypriots at arm’s length, so too do we want to keep Turkey at arm’s length”. Comment to EU-Turkey Working Group meeting, Nicosia, May 2008.

¹³⁴ “It’s not a good idea [for Turkey] to be repeating all the time that the Treaty of Guarantee cannot change and that derogations have to remain in force and that there will have to be troops on Cyprus indefinitely”. Crisis Group telephone interview, Greek official, May 2008.

¹³⁵ Crisis Group telephone interview, Greek official, May 2008.

¹³⁶ Greek and Greek Cypriot spokespersons gave no comment on the current numbers of retired Greek soldiers in the National Guard. Crisis Group interviews, Brussels and by telephone, June 2008.

¹³⁷ “Greece and Hellenism is conducting a struggle for survival in Greece, the Aegean and in Cyprus”. Greek Minister for National Defense Giannos Papantoniou, quoted by Athens News Agency, 11 July 2002.

¹³⁸ The two sides are linked by a joint defence doctrine that sees “any attack on Cyprus as being tantamount to an attack on Greece”. Defence Minister Papantoniou, cited by Athens News Agency, 8 November 2001.

¹³⁹ Crisis Group interview, former Greek official, Istanbul, May 2008.

But, like the fire brigade, these troops are under the Turkish military high command.

Under the last version of the defunct Annan Plan, both side's military formations would have been rapidly reduced to 6,000 troops. After seven years, they would have fallen to 3,000. After fourteen years, or when Turkey joined the EU if earlier, Greek and Turkish garrisons would have shrunk to 950 and 650 respectively, the 1960 treaty numbers. There would have been withdrawals to a new frontline in six phases over 42 months. The Greek Cypriots thus would have conceded at the beginning, recognising a Turkish Cypriot state, while having to wait a long time for Turkish withdrawals, including from the heart of the capital. This timeline was a factor in their rejection of the Annan Plan. One way to make a future settlement more attractive to them would be to have international monitoring of Turkish forces from a peace plan's first day. Turkish troops might immediately hand Varosha over to UN supervision. Other ideas might be a faster withdrawal timetable, including early demilitarisation of Nicosia's centre and full Turkish withdrawal, and an end to the guarantee system on EU membership.

Ultimately, despite public talk of red lines, all sides privately indicate some flexibility in their positions, but the issue is still likely to be one of the last finalised.¹⁴⁰

4. Making a property settlement acceptable

The property issue is undoubtedly the toughest. The principles that must be reconciled in any comprehensive agreement are respect for the individual rights of the dispossessed owners; respect for the individual rights of the current users; and bizonality. A main problem is the incompatibility between the Turkish Cypriot desire to retain a strong majority in their state and the generally accepted fact that 78 per cent of property in the area they control was owned by Greek Cypriots in 1974.¹⁴¹ There is also the question of who would bear the cost of any compensation scheme. The property working group has agreed that the rights of all original owners should be recognised and that the options would then be restitution, compensation or

exchange. The Greek Cypriots insist the original owner should be able to choose. The Turkish Cypriots argue that current residents or investors should also have a say.¹⁴²

The Annan Plan's proposal was premised on legitimising Turkish Cypriot control of the north, with Greek Cypriots by and large accepting financial compensation for their properties. An impartial Property Board, with non-Cypriot members, would have offered:

- ❑ full restitution to Greek Cypriots owning property in the extensive areas to be vacated by Turkish troops;
- ❑ full compensation in the form of bonds or other certificates for all other claimants on both sides, or, for those others who wanted their house or land, reinstatement of one third of the area of their total property, with compensation for the other two thirds;
- ❑ full reinstatement for self-built houses, or houses lived in more than ten years, with 1,000 square metres of adjacent land, even if that amounted to more than one third of the total;
- ❑ alternative properties nearby if the original property was not available for reinstatement;
- ❑ the chance for current users of an occupied property to obtain title by ceding rights to an equivalent value of property owned in the other Constituent State;
- ❑ the possibility for those who had invested significantly in properties to purchase them; and
- ❑ no removal from any property until adequate, alternative accommodation was available.

A recent poll of Greek Cypriots indicated that this compensation-led approach was realistic; 53 per cent of respondents said they would accept money in return for their property.¹⁴³ Furthermore, it suggested that 63 per cent of Greek Cypriots displaced from the north in 1974 or before did not wish to return.¹⁴⁴ The Greek Cypriots say guarantee of the right to return is essential; the Turkish Cypriots say it is unacceptable within a bizonal solution. However, under EU rules, any derogation from the right of Greek Cypriots to

¹⁴⁰“We would be prepared to leave the security aspect towards the end of the negotiations. We are not going to publish proposals and red lines. It will be part of the final hours of the negotiations”. Iacovou comment, op. cit.

¹⁴¹The Turkish Cypriots say the figure is 63.8 per cent. The Turkish Cypriots claim 22 per cent of the land in the South, while Greek Cypriots say the figure is 13.9 per cent. Ayla Gürel and Kudret Özersay, “The Politics of Property in Cyprus”, International Peace Research Institute, Oslo, 2006.

¹⁴²Crisis Group interview, European ambassador, Nicosia, June 2008.

¹⁴³Poll in *Politis*, op. cit.

¹⁴⁴Ibid; a European ambassador estimated less than 5 per cent would return. Crisis Group interview, Nicosia, June 2008.

buy property, or to reside in the future Turkish Cypriot Constituent State, can at most be temporary.¹⁴⁵ The Annan Plan would have delayed the full exercise of these rights for up to fifteen years or nineteen years respectively, or until Turkey entered the EU.

The longer the property issue is left unsettled, the more complicated any solution will become.¹⁴⁶ Greek Cypriot rejection of the Annan Plan persuaded Turkish Cypriot developers there was no point in respecting Greek Cypriot property rights any longer. Recent cases in EU courts appear to be taking the line that individual compensation and exchanges through existing mechanisms are legal, undermining the case for an overall settlement.

Greek Cypriots do not want the main burden of a compensation-based settlement to fall on the new state. An alternative, also suggested in 2004, would be the use of EU-backed bonds to finance and guarantee the board implementing the settlement. The hope would be that eventual payments by new Turkish Cypriot owners and developers would pay off the initial capital cost. Greek Cypriots also argue that the Turkish Cypriots could lower the cost by ceding more territory to the Greek Cypriot Constituent State.¹⁴⁷

One measure that could be calibrated to make property compromises cheaper and more acceptable would be for the Turkish Cypriots to turn over a part of the Karpas peninsula, much of which is owned by Greek Cypriots, to a new federal national park. The Greek Cypriots might in turn assign the nature reserve at Akamas on the western tip of the island to this park. If the UK were to renew its promise of territorial concessions from the sovereign base areas, these too could become part of the park. Cyprus urgently needs to protect areas of natural beauty, and a settlement would be strengthened by a neutral symbol of common purpose for the federal government.

