CYPRUS AFTER THE REFERENDA OF APRIL 24: WHAT NEXT?

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Abstract
Since April 2004 and Cyprus's accession into the EU, important developments have been taking place on the island. In addition, there have been noticeable changes in the ways in which the international community is now approaching the two communities of Cyprus. There is generally a more positive attitude towards the Turkish Cypriot community and a more sceptical one towards the Greek Cypriot one. These developments have created a new climate in the island and have influenced international perceptions significantly. The current state of affairs and the prospects for a solution must, therefore, be reassessed. This paper offers an evaluation of current developments as well as an assessment of the prospects for a solution in the near future. It concludes with some proposals for action in order to keep the prospects for a solution alive.

On 24 April 2004 the two communities of Cyprus, Greek Cypriots and Turkish Cypriots, were asked to determine via two separate and simultaneous referenda whether or not they would accept the comprehensive solution presented to them by the Secretary General of the UN, Kofi Annan. The Greek Cypriot community rejected the proposed plan, by a majority of 76%, whereas the Turkish Cypriot community accepted it by a majority of 65%.

In the meantime, the Turks made efforts to meet the Copenhagen criteria in order to secure the agreement of the European Council in December 2004, to the opening of accession negotiations between Turkey and the EU. Turkey's European orientation has been the single most important factor that led to the domestic reforms of the last two years. Tayyip Erdogan's decision to demonstrate that his government was ready to accept the solution to the Cyprus problem presented by Kofi Annan in March 2004, improved Turkey's credibility in Europe and strengthened its case for opening accession negotiations.

Since April 2004 and Cyprus's accession into the EU, important developments have been taking place, especially with regard to the property and the settlers' issues in the northern part of the island. In addition, there have been noticeable changes in the ways in which the international community is now approaching the
two communities of Cyprus. There is generally a more positive attitude towards the Turkish Cypriot community and a more sceptical one towards the Greek Cypriot one. These developments have created a new climate in the island and have influenced international perceptions significantly. The current state of affairs and the prospects for a solution must, therefore, be reassessed.

In the following pages we aim at providing an evaluation of current developments as well as offering our view for the prospects for a solution in the near future. We, also, conclude with some proposals for action in order to keep the prospects for a solution alive.

Towards the Referenda of 24 April 2004: A Short Review

December 2003 was a critical month for the Cyprus problem. Since the end of the UN General Assembly meetings in September 2003, the US and the EU were becoming more energetic on Cyprus. All actors involved, however, expected the outcome of the Turkish Cypriot elections before they could reach solid decisions about the initiatives they would undertake in order to re-energise the process of negotiations for a final settlement. The Turkish Cypriot 'elections' of 14 December 2003 produced a new leadership that was viewed as more conducive to finding a settlement.2

The final results of these 'elections' produced the following power balance within the Turkish Cypriot community:

- Turkish Republican Party (CTP-Mehmet Ali Talat): 35.18% and 19 seats.
- National Unity Party (UBP-Dervis Eroglu): 32.93% and 18 seats.
- Peace and Democracy Movement (BDH-Mustafa Akinci): 13.14% and 6 seats.
- Democrat Party (DP-Serdar Denktash): 12.93% and 7 seats.
- Solution and EU Party (CABP-Ali Erel): 1.97% and 0 seats.

According to these results the opposition to Rauf Denktash received 50.29% and 25 out the 50 seats in Parliament.

Following the Turkish Cypriot 'elections' Mehmet Ali Talat began the efforts to form a new 'government.' He was faced with the following dilemma: either to form a 'government' in which at least one of the pro-Denktash parties would participate or to give up all efforts and allow Dervis Eroglu to resume his position as 'Prime Minister' in a pro-Denktash administration. The distribution of the seats did not give Talat the chance to form a coalition with Mustafa Akinci's party which would have been the best possible scenario for the opposition forces.
Increasingly it became obvious that Ankara favoured a 'mixed coalition.' That is, one that would combine both opposition and pro-Denktash forces. Ankara believed that such a coalition was easier to control and could better serve the tactical and strategic goals of the Erdogan government. On the other hand, a Talat-Akinci coalition could jeopardise the fragile domestic modus operandi between the AKP government and the 'deep state'. Similarly, a pro-Denktash coalition could strengthen the hardliners and their approach towards the Cyprus issue and Greek-Turkish relations in general.