5. From settlers to immigrants

The problem of “settlers”, or immigrants from Turkey since the 1974 invasion, is emotionally charged for both sides. The Talat government is no longer naturalising immigrants from Turkey, reversing a Denktash policy. Numbers and definitions of who is a “settler” are still unclear: the current Greek Cypriot definition of a Cypriot appears to rule out even some people who were born on the island or are long-term residents. Eviction of those who have already been naturalised would be neither humane nor necessary. Some Greek Cypriots are prepared to accept all bona fide long-term residents as citizens of the new state, while Christofias has said he will accept 50,000 “settlers”.¹⁴⁸

There is no consensus on the overall figure of Turks who have come to settle in the north since 1974.¹⁴⁹ The great majority of Turkish Cypriot voters are still native Turkish Cypriots or long-established immigrants who aspire to Cypriot culture and status. A respected Turkish Cypriot study counted only 32,000-35,000 Turkish immigrants (“settlers”) among the official census figures of 178,000 Turkish Cypriot citizens, and noted many of them have lived in Cyprus for a generation or more. The Greek Cypriots could accept them within Christofias’s numbers. But since 82,000 Asian, Russian and European workers have work permits in the wealthy Greek Cypriot sector,¹⁵⁰ and tens of thousands of other foreigners are long-term residents,¹⁵¹ Cyprus may soon need migration policies that look far beyond the old ethnic labels.

¹⁴⁵ Crisis Group interview, European ambassador, Nicosia, June 2008.

¹⁴⁶ “All those who fear that they will lose out will take preemptive action rather than wait to see whether indeed they will lose out. The two leaders should commit themselves to the following principle: no one will necessarily be penalised, and those who end up bearing the brunt of any concessions will be compensated”. Phedon Nicolaides, “Negotiating Guidelines for Messrs Christofias and Talat”, *Cyprus Mail*, 20 April 2008.

¹⁴⁷ Crisis Group interview, Greek Cypriot official, Brussels, May 2008.

¹⁴⁸ Christofias interviewed by CNN Turk, referenced in *Politis*, 25 March 2008; also in press statement, London, 5 June 2008. “We will have to accept that they are going to stay”. Crisis Group interview, Greek Cypriot politician, Nicosia, March 2008.

¹⁴⁹ Still, the Greek Cypriot allegations of a 2:1 ratio of immigrants to Turkish Cypriot natives are clearly exaggerated. See government estimate in “Illegal Demographic Changes”, at www.mfa.gov.cy.

¹⁵⁰ Mean figures for 2007, including 31,000 EU citizens from other member states. The unofficial number is probably significantly higher. See www.mlsi.gov.cy and follow links to statistical data.

¹⁵¹ Of the 64,810 foreign residents in 2001, 17,459 were from Greece and 11,871 from the UK. Only about half these were employed. Census of Population, 2001, vol. iv - Migration, Republic of Cyprus.

III. THE ROLE OF OUTSIDE PLAYERS

The strategic position of Cyprus has made it both the beneficiary and victim of outside interests since time immemorial. Turkey and Greece are intimately involved, and the UK has two big military bases. The talks currently under way may be the most Cypriot-dominated yet, but the positive engagement of outside players will still be critical to their outcome.¹⁵² The level of U.S. interest and engagement cannot be assessed until after the November 2008 elections. Russia's interest is unclear. Many EU member states, meanwhile, want to resolve the conflict because it is damaging even apparently unrelated EU policy.¹⁵³ Fortunately, elections, often an excuse for putting on hold any talk of a settlement, are not imminent anywhere in the region.

A. TURKEY'S CHALLENGE

Turkey's approach will obviously affect the negotiations on a comprehensive settlement.¹⁵⁴ The auguries were clearer in 2004, when the ruling AK Party made a historic switch, adopting a policy of staying a "step ahead" of the Greek Cypriots in the negotiating process. Prime Minister Recep Tayyip Erdoğan has restated this position,¹⁵⁵ and the foreign ministry is also determined to reach a comprehensive settlement.¹⁵⁶ A positive contribution to a settlement would remove

¹⁵² "Both Greek and Turkish Cypriots are still debating whether to do the deal now or whether to wait for later. Internal dynamics on their own won't get anywhere. But outside parties are instrumentalising Cyprus for other ends". Comments to EU-Turkey Working Group meeting, Turkish Cypriot academic Niyazi Kızılyürek, 1 June 2008. The Greek Cypriot rejection of the 2004 comprehensive settlement also shows that "a solution cannot be imposed by third parties or by arbitration on the Cypriots. It hasn't worked in the past and won't work again". Crisis Group telephone interview, Greek official, May 2008.

¹⁵³ For detail on such policy complications, see Crisis Group Europe Report N°184, *Turkey and Europe: The Way Ahead*, 17 August 2007.

¹⁵⁴ "Turkey is the big unknown". Crisis Group interview, Western diplomat, Brussels, April 2008. "It is unclear to me if Turkey's foot is on the brake, or whether it is being constructive". Crisis Group interview, European Commission official, Brussels, April 2008.

¹⁵⁵ Comments at joint press conference with European Commission President Barroso, *The New Anatolian*, 11 April 2008.

¹⁵⁶ "We are firmly behind them (the Turkish Cypriots). We've told them to go ahead. When they look over their shoulder, they find us there". Crisis Group interview, Turkish official, Ankara, May 2008.

one of the major roadblocks on Turkey's path to the EU, as well as a regular justification for nationalist and authoritarian intolerance, and could lead to more EU-standard policies towards all religious communities.¹⁵⁷ Some 1,450 property cases are pending against Turkey in the European Court of Human Rights, which could ultimately cost it billions of euros if no settlement is found.

If these Cyprus talks fail, frictions about Turkey's role in NATO will grow. Already, Ankara is using its leverage as a NATO member to take revenge on the EU for Cyprus's sanctions against it in Brussels. For instance, it is blocking NATO from signing formal security arrangements with the EU, potentially putting at risk EU citizens on missions such as in Kosovo. This is alienating Turkey's best allies in the EU. It is also damaging one of Turkey's main assets in its relationship with the West, its image as a reliable military ally and valued past contributor to peacekeeping operations.

Turkish officials should go out of their way to dismantle the wall of distrust between them and Greek Cypriots. In speeches, public statements and private contacts, they should ensure that messages of their support for a compromise settlement get through. Turkey and the Greek Cypriots should start talking directly to each other, and Ankara should put aside its refusal to recognise Cyprus in this regard, temporarily and unofficially at least.

1. Ankara's EU conundrum

Turkey's AK Party took the decision to stay "one step ahead" in talks on Cyprus in early 2004 to support its successful bid to open negotiations on full EU membership. At the time, the EU was encouraging Ankara. Today, the membership process has almost stalled, in large part due to the continued disputes over Cyprus. When the Greek Cypriots rejected the internationally endorsed comprehensive settlement in 2004, and the EU gave them membership status anyway, the AK Party lost faith in the process and now has little room for manoeuvre due to public opinion. A rising nationalist current sees compromise on Cyprus as giving away Turkey's one strong card – its military control of the north of the island – with no chance of gaining

¹⁵⁷ Inflamed sentiments over Cyprus were behind anti-minority actions ranging from destructive riots to expropriation and punitive legislation, especially against the Greek Orthodox community, notably in 1955, 1964 and 1974. "Cyprus has been a well of poison for Turkey". Crisis Group interview, Turkish academic Soli Özel, London, May 2008.

EU membership in return.¹⁵⁸ Prospects for a Cyprus solution have also been undercut by the open hostility to Turkey's EU membership that the leaders of France and Germany and a number of other EU politicians have voiced.¹⁵⁹

Unlike political opposition to Turkey's EU membership by individual leaders, however, the Cyprus conflict is deeply embedded in the legal structure of the EU-Turkey relationship. In December 2006, Turkey's failure to implement its promise under the "Additional Protocol" to open its airports and seaports to Greek Cypriot traffic caused Brussels to freeze the opening of eight of the 35 negotiating chapters with it. The negotiations will officially come up for review in 2009. The only likely scenario under which Turkey would open the ports is in the context of a comprehensive peace deal. Failure to do so, however, would result in an EU-Turkey crisis. In the words of a senior European Commission official:

The year 2009 will be critical. We will expect movement from Turkey on the ports issue. We'll report to the European Council if nothing happens, and then we'll have a big doubt [about] the Turkish accession process ... it will be deadly if Turkey appears to be the obstacle [to a Cyprus settlement].¹⁶⁰

Turkey should thus seek the earliest opportunity to implement the "Additional Protocol", even if initially only partially and as a temporary measure in support of negotiations on the island. It should act unilaterally, however, and at a time and in a manner intended to underline its goodwill for maximum impact in the EU and Cyprus. The many benefits the measure would bring Turkey – in trade, improved image, EU conver-

gence and movement on the Cyprus problem – suggest that it would be a major opportunity, not a concession.

The parallel issue of the five negotiating chapters in the draft agreement with the EU that France has formally frozen has deepened problems with Brussels, as has the possibility Turkey's constitutional court will declare the ruling AK Party a sectarian and thus illegal organisation. There is only a remote possibility that Turkey's accession process would be formally suspended.¹⁶¹ However, there is real risk that by 2009 there will be no more chapters that can be negotiated, which would close down the main activity suggesting a dynamic membership process.¹⁶²

Both the AK Party and the bureaucratic establishment believe EU convergence is in the country's best interest,¹⁶³ but the Greek Cypriots must also compromise in order to obtain Turkey's cooperation. Ankara will not surrender to all Greek Cypriot demands just because it needs the EU.¹⁶⁴ Decades of deadlock have proven that it can choose less economic growth and damage to its international reputation rather than give up its rights in Cyprus.

2. Political turbulence in Ankara

Senior AK Party leaders have encouraged Talat to negotiate resolution of the Cyprus problem, but the party cannot be very activist on Cyprus because of its

¹⁵⁸ "Many people in Turkey say to the AK Party, 'you're selling the island'". Crisis Group interview, Eurasia Strategic Research Centre (ASAM) researcher Sema Sezer, Ankara, April 2007.

¹⁵⁹ "An EU perspective is critical for Turkish enthusiasm and support for the process". Talat comments, op. cit.

¹⁶⁰ Crisis Group interview, Brussels, March 2008. Diplomats and EU officials disagree on whether 2009 is a deadline and a failure to implement the protocol would lead to suspension of EU-Turkey negotiations. Some say the damage to Turkey's accession process depends on the extent to which major EU states wish to keep Turkey at arms length in 2009. All agree that once suspended, the accession process would be hard to restart. The issue will come to a head as the European Commission starts formulating its annual Turkey progress report in June-July 2009. A European Commission official critical of Turkey said that if the Cyprus talks fail and nothing is done, "the accession process is over. This is clear. Talat has to convince the Turks that they have to do more". Crisis Group interview, Brussels, March 2008.

¹⁶¹ Crisis Group interview, senior British official, London, May 2008.

¹⁶² France put a freeze on the opening of five chapters in 2007, with President Sarkozy saying they were part of a full membership perspective for Turkey he would not allow. One (agriculture) overlaps with the eight chapters frozen due to the Cyprus dispute. Objections by France and Cyprus have unofficially blocked several other chapters as well. Overall, for one reason or another, it is currently impossible for Turkey to negotiate on approximately half of 35 chapters.

¹⁶³ A report by the Turkish think tank International Strategic Research Organization (USAK) identified Cyprus as a key problem between the EU and Turkey and urged that Ankara engage more forcefully. "This process requires the Turkish side ... to be pro-active and prepare well-thought out multi-optional plans, particularly since the period before us will be a test of sincerity for both the international community and the parties involved". "Strategic Agenda", April 2008.

¹⁶⁴ Turkish officials say public opinion limits their room for manoeuvre due to the Greek Cypriot entry into the EU, despite the 1960 foundation agreements' prohibition on the Republic of Cyprus entering an international grouping of which Turkey (or Greece) is not a member. This makes them more determined to retain the principle of their right to intervene. "If they are not loyal to these agreements, there will be two states on the island". Crisis Group interview, senior Turkish official, Ankara, May 2008.

power struggle with the republican establishment. A court case opened in March 2008 by the chief prosecutor now threatens to ban the party on the grounds that it undermines the secular state. The case is likely to continue until late in the year and paralyse several areas of decision making. Consequently, party leaders have taken no bold public positions on Cyprus beyond restating their general loyalty to the “one step ahead” policy. A senior AK Party policymaker close to the prime minister outlined the dilemma:

When the politicians are weak, the establishment takes over, and the military want to control the Cyprus problem. It's high politics, state politics, and we cannot go there. The establishment is against the inclusion of north Cyprus in the whole of Cyprus, of losing the military base; they see it as part of Turkey, the *yavruvatan* [“child nation”, a common name for the Turkish Cypriot state in Turkey].¹⁶⁵

The establishment, in fact, divides into two main tendencies. The first, largely associated with the foreign ministry, believes, like the AK Party, that a comprehensive settlement on Cyprus is fundamentally in Turkey's interest. This is based on the assumption that the country's future lies in Europe.¹⁶⁶ It believes it could ultimately persuade the more conservative military to accept an agreement similar to the Annan Plan.¹⁶⁷

The second tendency, associated with nationalist hardliners and the military, believes keeping troops in Cyprus is Turkey's fundamental strategic interest.¹⁶⁸ This is based on an evaluation that Cyprus, just 70km from the Turkish coast, could threaten nearby terminals

¹⁶⁵ Crisis Group interview, Ankara, April 2008.