After many discussions and meetings both in Ankara and in northern Cyprus, Mehmet Ali Talat formed a coalition, albeit a fragile one, with the Democrat Party of Serdar Denktash. In a joint statement they declared their commitment to a resolution of the Cyprus problem and accession into the EU. The declaration was, however, vague and open-ended. It is not surprising, therefore, that in recent weeks the coalition 'government' collapsed and Mehmet Ali Talat resigned from his position as a 'Prime Minister.' It seems that new 'elections' will probably be held at the beginning of 2005 to avoid escalation of the political crisis within the Turkish Cypriot community.

The results of these elections were not the best possible outcome for the opposition but dealt Denktash's policies a blow and it allowed Erdogan freedom of movement in pursuing his own policy in search of a solution to the Cyprus problem. In other words, it demonstrated that the majority of the Turkish Cypriots were in favour of a solution of the Cyprus problem based on the Annan Plan and accession of Cyprus into the EU.

After the end of the elections the international actors involved, especially the US and Great Britain, re-energised their efforts to find a solution. The EU asked the two sides to accept the conditions laid down by the UN Secretary General Kofi Annan for restarting negotiations; namely, (a) to accept the Annan Plan as the basis for negotiations, (b) to accept that if in the process of negotiations the two sides were unable to agree on certain provisions, the UN Secretary General would be able to fill the blanks of the Plan and (c) to ensure that the agreement would be submitted to separate but simultaneous referenda on a specific date.

On 4 February 2004 the Secretary General of the UN delivered a letter to the leaders of the two communities inviting them to return to the negotiating table based on his plan, provided they accepted the conditions set-forth in his invitation. In his letter the Secretary General outlined specific dates, the most important of which was 21 April 2004, for the separate but simultaneous referenda to approve or reject the plan. He, also, invited the two leaders for a meeting in New York on 10 February 2004 to begin the negotiating process. As he pointed out in his letter, "I would take
your acceptance of this invitation as a commitment to finalize the plan (without reopening its basic principles or core trade-offs) with United Nations assistance by 31 March 2004, and to put the finalized plan to separate simultaneous referenda as provided for in the plan on 21 April 2004.\footref{4}

As already suggested, the victory, albeit a narrow one, by the opposition to Denktash made the resumption of negotiations possible. Not only the US – which was already very active – but Britain and the EU, and of course the UN, assumed a central role in these efforts. There was what has been called 'constructive pressure'\footref{5} exercised both on Greek Cypriots and Turkish Cypriots to enter into final negotiations based on the Annan Plan. The Greek Cypriot leadership and President Tassos Papadopoulos specifically had two choices: either to work substantively and constructively for a solution based on the Annan Plan, or assume full responsibility for leading this effort to another dead-end with severe implications on Cyprus' European aspirations. At the same time, the Turkish Cypriot leadership had to deliver on the promise to negotiate a solution based on the Annan Plan. The ability of the Turkish Cypriot leadership to deliver was, of course, contingent upon Ankara's decision to take the necessary steps towards this direction and its ability, in close cooperation with the leadership in northern Cyprus, to minimise the capacity of Rauf Denktash to undermine or hijack the efforts for a solution.

On 10-12 February the UN Secretary General Kofi Annan invited the parties to resume negotiations, and after four days of intensive talks in New York the leaders of the two communities of Cyprus agreed to do so. Even though President Papadopoulos was resistant to the idea that, if the two sides did not reach an agreement, the UN Secretary General would 'fill-in-the blanks', at the end he was forced by developments to accept the Turkish proposal which adopted the Secretary General's conditions plus one: namely, the direct involvement of the two 'motherlands' in the negotiating process. In other words, their agreement presumed that the parties accepted the UN conditions of using the Annan Plan as the basis for negotiations "without reopening its basic principles or close trade-offs;" letting the UN Secretary General fill in the blanks of the plan if the two sides – assisted by Greece and Turkey – failed to agree on certain provisions and committing themselves to put the final agreement to separate but simultaneous referenda on 21 April 2004.