¹⁶⁶ The basis of the golden period of EU-Turkish convergence was laid between 1998-2002, when establishment parties were in charge. Seeing that combining its opposition to the ruling AK Party with scorn for its handling of the EU process had become an electoral liability, the Republican People's Party (CHP) is now adopting a more pro-EU profile and plans to open an office in Brussels and rewrite party statutes. Crisis Group telephone interview, CHP Chief of External Relations Petek Gürbüz, 26 May 2008. Press reports suggest that the revised statutes will emphasise “full support for the EU and Turkey's EU membership”. *The New Anatolian*, 23 May 2008.

¹⁶⁷ Crisis Group interviews, Turkish officials, Ankara, May 2008.

¹⁶⁸ “It's the geography. Lebanon is a problem. With Syria, you never know. We have pipelines and refineries close by. We do not have an agreed zone for fisheries, the environment. You should be strong, have a military presence to support your points of view. You could have problems between the two sides in Cyprus. Democracy is not enough. It's about justice and fairness. If you are strong enough, you get justice”. Crisis Group interview, senior Turkish national security official, Ankara, April 2008.

for Caspian and Iraqi oil, or the island could fall into hostile hands, completing an encirclement of a Turkish coastline already hemmed in by Greek islands. Advocates of this tendency see no reason for Turkey to abandon its strategic position in exchange for promises of eventual membership from a divided, untrustworthy EU.¹⁶⁹ They view the AK Party's offer of compromise as part of a policy of submission to the EU that would weaken the country. Public opinion tends to support this more conservative approach.¹⁷⁰

Turkish Armed Forces Chief of Staff Yaşar Büyükanıt carried out a long-planned visit to Cyprus shortly after the 21 March Christofias-Talat meeting. He supported the opening of negotiations but underlined that “there is no such thing as pulling troops out tomorrow if there is a peace deal today. The army needs to observe and be fully convinced of the safety of the Turkish Cypriots”.¹⁷¹ Hardliners who want to keep a strong Turkish army presence in northern Cyprus explicitly say that the strategic concerns go beyond the more parochial ones of the Turkish Cypriots themselves.¹⁷² Veteran former Turkish Cypriot leader Rauf Denktaş has tried to link establishment hostility to the AK Party government to the need to block a Cyprus compromise.¹⁷³ Such positions do not go unchallenged in Turkish society, however,¹⁷⁴ and many

¹⁶⁹ “The EU has double standards [about Cyprus] and has done us a great injustice”. Talk show host and respected academic Emre Kongar, NTV, 7 May 2008.

¹⁷⁰ “Cyprus is a big thing in our public opinion. They accused us [of surrender] for accepting the Annan Plan”. Crisis Group interview, senior Turkish official, Ankara, April 2008.

¹⁷¹ “It is always beneficial to talk. Problems are always solved by talking...Everybody is talking about a just and lasting peace, but do we all mean the same thing?”, General Yaşar Büyükanıt, quoted in *Today's Zaman*, 31 March 2008.

¹⁷² “I'm just speaking for myself, but Turkey's strategic interest in Cyprus would remain even if there were no Turkish Cypriots. It's like an aircraft carrier. It's not enough for Turkey to be influential. It must be decisive. And if you ask me, I would never want our troops to leave Cyprus....AKP and Talat want a united Cyprus. So does Christofias. This is not in Turkey's interest”. Crisis Group interview, Retired General Armağan Kuloğlu, Ankara, April 2008.

¹⁷³ “Don't anyone just blame Talat ... if the Turkish government doesn't agree with this [23 May compromise statement], let them say it!” Rauf Denktaş, speech to Turkish Retired Officers Association, Istanbul, 24 May 2008.

¹⁷⁴ A Turkish columnist suggested, with bitter irony, that nobody in Turkish politics had the vision and authority to cut the final compromise on Cyprus. “Did we go to Cyprus to ‘bring democracy and peace’ to the island or did we simply go to ‘take’ it? On the surface it's the first, in reality the second....We dressed it up as saving our kinsmen and made it impossible to solve, because we didn't want a solution. It was ours again....This talk of strategic importance is just

Turkish Cypriots are critical of their old leader: "He is the one who created this mess, so the louder he shouts, the closer we feel we are getting to clearing it up".¹⁷⁵

Some Turkish conservatives take heart from Kosovo's independence and believe that one day there will be wide international recognition of the Turkish Cypriot state.¹⁷⁶ However, Western diplomats underline that Kosovo is a unique case, and such hopes are misplaced.¹⁷⁷ If recognition of a Turkish Cypriot state was the eventual result of a breakdown in the 21 March process, it would take many years and probably be accompanied by a long freeze on Turkey's relations with the EU. That scenario would certainly mean slower domestic reforms, diplomatic friction and lost economic opportunities. The cost of veering from convergence with the EU is well illustrated by Turkey's lost decade of the 1990s, when the economy failed to grow amid hyper-inflation, intense domestic conflicts and military friction with Greece.¹⁷⁸

The Turkish military is ultimately unlikely to oppose a good deal reached by the leaders in Cyprus that receives a favourable foreign ministry opinion, support by liberal opinion-makers and backing from the government. The military has shown that it can be flexible even on the most sensitive subjects, as in May 2008 when it switched to engagement with Iraq's Kurdistan Regional Government. It raised no deal-breaking objection to withdrawal of troops under the Annan Plan. Once a preliminary political agreement materialised in Cyprus on 21 March 2008, it reversed its policy of stonewalling and mostly cooperated well with UN forces preparing to open the new crossing point in the centre of Nicosia.¹⁷⁹

flavoring... That's why Turkey will never withdraw from Cyprus, and never get into the EU". Engin Ardic, "Giving Away' Cyprus", *Sabah*, 22 May 2008.

¹⁷⁵ Crisis Group interview, pro-Talat Turkish Cypriot politician, Istanbul, May 2008.

¹⁷⁶ "I would have preferred Papadopoulos as [Greek Cypriot] president. He would have made the TRNC [Turkish Republic of Northern Cyprus] permanent". Crisis Group interview, General (retired) Armağan Kuloğlu, Ankara, April 2008.

¹⁷⁷ "I can't imagine the isolation will last forever ... [but] Britain will not recognise the TRNC". Crisis Group interview, UK Cyprus envoy Joan Ryan, London, May 2008. "There's a view in Ankara that they can offer a two-state solution, take it or leave it, or we'll study the Kosovo example. But there will be no Kosovo example on Cyprus". Crisis Group interview, Western ambassador, Nicosia, March 2008.

¹⁷⁸ "Eastern Mediterranean Oil Politics: The Emerging Role of Cyprus", Ioanis Michaletos, 7 May 2007, *Balkananalysis.com*.

¹⁷⁹ Anti-settlement Greek Cypriot papers unfairly claimed the opposite. Crisis Group interview, international military officer, Nicosia, June 2008.

A comparison between the 23 May 2008 agreement in Cyprus and a 28 April statement by Turkey's National Security Council, an influential advisory body including both the AK Party government and the military, shows that the difference in official language is slight.¹⁸⁰ The UN believes that Turkey shares the sincerity of other parties in seeking progress.¹⁸¹ Turkish Cypriot leaders are convinced that Turkey's military will not stand in the way of an Annan Plan-style deal. They say Ankara tells them that Turkish Cypriots are more valuable to Turkey inside the EU than outside it and that Turkey wants to clear its own path to Brussels.¹⁸² And indeed, given the relative sizes of the Turkish and Cypriot economies, Turkey could expect to have more influence with and benefit from a Cyprus with which it enjoyed normal relations.

A liberal body of Turkish opinion-makers is also ready to make the arguments for a Cyprus solution. For example, an Istanbul company is already trying to build bridges to the Greek Cypriot community by planning an under-sea water pipeline from Turkey that would alleviate the current drought on both sides of the island.¹⁸³ The benefits of such interaction need to be highlighted by Turkish politicians and commentators, since the AK Party will need all the support it can get to explain the need for a comprehensive settlement to a suspicious public, the military establishment and nationalist opposition.¹⁸⁴

¹⁸⁰ Both talk of political equality, bizonality and two Constituent States. The Turkish statement prefers "two peoples and two democracies" to the Cypriots' "bicomunal", and talks of a "new Partnership state", compared to the Cypriots' "partnership [that] will have a Federal Government".

¹⁸¹ "I had several extensive discussions with the Turkish government, as well as the Greek government, as well as the EU, as well as others that are involved in this issue, and I detect a very strong desire to move forward in all these capitals too. People do think that this is the moment". News conference, Under-Secretary-General Lynn Pascoe, Nicosia, 18 June 2008.

¹⁸² "Turkey is not going to prevent us from reaching an agreement". Crisis Group interview, senior Turkish Cypriot official, Nicosia, March 2008.

¹⁸³ "Turkish water plan could solve drought crisis", *Cyprus Mail*, 26 April 2008.

¹⁸⁴ "The AK Party has to appease the Turkish opposition. Cyprus was the first time in Turkish history that Turkey sent troops to save Turks. There should be a consensus about a withdrawal". Crisis Group interview, senior Turkish national security official, April 2008.

B. THE UN'S CENTRAL ROLE

The UN remains the only credible mediator or facilitator between the Greek Cypriots and Turkish Cypriots, with 80 per cent on the island voicing approval of its role.¹⁸⁵ UN-led mediation has already brought together the two presidents, elicited an excellent statement of intent and laid the basis for opening the Ledra Street crossing as a demonstration of progress to the two populations. The nomination of a special adviser, to work in close coordination with the new special representative, would be the next big step. It should occur in the coming weeks, when the sides pledge to start full-fledged negotiations. The special adviser should be a politician, not a bureaucrat, and have an instinctive feel for inter-ethnic mistrust and small-town politics; international stature; and a thick skin against media attacks. He or she should be sensitive to the need to defuse fears among Cypriot factions of arrogant, great-power meddling.

The Cyprus problem offers a chance to rebuild unity within the Security Council. Joint calls by the ambassadors to Cyprus of the five permanent Council members on the Greek Cypriot and Turkish Cypriot leaders before their 21 March meeting were early and welcome signs of harmony.

C. THE EU'S RESPONSIBILITY

The EU has a great interest in a comprehensive solution on the island,¹⁸⁶ but it cannot be an official mediator, as it is a party to the conflict by virtue of Cyprus's membership.¹⁸⁷ Nevertheless, it must be closely involved in fitting the settlement in with EU law. While there is little scope for flexibility in its *acquis communautaire*, the EU can allow the kinds of transitional derogations that were foreseen in the Annan Plan.¹⁸⁸

¹⁸⁵ Survey by the UN peacekeeping mission in Cyprus, UNFICYP, 24 April 2007.

¹⁸⁶ See Crisis Group Report, *Turkey and Europe: The Way Forward*, op. cit.

¹⁸⁷ Officials in many EU states now believe it was a mistake to have admitted Cyprus as a divided island in 2004. Crisis Group interviews, French, British and EU officials, Paris and Brussels, March 2008. The EU shares responsibility for the Annan Plan's failure, having promised the Greek Cypriots membership regardless of their referendum's outcome. However, there are still few signs many European officials or most EU states understand their self-interest and duty in helping sort out the complications.

¹⁸⁸ And as were enshrined in the Cyprus Act of Accession, Protocol no. 10, Official Journal of the European Union, 23

September 2003. One or several special acts would likely be needed.
President of the European Commission José Manuel Barroso quickly welcomed the result of the Greek Cypriot presidential election in February 2008. Commission officials suggest that the best way for individual EU member states to support the process would be to carry out encouraging high-level visits to the island, which should include meetings with the Turkish Cypriot leader in his office.¹⁸⁹ France has a unique opportunity to support the process during its six-month presidency, which begins on 1 July 2008.¹⁹⁰ The messages it sends to Turkey will be particularly important. A new and recent French tendency to underline support for closer EU-Turkey ties is a good beginning.¹⁹¹ However, it must be pursued consistently to have effect, and this is questionable in view of President Sarkozy's declared determination to oppose Turkey's membership.¹⁹²

For every EU official or politician who wants a breakthrough on Cyprus, there often appears to be another who wants to use continued stalemate to block the progress of Turkey's EU negotiations.¹⁹³ EU officials and states need to overcome these divisions.¹⁹⁴ A faction supportive of Turkey's EU ambition, led by the UK, Sweden, Spain, Italy, Greece and several new Central

September 2003. One or several special acts would likely be needed.