In February and March negotiations took place in an effort to reach an agreed solution based on the Annan Plan. These negotiations were intensive and difficult as the mistrust of the sides towards each other, as well as towards the UN was prevalent. The last week of March 2004 the two sides, as well as Greece, Turkey and representatives from the EU, Britain and the US, met in Buergenstock, Switzerland for the final round of negotiations. At the end of the process the UN
Secretary General presented to the two sides the fifth and final version of his plan for a comprehensive solution to the Cyprus problem. The two sides agreed to bring the plan to two separate but simultaneous referenda on 24 April. The leaders of the communities, Tassos Papadopoulos and Rauf Denktash, asked the members of their respective communities to reject the plan whereas the opposition in both communities campaigned hard for a 'yes' vote. At the end of the day, the Greek Cypriot community gave a strong 'no' whereas the Turkish Cypriot community gave a strong 'yes'. In light of these results, what are the features of the new environment in Cyprus?

The Current Environment and the Prospects for a Solution

The day after the referenda found the Greek Cypriot leadership defending a strong 'no' to the solution proposed by the UN and the EU. The international community put the blame for the failure to reach a solution squarely on Greek Cypriot shoulders. Whether fair or not, Greek Cypriots found themselves isolated and are to this day facing the implications of their decision to reject the Annan Plan. They are witnessing the changes on the ground in the areas under the control of the Turkish army as well as the ways in which the international community has responded to the referenda results. These realities have led the Greek Cypriot community into a period of introspection and evaluation of the implications of its decision.

The EU was the first international actor to examine the new situation and take measures. Its effort has been to put an end to the political and economic isolation of the Turkish Cypriots without, at the same time, violating the principles under which the Republic of Cyprus became a full member of the EU on 1 May 2004. With the agreement of the Papadopoulos government, the EU finalised the regulations governing the 'Green Line'. These regulations created a new 'legal framework' for domestic trade between Greek Cypriots and Turkish Cypriots as well as for the communication between the two sides. Under this new state of affairs, for example, there are no restrictions to any citizen of Europe (including Greeks and Cypriots) who want to travel to northern Cyprus allowing, therefore, for the promotion of tourism in that region. It is not surprising, therefore, that Greek Cypriot tourist operators have already initiated cooperation with their Turkish Cypriot counterparts.

At the same time, relations within the Greek Cypriot community have been strained by internal tensions. The divisions between those who supported the 'no' and those who supported the 'yes' have been growing. The absence of a consensual position the day after the referenda, makes the emergence of a joint front to face the new challenges and opportunities the more difficult.
One of the most disturbing developments in the post referenda Cyprus, is the 'construction boom' taking place on Greek Cypriot properties in northern Cyprus. Specifically, the Kyrenia district has been characterised as a 'huge construction site'. According to latest data collected, the construction development in Kyrenia is up to 62% compared to other areas of the island that are under Turkish control such as Morphou (which according to the Annan Plan was going to be put under Greek Cypriot control). In Morphou the percentage is only 0.03%. It is important to point out that between November 2002 and today more than 2006 permissions for construction were issued by the Turkish Cypriot authorities. It is, also, interesting that most of these permissions were given not to Turkish Cypriots but foreigners. According to collected data, in 2000 the number of applications for permission by foreigners was 227. By August 2004 this number rose up to 1,528. Turkish Cypriot estimation suggests that in the last few months the Greek Cypriot land sold is worth more than 2 billion dollars.