¹⁸⁹ Crisis Group interview, senior European Commission official, Brussels, March 2008.

¹⁹⁰ "The French can be the big brothers of Cyprus. They are the only ones that the Greek Cypriots are listening to". Crisis Group interview, European Commission official, Brussels, March 2008. Care should be taken to avoid situations similar to when a French minister cancelled a meeting with Turkish Cypriot leader Talat, because it would have been at his office in the Turkish Cypriot Presidency.

¹⁹¹ "France does not intend to wreck the negotiations with Turkey...France's Presidency should not cause apprehension...France attaches importance to the process of reform instigated in Turkey on its path towards closer ties with the EU". Statement in Ankara by French Minister of State for European Affairs Jean-Pierre Jouyet, Agence France-Presse, 6 May 2008.

¹⁹² "Turkey slams France over EU Referendum Plan", *Hurriyet Online*, 6 June 2008. "We're a pro-Turkish institution here ... but our president's position is clear and not likely to change". Crisis Group interview, French official, March 2008. In an interview to mark his first year in power, Sarkozy reiterated his determination to keep Turkey out. "I've always been opposed to the entry of Turkey for the simple reason that Turkey is not in Europe, it's in Asia Minor ... well, except for a little bit". Television interview, 24 April 2008.

¹⁹³ Crisis Group interview, former undersecretary of the Austrian foreign ministry Albert Rohan, Istanbul, April 2008.

¹⁹⁴ See Crisis Group Report, *Turkey and Europe*, op. cit.

European members, appears to have weakened.¹⁹⁵ Despite efforts by diplomats to improve atmospherics, the leaders of the two largest founding EU states, Germany¹⁹⁶ and France, remain committed to discouraging Turkey. Sweden will assume the EU presidency in the critical second half of 2009, but it will need broader support to make a real difference.¹⁹⁷

An active, constructive EU stand is also hampered by the Greek Cypriot community's full membership as the Republic of Cyprus. This produces reluctance to pressure the Greek Cypriot administration to take goodwill steps, such as allowing Brussels to implement its 2004 promise of a Direct Trade Regulation permitting Turkish Cypriot products to be sold directly to the EU. Nevertheless, the European Commission is encouraging intra-island trade, which is small but growing rapidly.¹⁹⁸ On 16 June 2008, the Council expanded exchanges possible under the 2004 "Green Line Regulation".¹⁹⁹

¹⁹⁵ "There are fewer strong advocates for Turkey than there used to be", mostly due to a change of prime minister in the UK and a split in the German Social Democrats. Crisis Group interview, senior EU Commission official, Brussels, March 2008.

¹⁹⁶ Chancellor Angela Merkel has not changed personal opposition to Turkey's EU membership but says as leader of the German government, she honours the agreement on negotiations made by her predecessors, *Euractiv*, 25 November 2005. A February 2008 visit to Germany by Turkish Prime Minister Tayyip Erdoğan brought severe criticism from German conservatives and a rebuff from Merkel, after he suggested Germany set up Turkish-language high schools for the Turkish minority. Controversially, he distinguished support for integration of Turks into German society from the idea that "assimilation is a crime against humanity". *Spiegel Online*, 12 February 2008.

¹⁹⁷ "Things can only get harder. Sweden can drive the agenda, but the presidency is a double-edged sword. It's hard to present what could be seen as a national agenda". Crisis Group interview, UK official, Brussels, March 2008.

¹⁹⁸ Turkish Cypriots sold €3.4 million worth of goods to Greek Cypriots in the first quarter of 2007; Greek Cypriots sold about €1 million to the Turkish side. Both figures were approximately double the previous year's but still small compared to the overall economies. "Communication from the Commission: Annual Report on the implementation of Council Regulation (EC) 866/2004", Brussels, 20 September 2007.

¹⁹⁹ The proposal provides for a general lifting of duties on agricultural products originating from the north when traded across the "Green Line", as the dividing line between the two sides is known. The Commission proposed to increase the maximum value of goods in the personal luggage of persons crossing the line from €135 to €260, to encourage economic development in the Turkish Cypriot community. Importantly, it also envisages "temporary imports", which would allow Turkish Cypriot tradesmen to bring over tools.

Brussels should continue to work closely with the UN, providing experts to ensure that the evolving settlement document is in line with the principles on which the EU is founded²⁰⁰ and also to identify areas where compromises could be reached more easily if financing were available. As part of its support to the Turkish Cypriot community, the EU could already be asked to fund, with some contribution from the Greek Cypriot side, construction of the 6km of road required to open the Limnitis crossing point.

More broadly the EU could consider guaranteeing any property compensation deal and arrange a fund to help build houses for Turkish Cypriots displaced by the settlement and assist Greek Cypriots to refurbish old homes. It should prepare financial aid to reduce the economic gap between the future Constituent States and to assist the future Turkish Cypriot Constituent State meet EU requirements. It could also set up an initiative similar to its Program for Peace and Reconciliation, which offered €700 million for projects in support of the Northern Ireland peace process. Once a Cyprus settlement is reached, the new Turkish Cypriot Constituent State should be able to benefit from substantial EU agricultural policy and structural funds, and the Commission should prepare a donors conference.

D. GREECE AND THE UK

Greece currently has the lowest profile of the three guarantor states in terms of engagement with the current Cyprus talks. After years of support for Cyprus internationally, now that Greek Cypriots are full EU members and as wealthy as mainland Greeks, Athens feels less need to expend diplomatic capital²⁰¹ and believes that the current framework of guarantee and security is obsolete.²⁰² Turkey is urging Greece to raise its profile, believing that, since Athens has benefited greatly from the bilateral normalisation achieved in 1999, it should be more helpful.²⁰³ Greece certainly

Even simple equipment, if made in Turkey, has often been blocked by the Greek Cypriot authorities.

²⁰⁰ That is, liberty, democracy, respect for human rights and fundamental freedoms and the rule of law. EU Treaty, Article 6.

²⁰¹ "Greece is completely pulling out as a player in the politics of Cyprus". Crisis Group interview, senior Greek Cypriot official, Nicosia, March 2008. "We are begging it to be present". Iacovou comments, op. cit.

²⁰² Crisis Group telephone interview, Greek official, May 2008.

²⁰³ Turkey believes that the 1960 treaties mean Greece has a contractual obligation to be pro-active and that such actions would help balance the old "two communities, two motherlands" equation to allow Turkey to play a constructive part in the process. "Greece has responsibilities, Greece is part of the Cyprus problem. When you lose this symmetry, you see

has influence, even if the idea of *enosis* (political union) has lost its attraction for Greek Cypriots. Its blue-and-white flag is visible on the military outposts and elsewhere in the south, at some political rallies outnumbering the Republic of Cyprus's own flag.

Greece has subtly used that influence. Just two weeks before the Cypriot elections – in which the Papadopoulos campaign was vilifying Turkey – Prime Minister Kostas Karamanlis made the first visit by a Greek head of government in half a century to Ankara. But there is almost no dialogue over Cyprus between Greek and Turkish officials,²⁰⁴ a taboo the two should overcome. Greek officials and intellectuals are uniquely qualified to explain the changes in Greek Cypriot society to Turkish officials, as well as to explain the benefits of normalisation with Turkey to Greek Cypriots. A settlement would make it easier for Greece and Turkey to settle their outstanding disputes over airspace, the Aegean islands and respective minorities. Turkish officials warn that Greece cannot expect continued improvement in relations if the Cyprus talks fail.²⁰⁵ Greece is fully conscious of this.²⁰⁶

Despite its controversial historical record in Cyprus, the UK is highly influential.²⁰⁷ As part of the negotiations on a comprehensive settlement in 2004, which were also part of Cyprus's accession to the EU, London secured permanent rights to its bases. However, to make the Annan Plan more attractive to Greek Cypriot voters, it offered to halve their size. British officials have not publicly repeated this offer, although they do not rule it out.²⁰⁸ It would certainly increase the appeal of any future plan to the Greek Cypriot community.²⁰⁹

our [unhappy] reaction". Crisis Group interview, senior Turkish official, Ankara, April 2008.

²⁰⁴ "Greece won't discuss the Cyprus issue with Turks". Crisis Group interview, senior Turkish national security official, Ankara, April 2008. A retired Greek official said Greece was caught between its national interest in accommodating Turkey and its belief that Turkey was in the wrong over Cyprus. "The best we can do is to remain silent". Crisis Group interview, Istanbul, May 2008.

²⁰⁵ Crisis Group interview, senior Turkish official, Ankara, May 2008.

²⁰⁶ "Cyprus is the main obstacle in our Greek-Turkish full rapprochement. It's there. It's not ignored". Crisis Group telephone interview, Greek official, May 2008.

²⁰⁷ "Half of Cyprus is living in the United Kingdom [about 300,000 people]". Christofias news conference, London, 5 June 2008. However, many Greek Cypriots believe, with some justification, that the UK and Turkey have in the past worked to frustrate their aims. For more on this perspective, see Perry Anderson, *op. cit.*

²⁰⁸ Crisis Group interview, UK official, London, May 2008.

²⁰⁹ "The offer to the process of 50 per cent of the land of the British bases is very important". Crisis Group interview,

The UK has appointed a special representative to the island, parliamentarian Joan Ryan, and, after a very limited political dialogue with the Papadopoulos government, has become much more engaged with Christofias and actively supports the new talks.²¹⁰ Prime Minister Gordon Brown has offered his good offices to Turkey, with which the UK signed a strategic partnership agreement in 2007. London is thus in a unique position to support the talks by coordinating confidential discussion of options for reassessing guarantees and the right of intervention.²¹¹

Institute of Strategic and Development Studies (ISTAME) researcher Philippos Savvides, Istanbul, April 2008.

²¹⁰ A memorandum of understanding was signed at a meeting of Christofias and Prime Minister Brown on 5 June 2008.

²¹¹ See section II.C.3 above.

IV. CONCLUSION

If the 2008/2009 window of opportunity closes without result, there will be no political will to reopen discussion of reunification for many years. Especially in light of the bruising experience of Kosovo, however, there would be little international inclination to recognise the independence of the Turkish Cypriots. The drift towards de facto partition would continue at significant cost for all.

A return to active hostilities is a remote possibility. More likely would be resumption of the two sides' well-earned reputations for punishing each other, even against their own best interests. A dispute in 2007 over the Greek Cypriot government's claim of an exclusive economic zone for oil prospecting showed that Turkey was ready to move quickly to the language of force. Given the Greek Cypriot willingness to use the whole machinery of the EU against Turkey, an unresolved situation on Cyprus has the potential to resemble that between Greece and Turkey in the 1980s and 1990s, which produced constant political friction, a lost decade of Turkish economic and social development and Ankara's frustration with the EU, as well as two occasions when war was only narrowly averted. A protracted impasse now also threatens to worsen frictions between the EU, Turkey and NATO.

There are many good arguments that a settlement is within reach. The official positions expressed by Turkey's National Security Council on 28 April 2008 are close to those accepted by the Greek Cypriots and Turkish Cypriots on 21 March and 23 May. The privately expressed views of the two sides are even closer and could be accommodated within a carefully negotiated settlement that builds on the well-established UN body of work. For Turkey, a normalised relationship

with Cyprus is its best security guarantee. The strategic advantage of military control of north Cyprus is minor compared to the soft power and leverage gained by solving Cyprus and putting its EU relationship back on track. Similarly, for the Greek Cypriots, the risk of a frustrated Turkey with troops in the heart of Nicosia is far worse than normalisation with a Turkey that has withdrawn its soldiers to win an open road to a shared future in the EU.