The construction boom is not taking place only for residential reasons but also for the development of tourism. The Turkish Cypriot press has published ample information suggesting that permissions for construction were given to foreign corporations in order to build a marina and develop golf fields in the Kyrenia district and on Greek Cypriot properties. In addition, there are plans to build new hotel and hotel apartment complexes in order to develop the tourist industry. Tourism in northern Cyprus is projected to increase dramatically in 2005. Hence, the goal is to increase the number of hotel beds from 10,000 to 50,000.7

These dramatic developments are obviously changing the facts on the ground with regard to the issue of property which is also one of the most sensitive aspects of the Cyprus problem and which can 'make or break' a final settlement. If the construction boom continues under its current pace, the most likely scenario is that the delicate property balance incorporated in the Annan Plan will be reversed against Greek Cypriot interests.

In addition, the construction boom has created new demand for labour. Hence, increasingly new labourers are being brought to the island in order to cover these needs. This new wave of settlement is exacerbating the demographic transformation of the island further complicating the prospects for final arrangements on the issue of settlers. According to a latest estimate there are about 10,000 Turkish Cypriots working in the areas controlled by the government of the Republic of Cyprus.8

The aforementioned are taking place under an unclear political and legal base which undermines the prospects for a unified society and economy. In other words, increasingly one can see the emergence of a 'Taiwan' in the eastern Mediterranean.
That is, the emergence of an entity that even though it is not internationally recognised as an independent state, it has contracted international political and economic relationships. Interestingly enough, this seems to be the model that the Turkish side wants to promote as the new status quo. In a recent lengthy article, Ergun Olgun, 'Undersecretary to the president of the Turkish Republic of Northern Cyprus' and the most important adviser of the Turkish Cypriot negotiating team, urged the EU and the member-states to "establish contacts with North Cyprus." He further argues that, "Strictly speaking... the emergence of the TRNC has been the result of necessity and, as such, recognition is the right of the state that emerged, resting on the free and democratic choice of the Turkish Cypriot people. But this is not the issue here. The issue is that the Greek Cypriot side does not have the right to be the government of the Turkish Cypriots in North Cyprus and therefore, a formula has to be found to allow for direct contacts with, and equal opportunities to, the Turkish Cypriot polity, without subordinating it in any way to the Greek Cypriot polity. The non-recognition of the TRNC should not therefore prevent direct contacts with the Turkish Cypriot side. In fact, in the case of Taiwan, the EU had developed modalities through contacts at the 'administrative level' to facilitate trade."

It is evident that, the primary aim of the Turkish Cypriot leadership today is no longer recognition but the creation of conditions reflecting the 'Taiwan model.'

These processes are taking place at a time when relationships between Greek Cypriots and Turkish Cypriots have been deteriorating. Since the day after the referenda, relations between the two communities have come under strain. Turkish Cypriots display their deep disappointment due to Greek Cypriot rejection of the Annan Plan. At the same time, though, contacts between the two communities continue as before. There is, however, a growing disillusionment regarding the prospects for a solution in the near future. Hence, these contacts are expedient but not substantive. Some political forces within the Greek Cypriot community have noticed these worrisome signs. Thus, the Democratic Rally (D1S1) party followed by the Communist AKEL party, have taken the initiative to begin a dialogue between the two communities in order to mitigate the mistrust and the negative feelings created by the rejection of the Annan Plan. At the same time, civil society organisations are also working towards this end even though the political climate, especially within the Greek Cypriot community, is not very warm at this point for such initiatives.

Under present circumstances the probability for a solution by the end of the year seems remote. No initiative has been undertaken either by the government of Cyprus or the UN or by the other actors involved for a solution. Furthermore, Greek Cypriot public opinion has not been prepared for a 'second referendum.' Most likely, it will take some time before a serious attempt is made and it will depend both on the international circumstances and, especially, on developments in the domestic
front of Cyprus. Early next year there might be new parliamentary 'elections' in northern Cyprus and in April 2005 presidential 'elections' are scheduled to take place within the Turkish Cypriot community. The results will shape to a great extent the new dynamics within the community. Similarly, in May 2006 there will be parliamentary elections for the Greek Cypriots which could potentially transform Cyprus's political scene.