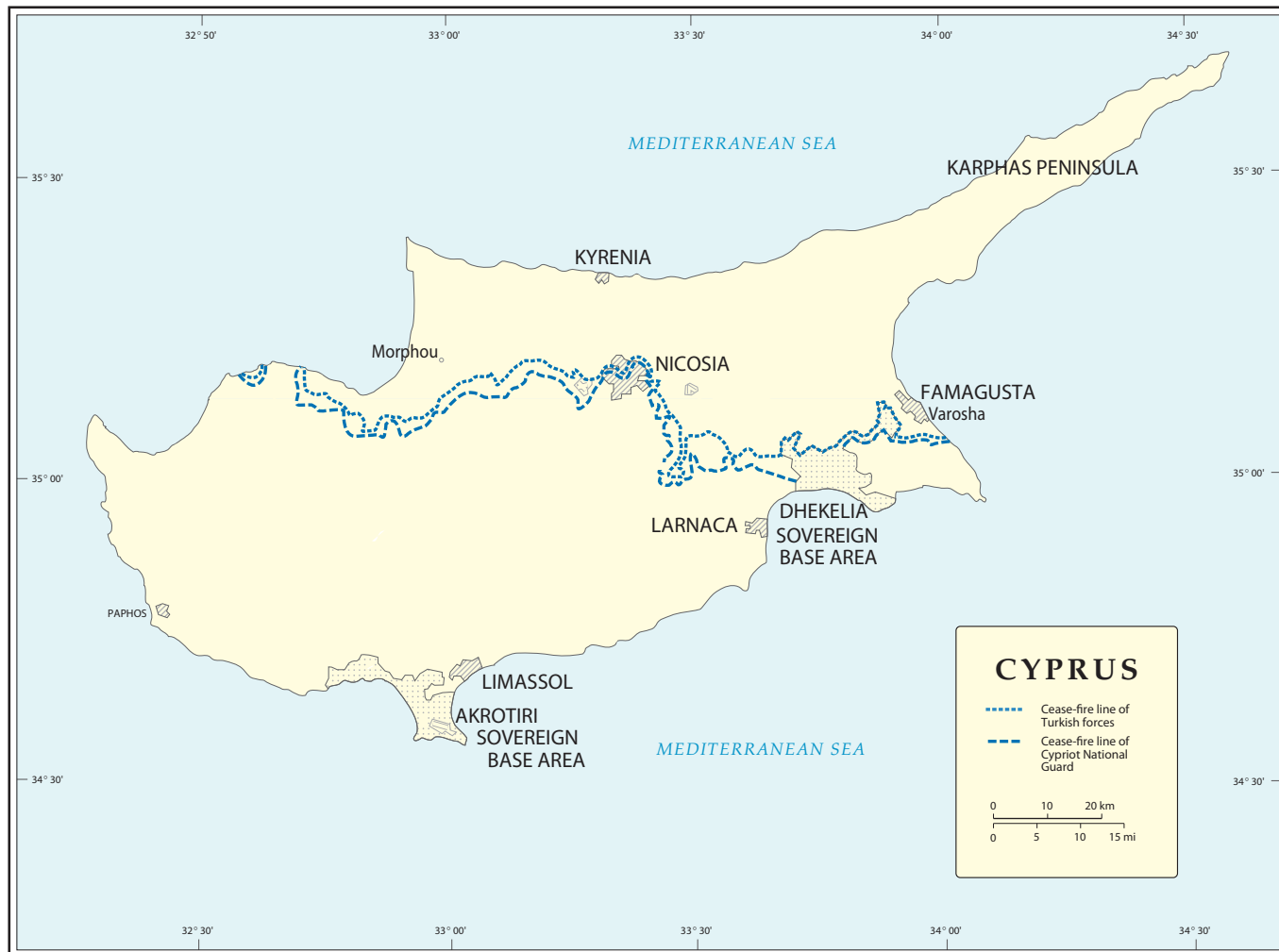
All interested parties should work to foster the growth of the current political will for a solution and to overcome the decades of distrust, particularly the gulf between Greek Cypriots and the ruling elites of Turkey. And while this year's process has been more than ever a success between Cypriots, they on their own cannot finalise new security architecture in the eastern Mediterranean. The additional interested parties, including Ankara, Athens and London, as well as the EU, should dedicate more staff, time, resources and political energy to bridge gaps in the European, security and financial dimensions of the settlement.

That Cypriot reunification is an old concept that has not yet worked does not mean it is wrong or impossible, just that it is difficult. The parameters of the Northern Ireland process were known for three decades before the right political circumstances existed to implement them. If the leadership of the Turkish Cypriots had been more compromising before 2003, or if the Greek Cypriots had been different in 2004, a UN-mediated plan like that which bore the name of Kofi Annan could have worked much earlier. The leaderships of the Turkish Cypriots and the Greek Cypriots have now changed, and their thinking has evolved. With a renewed international effort, what should have happened in 2004 can happen in 2008.

Nicosia/Istanbul/Brussels, 23 June 2008

APPENDIX A

MAP OF CYPRUS



Adapted by International Crisis Group from Map No. 4038 (October 1997), United Nations 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 135 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 printed copy to officials in foreign ministries and international organisations 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 January 2000 has been former Australian Foreign Minister Gareth Evans.

Crisis Group's international headquarters are in Brussels, with advocacy offices in Washington DC (where it is based as a legal entity), New York, London and Moscow. The organisation currently operates eleven regional offices (in Bishkek, Bogotá, Cairo, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina, Seoul and Tbilisi) and has local field representation in sixteen additional locations (Abuja, Baku, Bangkok, Beirut, Belgrade, Colombo, Damascus, Dili, Dushanbe, Jerusalem, Kabul, Kathmandu, Kinshasa, Port-au-Prince, Pretoria and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi,

Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Kenya, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Myanmar/Burma, Nepal, North Korea, Pakistan, Phillipines, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Serbia and Turkey; in the Middle East, the whole region from North Africa to Iran; and in Latin America, Colombia, the rest of the Andean region and Haiti.

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Foundation and private sector donors include Carnegie Corporation of New York, Fundación DARA Internacional, Iara Lee and George Gund III Foundation, William & Flora Hewlett Foundation, Hunt Alternatives Fund, Kimsey Foundation, Korea Foundation, John D. & Catherine T. MacArthur Foundation, Charles Stewart Mott Foundation, Open Society Institute, Pierre and Pamela Omidyar Fund, Victor Pinchuk Foundation, Ploughshares Fund, ProVictimis Foundation, Radcliffe Foundation, Sigrid Rausing Trust and VIVA Trust.

June 2008

APPENDIX C

CRISIS GROUP REPORTS AND BRIEFINGS ON EUROPE SINCE 2005

EU Crisis Response Capability Revisited, Europe Report N°160, 17 January 2005

France and its Muslims: Riots, Jihadism and Depoliticisation, Europe Report N°172, 9 March 2006 (only available in French)

Islam and Identity in Germany, Europe Report N°181, 14 March 2007

BALKANS

Kosovo: Toward Final Status, Europe Report N°161, 24 January 2005 (also available in Albanian, Russian and Serbian)

Macedonia: Not out of the Woods Yet, Europe Briefing N°37, 25 February 2005 (also available in Macedonian)

Serbia's Sandzak: Still Forgotten, Europe Report N°162, 7 April 2005 (also available in Serbian)

Serbia: Spinning its Wheels, Europe Briefing N°39, 23 May 2005 (also available in Serbian)

Kosovo after Haradinaj, Europe Report N°163, 26 May 2005 (also available in Albanian, Russian and Serbian)

Bosnia's Stalled Police Reform: No Progress, No EU, Europe Report N°164, 6 September 2005

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EU Visas and the Western Balkans, Europe Report N°168, 29 November 2005

Montenegro's Independence Drive, Europe Report N°169, 7 December 2005 (also available in Russian and Serbian)

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