Time, however, is not working in favour of unification. On the contrary. The passage of time is cementing the partition of the island to the detriment of Greek Cypriots and Turkish Cypriots alike. What is needed, therefore, are initiatives to prepare the ground so that a new effort for a solution can be successfully undertaken. These initiatives must come primarily from the government of the Republic of Cyprus and supported by the UN, the EU, Great Britain and the US as well as the Turkish Cypriot leadership and the government of Turkey.

As a Conclusion: What needs to be done?

Currently the challenge we face is two-fold: (a) to create the conditions within the Greek Cypriot community to approve a 'bizonal-bicommunal federation' as a solution to the Cyprus problem and, at the same time, (b) to avoid the disillusionment of the Turkish Cypriot community and preserve its volition for a solution. This is not an easy task as the two processes must be undertaken in parallel without undermining each other. What kind of initiatives must be, therefore, undertaken?

It is generally accepted that the Annan Plan remains the basis for a solution to the Cyprus problem. At the same time, however, it needs to be adjusted in order to reflect the realities created by the accession of Cyprus into the EU as well as the new dimensions introduced in the framework of the European Constitution. Specifically, one needs to consider new timetables for the return of land and properties and for the withdrawal of troops as well as some additional guarantees by the EU and the UN Security Council providing for the implementation of the solution. Moreover, further changes can be introduced by mutual agreement between the leaders of the two communities as a result of the negotiations. In general, any changes will remain peripheral without altering the philosophy and the balance of the plan as a whole.

The two sides should clarify their positions with regard to the changes they want to bring about on the Annan Plan. At the same time, Greek Cypriots should initiate an 'exploratory dialogue' with the Turkish Cypriot leadership in order to prepare the ground for substantive final negotiations based on the Annan Plan.
The Turkish Cypriot leadership should put a break on the uncontrollable construction boom on Greek Cypriot properties in the Kyrenia district and elsewhere as well as on the new wave of settlers. This is important in order to prevent the Greek Cypriot community from becoming totally alienated. In addition, the Turkish Cypriot leadership can take the initiative to put an end to the practice of requesting identity cards and passports from Greek Cypriots and others who want to cross to the northern part of Cyprus. Such a gesture, as well as agreeing with the opening of additional crossing points, will undermine any efforts in the Greek Cypriot community to associate the current Turkish leadership with the policies that had been followed by Rauf Denktash.

The economic, social and political development of the Turkish Cypriot community is of vital importance. The EU has taken the necessary steps toward this end. More can be done in order to facilitate domestic and foreign trade of Turkish Cypriot products. However, it will prove counterproductive for all efforts to reach a solution if any measures introduced lead to a situation where the status quo is cemented. In other words, the creation of another 'Taiwan' in the eastern Mediterranean will undermine the prospects of unification and peaceful coexistence.

In conclusion, the main actors involved and the international community as a whole can exercise 'constructive pressure' to both sides in Cyprus to take initiatives in order to re-start final negotiations based on the Annan Plan. The key to keep the prospects for a solution open is to avoid measures and policies that solidify the status quo. The challenge is to keep the desire for a solution alive in both the Greek Cypriot and Turkish Cypriot communities.

Notes

1. For a good summary of these reforms see, Nathali Tocci, ‘Anchoring Turkey to the EU: The Domestic and Foreign Policy Challenges Ahead’ in Nathalie Tocci and Ahmet Evin (eds.), Towards Accession Negotiations: Turkey’s Domestic and Foreign Policy Challenges Ahead (Florence, EUI, 2004), pp. 193-206.
2. For the importance of these ‘elections’ see: Ayla Gurel, ‘Turkish Cypriot Elections and Turkey’s Cyprus Problem’, in Ibid., pp. 175-183.
3. The new effort was initiated after President Tassos Papadopoulos delivered, in December 2003, a letter to the Secretary General of the UN requesting the resumption of talks under his auspices.
4. UN Secretary General Kofi A. Annan letter to His Excellency Mr. Tassos Papadopoulos, 4 February 2004.
5. For an explanation of the notion of 'constructive pressure' see: Philippos Savvides [Φιλιππος Σαββίδης], The European Union as a "Catalyst" for the Resolution of the Cyprus


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